

**Property Rights, Public Choice & Urban Containment :
A Study of the British Planning System**

Thesis submitted for the Ph.D. degree

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London School of Economics and Political Science

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Abstract

Following the 1947 Town and Country Planning Act, a persistent policy of urban containment has been pursued throughout rural areas of the United Kingdom. In spite of growing evidence that the effects of containment are incompatible with key aspects of public policy towards housing, agriculture and the environment, there is little sign that government agencies are considering the possibility of a serious policy re-think. This thesis represents the first attempt to analyse the continued commitment to this core of the British land use planning system from the perspective of public choice theory.

The thesis begins with an outline of the institutional focus of public choice analysis, considering the fundamental questions of 'market failure', 'government failure' and the theoretical case for state intervention in the market for land. Having examined the evolving context of urban containment in the post-war period, the thesis proceeds to apply key elements of public choice to decision-making incentives in the planning system. The empirical analysis commences with an account of interest group behaviour on the 'demand side' of the political system. A subsequent section turns to the 'supply side', examining bureaucratic incentive structures and the role of regulatory agencies in the management of land use change. A still further section considers the role of legislative incentives on the 'supply side'. Finally, the empirical analysis concludes with a case study of a major planning dispute.

The evidence presented suggests that a combination of institutional incentives on both the 'demand' and 'supply' sides of the 'political market' has led to the continual growth of restrictive land use regulation at the expense of a diffuse and unorganized mass of urban taxpayers and consumers. The thesis concludes by outlining a possible institutional alternative based on private property rights, which might help to avoid these undesirable elements of the British planning system.

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List of Acronyms

AAS	Assisted Areas Scheme
ALURE	Alternative Land Use and the Rural Economy
AONB	Area of Outstanding Natural Beauty
BEC	Building Employers Confederation
CAP	Common Agricultural Policy
CC	Countryside Commission
CCT	Cheshire Conservation Trust
CIPFA	Chartered Institute for Public Finance and Accounting
CLA	Country Landowners Association
CPOS	County Planning Officers Society
CPRE	Council for the Protection of Rural England
DAS	Development Area Status
DoE	Department of the Environment
DoT	Department of Transport
DPOS	District Planning Officers Society
DSS	Department of Social Security
DTI	Department of Trade and Industry
EIP	Examination in Public
EN	English Nature
ESA	Environmentally Sensitive Area
EU	European Union
FMB	Federation of Master Builders
FoE	Friends of the Earth
HBF	House Builders Federation
IAS	Intermediate Area Status
MAFF	Ministry of Agriculture Fisheries and Food
MPOS	Metropolitan Planning Officers Society
NCC	Nature Conservancy Council
NFU	National Farmers Union
NHBC	National House Building Council
NIREX	Nuclear Industry Radioactive Waste Executive
NUM	National Union of Mineworkers
PPG	Planning Policy Guidance
RICS	Royal Institute of Chartered Surveyors
RSG	Revenue Support Grant
RSNC	Royal Society for Nature Conservation

RSPB	Royal Society for the Protection of Birds
RTPI	Royal Town Planning Institute
SPZ	Simplified Planning Zone
SSA	Standard Spending Assessment
SSSI	Site of Special Scientific Interest
TCPA	Town and Country Planning Association
UDC	Urban Development Corporation
UGBPS	Upton Green Belt Preservation Society
VBSG	Volume Builders Study Group
WPCA	Westminster Park Community Association

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1. Property Rights, Public Choice & Land Use Planning

1.0 Introduction

The 1947 Town & Country Planning Act introduced in the United Kingdom what remains one of the most comprehensive systems of land use planning anywhere in the modern world. Throughout the post-war period the system has spawned a plethora of statutory land use designations which have become a dominant feature of British environmental policy. Green Belts, Areas of Outstanding Natural Beauty, Sites of Special Scientific Interest and National Parks, to name but a few, all play a part in an administrative system which regulates the pattern of land use throughout the country.

Control over property rights in land lies at the heart of the British planning system. The 1947 Act nationalized development rights, replacing private planning arrangements with a system of bureaucratic administration. The wholesale powers granted under this legislation enabled policy-makers to pursue initiatives which have fundamentally affected the character of both rural and urban environments. By far the most significant of these has been a strategy of 'urban containment', pursued with little deviation for almost half a century. Following prominent figures such as Ebenezer Howard, Patrick Abercrombie and Duncan Sandys, the principles of separating town and country, preventing 'urban sprawl' and the protection of open countryside have lain at the very heart of planning policy (Hall et al 1973, Simmie 1993). So vigorously have these principles been enacted, that in the 1980s England & Wales witnessed the lowest rate of rural land development since the implementation of the 1947 Act (Cullingworth & Nadin 1994).

The adoption of containment policies within the planning system is most frequently justified with reference to the various 'failures' of unfettered markets, but there is now growing recognition of significant policy failures imposed by land use planning itself. For example, it is well accepted that containment regulation in the United Kingdom has so reduced the supply of land for development that both the price and density, in particular of residential developments has increased significantly and that the phenomena of over-development and traffic congestion in towns owe much to a restrictive regulatory regime in the countryside (Hall et al 1973, Herington 1984, 1990, Evans 1988, 1991, Simmie 1993, Bramley et al 1995). In addition, the increase in property values associated with containment has resulted in a negative

redistribution of wealth. Wealth has been transferred to high income home owning groups and the agricultural sector, at the expense of low income housing opportunities in rural areas and an inner city population excluded from economic participation in the suburban /rural fringe.

Likewise, the once sacred cow of Green Belt policy has come under attack. Analysis suggests that if cities are not allowed to expand outwards because of a tight 'green girdle', then development is forced out, beyond the designated zones, and ironically in the context of the current environmental agenda, increasing the commuting distance to work and hence the demand for more roads and long distance travel (Herington 1984, 1990, Simmie 1993).

Nor is it apparent that the planning system has succeeded in the goal of 'countryside protection'. Many studies have demonstrated the disastrous consequences of farm subsidies under the 1947 Agriculture Act and the Common Agricultural Policy of the European Union, which have seen the conversion of the landscape (irrespective of environmental designations) into an arable monoculture at the expense of the traditional rural scene (Bowers & Cheshire 1983, Munton 1983, Lowe et al 1986). Other studies have documented the failure of government policies targeted specifically at landscape conservation (Pennington 1996). In short, it is far from clear whether the benefits of the urban containment actually outweigh the costs imposed by the regulatory regime (Evans 1988, Simmie 1993).

Given the presence of these policy failures, it is surprising that there has been no attempt to examine the planning system from the one perspective which explicitly seeks to explain examples of 'government failure'. Public choice theory provides a compelling account of why people join pressure groups, how politicians respond to electorates and how bureaucratic agencies deliver policy outputs. Following the tradition of Buchanan & Tullock (1962), theorists in this tradition focus on institutional incentives within representative democracy and have developed an analytical framework to account for examples of 'government failure' and to question the virtues of intervention by the state.

Set in this context, the following pages represent the first attempt to examine the dynamics of urban containment policy from the perspective of public choice theory. The central question is to what extent the costs imposed by urban containment are a product of institutional incentives inherent in regimes of state-regulated property rights? By exploring this question in depth, the thesis offers an opportunity to assess

the theoretical and empirical contributions of public choice theory and to re-evaluate a key aspect of British environmental policy.

This introductory chapter sets out a review of the public choice paradigm, beginning with an outline of the key assumptions underlying the approach. The bulk of the chapter sketches out the institutional focus of public choice, examining the central questions of 'market failure' and 'government failure' and the theoretical case for state intervention in the market for land. Given the centrality of the rational actor model in public choice analysis, a separate section examines some of the theoretical, empirical and methodological objections to the approach. Finally, the chapter concludes with an outline of the thesis structure and methodology.

1.1 Individual Action and the Importance of Institutions

In recent years the public choice school has presented a detailed account of the economic and environmental benefits to be derived from alternative institutional arrangements. According to this school of thought, the appropriate unit of analysis in the social sciences is the rational individual and her motivations and beliefs (Buchanan & Tullock 1962, Elster 1985). Individuals, not large groups or societies make decisions and they do so in such a way as to achieve their personal goals. Even where individual action takes place in a collective setting such as an interest group or the state, the individual actor must always be the focus of concern. As Buchanan & Tullock (1962,p.13) put it, collective action is nothing more than, "the action of individuals when they choose to accomplish purposes collectively rather than individually." Institutions such as the state therefore are, "nothing more than the set of processes, the machine, which allows such collective action to take place."

If individual agents form the core of the public choice paradigm the following set of assumptions about their behaviour provide the building blocks for a theory of economic and political processes :

**Individuals are predominantly self-interested - they choose how to act on the basis of achieving their personal goals.*

**In pursuit of these goals agents act as 'maximizers' who seek the biggest possible benefits and the least costs in their decisions.*

**Individuals have stable sets of preferences which they can compare and rank easily.*

**Individuals order their preferences transitively. The condition of rationality implies that if an individual prefers a to b, and b to c, she will also prefer a to c.*

**The chosen course of individual action will be affected by changes in the structure of costs and benefits at 'the margin'. The marginal principle implies that ceteris paribus, any increase in the cost of an action will decrease the likelihood of that action taking place.*

**Information is a 'cost' - the more time spent on information gathering the less will be available for alternative courses of action. As the cost of information rises, the more likely it is that individuals will be less than perfectly informed about their decisions.*

Building on these assumptions, the public choice paradigm analyses the ways in which institutional structures of property rights affect the pattern of individual incentives. In particular, what matters from this perspective is the importance of who owns property rights and under what institutional conditions (Baden & Stroup 1979, 1983 Libecap 1989). Thus, the different incentives which individuals face under different regimes will fundamentally affect the content of their behaviour and the nature of the outcomes derived from the decision-making process. If efficiency entails the co-ordination of people's actions to achieve mutually compatible goals, then differing arrangements vary in their capacity to achieve this aim.¹ Ceteris paribus, institutions which allow individuals to reap the rewards and to bear the costs of their actions and which transmit information about these decisions, will be advantageous from the viewpoint of the individual and society. Where institutional defects allow costs to be passed on to others, where wealth is not dependent on the nature of decisions made and where there is a lack of information, efficient resource allocation is less likely to result (Buchanan & Tullock 1962, Libecap 1989, Eggertsson 1990, North 1990).

The foregoing analysis provides the basis for an institutional account of how the incentives which face individual decision-makers affect the pattern of economic and environmental results. In particular, the public choice paradigm clarifies the ways in which incentives differ between regimes of privately owned and transferable property rights operating through the marketplace and state owned or state regulated property operating through the institutions of representative government.

¹ According to Israel Kirzner (1992), an economic process is efficient to the extent that it harmonizes the plans of individuals in pursuit of their goals. This definition is particularly appropriate to a 'comparative institutions' approach. It does not require that a process is 'perfect' as in many welfare economics and equilibrium theories, but that it facilitates co-ordination in a superior way to alternative institutional frameworks. The significance of this approach will become apparent when comparing the 'efficiency' of government and market decision-making later in the chapter.

Land use planning in the United Kingdom represents an example of state regulated property rights and has often been justified on the grounds that market institutions based on private property cannot be relied upon to ensure that individual actors bear the full costs of their actions. According to this perspective examples of 'market failure' provide a prima facie case for government intervention. Public choice theorists however, question this perspective arguing instead that institutional incentives within governments may actually compound rather than ameliorate examples of market failure. It has been one of the major achievements of public choice to provide a theoretical framework which can be used to evaluate the relative merits of government and market decision-making and it this framework which is necessary for any analysis of policy such as land use planning designed to improve on the workings of the market system.

1.2 Private Property Rights and the Merits of the Market

Adopting the rational choice assumption of individual utility maximization under constraints, many public choice theorists and their colleagues in the property rights school contend that a system of privately owned and transferable property rights operating through the sphere of market exchange offers the most appropriate framework for resource management. Because individuals are assumed to act rationally and in accordance with their self interest, these authors argue that control over property is most valuable to an individual when its ownership is outright and easily transferable in exchange for other goods and services. Likewise, a system of private property rights is considered to have a greater capacity to generate information and an appropriate structure of penalties and rewards to link individual incentives with desirable social results (Buchanan 1975, 1986, Anderson & Leal 1991).

Private property rights are a fundamental requirement of a functioning market order, for the simple reason that without clear rights of ownership people are unable to engage in voluntary exchange (Furnbotn & Pejovich 1972, Baden & Stroup 1979). So long as private property rights are clearly defined and enforced, the market system is considered a prerequisite for successful resource management for the following reasons;

First, markets provide an efficient mechanism for the discovery and dissemination of information. Because the values individuals attach to resources are known only to the individuals concerned, it is only through trade and the rejection of available alternatives that the value of choices may be ascertained (Buchanan 1969, Coradato

1992). By generating information in the form of prices, the market indicates the relative scarcity of goods, the value of inputs used in producing goods and the foregone opportunity costs of utilizing the inputs. This information is dependent on the specialist individual knowledge of market participants, is dispersed in its very nature and cannot be acquired by any central coordinating authority. When a clear set of private property rights exist however, the decentralized interaction of buyers and sellers in the market generates a spontaneous order, maximizing the subjective values of all the individual participants through the medium of price (Hayek 1948, 1982, 1988).

Second, when property rights are held privately, individuals have a clear idea of what actions they may take regarding the use of resources. Under private ownership all the rewards and penalties resulting from resource use accrue to the individual owners. Because the profitability of a project is determined by the price consumers are willing to pay, private property rights ensure that individuals face the full opportunity costs of their actions. Consumers pay directly for the resources they use, are informed by prices of the relative value placed on resources by other individuals and have an incentive to monitor alternative suppliers in order to make the best choice possible. Similarly, the price system and the institution of private property allow entrepreneurs who accurately acquire knowledge of consumer preferences to reap the rewards of their actions. Profits reward those who display foresight and initiative, whilst losses discipline those who divert resources away from consumer preferences (Alchian & Demsetz 1973).

Finally, the transferability of resource rights under private ownership, provides the opportunity for the individual to continually adjust the pattern of use to capture its highest value. This flow of goods and services ensured by the market system is essential for economic efficiency when relative scarcities are subject to constant change (Kwong 1990).

1.3 *Welfare Economics and the Case for Land Use Planning*

The economic benefits which flow from the establishment of private property rights are now widely appreciated.² Nonetheless, land use planning and environmental policy in general, continue to be premised on the assumption that markets and private property are responsible for resource (mis)allocation and environmental degradation.

² See for example the views of the distinguished neo-Marxist Robert Heilbroner (1990).

Drawing on neo-classical welfare economics, advocates of land use planning judge the performance of markets by the *Pareto* standard (Harrison 1977) where according to Musgrave & Musgrave (1976, p.67), "A given economic arrangement is efficient if there can be no other arrangement which will leave someone better off without worsening the position of others." The conditions for the attainment of this standard are perfect competition, perfect information, equalities between prices and marginal costs and the internalization of all externalities. Judged by this standard, markets are considered prone to institutional failure in the following ways ;

Monopoly

The problem of monopoly arises where conditions of 'perfect competition' break down. Instead of a market consisting of numerous buyers and sellers, none of whom have sufficient control over resources to affect the pattern of prices and outputs, an individual firm or group of firms controls the entire market for a product and may increase prices and reduce output to a level incompatible with the *pareto* standard. Examples of industrial concentration in property development are often presented as instances of monopoly power which must be subject to regulation by the state (Nuffield Foundation 1986).

Externalities, Collective Goods and Public Goods

Following the tradition of A.C Pigou (1920), another oft cited cause of market failure is the presence of externalities. An externality exists when the results of an action, be they positive or negative, are not visited upon the decision-maker. The creation of an attractive landscape through the adoption of traditional farming methods is a good example of a *positive* externality. In this case, the farmer receives no payment for the external benefits resulting from her action and so in the absence of government intervention has little incentive to produce the good in quantities which accord with a *pareto* optimal level. By contrast, the construction of urban developments on green-field sites is often considered a *negative* externality. Consumers of new buildings and construction companies do not take into account the loss of open spaces resulting from their actions and in the absence of land use planning these developments are 'overproduced' with respect to the *pareto* standard.

Related to the concept of externalities are two qualities characteristic of many environmental goods : non-excludability and nonrivalrous consumption. The former

occurs when the producer of a good is unable to keep non payers from its consumption, the latter, when the marginal cost to a seller of providing a good to an additional consumer is zero.

Those goods which exhibit both non-excludability and non-rivalrous consumption are known as *collective goods* and according to welfare theory will be underproduced unless there is a system of land use planning. Scenic views are often cited as an example - it is difficult to exclude non-payers from the benefits of a view and one person's consumption of the view does not detract from the consumption of others. *Public goods* by contrast, exhibit nonrivalrous consumption but the exclusion of non-payers is possible. From the perspective of welfare theory the operation of the free market will result in an inefficient exclusion of potential consumers from these goods. Thus, the owners of a country park may be able to exclude non payers from access, even though the cost of admitting extra patrons is practically zero.

←
Aren't they
Same?

Information Asymmetry

A third instance of market failure stems from the presence of information asymmetries. Paretian economics stipulates that for markets to allocate resources efficiently all buyers and sellers must be perfectly informed about the consequences of their actions. However, it is often suggested that lack of information on the part of consumers results in a sub-optimal pattern of resource use (Harrison 1977, Shucksmith 1990).

For example, because of the complexities of the housing market in terms of the size, type and quality of units available, consumers may have insufficient information to evaluate the consequences of exercising choice in different ways. In these circumstances, producer interests with a monopoly of expert information are structurally advantaged in the market process and may be able to charge prices which do not fully reflect individual preferences. Thus, land use planning is required to regulate the supply of housing in order to properly satisfy the interests of consumers.

Markets and Short-Termism

A fourth and final example of market failure is said to result from the incapacity of market institutions to consider long-term over short-term interests. According to this view, in the absence of government regulation, the dominance of the profit motive

leads individuals to maximize the short term use of resources with insufficient attention to longer term interests. For example, concerns that agricultural land will be irrevocably lost to urban development to the detriment of future food production, stem from a belief in the incapacity of the price system to allocate resources efficiently and equitably between present and future generations (Shucksmith 1990).

1.4 *Welfare Economics and the Nirvana Fallacy*

The instances of market failure highlighted above result in a breach of the conditions for pareto-optimality and according to welfare analysis provide adequate grounds for the introduction of land use planning. By regulating monopolies, limiting externalities, ensuring the provision of collective goods and so on, government regulation can bring all the relevant costs and benefits into alignment.

How then have the public choice theorists responded to the prevailing orthodoxy ?

Drawing on important theoretical developments from the property rights school (Coase 1960) and the works of Hayek (1988), many public choice authors and especially those of the Virginia school, reject the standard interpretation of the pareto principle as an appropriate benchmark to judge the performance of markets.³ According to Buchanan (1975) and other writers, welfare theorists confuse statements about what the world would look like in the perfect equilibrium conditions which characterise the abstract neo-classical system, with statements about how the world should actually be. If the real world is in fact characterized by disequilibrium then it is legitimate to argue that under pareto conditions there would be no opportunities to improve the allocation of resources, but it is not acceptable to suggest that public policy be formulated on the basis of such unattainable goals. It is to commit the 'nirvana fallacy' to suggest that the alternative to markets is a government immune from institutional failure (Demsetz 1969).

Consider first the case of monopoly. Under pareto conditions no individual firm could attempt to set prices at a level which would yield a supernormal profit because

³ It should be noted that not all public choice theorists accept all the components of this critique. The works referenced here are drawn from the 'Virginia school' following Buchanan & Tullock (1962) and Buchanan (1986). The Chicago school following Stigler (1975) is somewhat closer to conventional neo-classical analysis and though accepting much of the transactions costs analysis of institutional failure within government as outlined pp.22-26 below, does not draw on the Hayekian critique of central planning.

consumers could simply choose from an unlimited supply of alternative producers. The Austrian school following Hayek however, (1982) has long argued that this model is devoid of behavioural content and abstracts away from the real quality of markets which is their ability to generate information by providing incentives for innovation in a world of imperfect knowledge.

The existence of supernormal profits, where price exceeds marginal cost is in fact the product of entrepreneurial response to conditions of imperfect information. The returns of entrepreneurs will be driven to normal levels by competitive profit seeking as some earn supernormal profits which promote entry and others make losses which cause exit. Because of the impossibility of perfect information in any real world setting, markets will never attain a perfect equilibrium, but the signals of profit and loss do provide informational incentives which encourage innovation and the movement of resources in the direction of equilibrium and hence a degree of economic co-ordination which would not be possible under a centrally planned alternative.

Judged by the standards of welfare economics virtually all markets fall short of the perfectly competitive ideal. In real world markets however, supernormal profits are a temporary but necessary spur to competition, innovation and the development of new organizational forms. If governments intervene by way of regulation they may reduce the attractiveness of new entry and thus paradoxically protect the position of incumbents. Thus, examples of concentration should be viewed as a product of superior entrepreneurship by way of improving the goods and services supplied or a reflection of underlying cost conditions. In short, it is one thing to complain about the high price of a product due to 'monopoly power' if the alternative is more at a lower price, but it is to commit the nirvana fallacy to talk of 'market failure', if the alternative means that no one has the incentive to discover or invent the product in the first place (Littlechild 1986).

Turning to the question of externalities, information problems and the remaining instances of market failure, land use planning is advocated on the grounds that governments may regulate the market according to pareto criteria. From a public choice perspective however, this approach begs the question how do we know what a pareto optimal allocation of resources actually is (Buchanan 1969, Anderson & Leal 1991) ? Thus, if government planning is to correct for market failures due to externality and information problems, then state officials must themselves possess the necessary information to decide how the reallocation of resources is to occur. However, theorists influenced by Hayek (1948), argue that it is precisely because this

information is diffuse and cannot be acquired by a central co-ordinating authority that any form of government economic planning is impossible (Anderson & Leal 1991).

As Hayek (1948, p.519-520) has pointed out,

"The economic problem of society is ... not merely a problem of how to allocate 'given resources' - if 'given' is taken to mean given to a single mind which deliberately solves the problem set by these 'data'. It is rather a problem of how to secure the best use of resources known to any of the members of society, for ends whose relative importance only these individuals know. Or, to put it briefly, it is a problem of utilization of knowledge not given to anyone in its totality."

Consequently, far from interfering with the market system the institution of private property should be extended to encompass all resources, because it is only through the actual process of exchange in the market that the relative value of resources can be made known. To the extent that markets 'fail', attention should focus on the reasons why trading of these goods does not actually occur. The major contribution in this regard is contained in the seminal work of Ronald Coase (1960).

In a famous article, *The Problem of Social Cost*, Coase (1960) produced a classic rebuttal of Pigovian welfare theory. According to Pigovians, under equilibrium conditions markets produce negative externalities and these should be dealt with by a system of corrective taxation/regulation. It was the contribution of Coase to note, that if the conditions of equilibrium do indeed apply there is no need for intervention. If property rights are assigned, either to the 'damaging agent' or the 'affected party', the problem of externality will be resolved through bargaining until all opportunities for trade are exhausted. Where the damaging agent owns the property rights, then the affected agent can compensate her not to continue the activity in question. Meanwhile, if the affected party owns the rights the damaging agent can pay compensation for the damage. Under equilibrium conditions all externalities will be internalised and the overall pattern of resource allocation will be the same irrespective of who owns the relevant property rights.

Coase's followers argue that the presence of externalities means that general equilibrium conditions do not actually exist in the real world (Dahlman 1979). The relevance of externalities and collective/public goods problems is that they indicate the presence of obstacles to market exchange, in particular the high cost of establishing property rights in certain resources. It is these obstacles or *transactions costs* which are the principal causes of market failure.

Transactions costs prevent individuals in the market from making voluntary agreements with one another and prevent the effective monitoring of individual behaviour. However, it is to commit the 'nirvana fallacy' to suggest that the alternative to markets is a world where governmental actors are immune from these same costs. If the effectiveness of markets is dependent on the reward structure facing consumers and producers, so the effectiveness of government is dependent on the ability of citizens to monitor the politicians and bureaucrats who supply goods and services. What is needed is a comparative institutions framework to examine the extent to which institutional provisions in the state sector encourage or inhibit the internalization of external costs. This represents a modified version of the pareto principle, but it implies a fundamentally different focus to the traditional concerns of welfare economics. In particular, it suggests an examination of the institutional arrangements which are more likely to facilitate the flow of information and the internalization of costs. If transactions costs and incentive structures in the political process themselves lead to institutional failure then the case for government intervention is far from clear.

1.5. Public Choice and the Economics of Government Failure

Welfare economists have long assumed that the axioms that define the rational actor in neo-classical theory cease to apply behind the office doors of the bureaucrat or the politician. As Tullock (1977, p.3) puts it,

"The conventional wisdom holds that the market is made up of private citizens trying to benefit themselves but that government is concerned with something called the public interest."

The Hayekian analysis of dispersed information exposes the illusive nature of the 'public interest', but it is the principal contribution of the public choice school to note, that even if these difficulties could be overcome (which they cannot) there is no reason to believe that political actors within the state will ever act in order to achieve the desired goals. On the contrary, political actors are not 'economic eunuchs' concerned to maximize social welfare, but instead are rational actors pursuing individual self interest in the same way as market participants. The ability of governments to correct for 'market failures' therefore, is dependent not only on the informational requirements of central planning, but on the institutional incentives provided by the democratic polity.

The starting assumption of public choice theory is that state actors maximize their own interests and not the public interest. The concept of rational self interest need not infer the specific motivations of individual actors, whether they are focused on expected pecuniary income, power or status, but it does suggest that individuals respond to changes in perceived net wealth (however conceived) at the margin and do so irrespective of other arguments in their utility functions.

When markets 'fail' this is a product of high transactions and information costs which prevent trade in environmental resources. To the public choice theorist, there is no reason to believe that governments will correct for these failures because the political process is characterized by its own set of information and transactions costs which may replace 'market failure' with 'government failure'. The 'political market' contains institutional incentives on both the 'demand' and 'supply' sides, which allow voters, members of interest groups, bureaucrats and politicians, to affect decisions without bearing the full cost of their actions. The principal sources of government failure are examined below;

Rational Ignorance

In public choice theory, politicians are viewed as suppliers of legislation to the electorate in order secure votes for re-election and the associated benefits of government office. If the effectiveness of markets is dependent on the information available to consumers on the 'demand' side, so the ability to monitor politicians is dependent on the information voters possess (Aranson 1990, Buchanan 1975, 1986, Tullock 1977, 1989, 1993). Because the gathering and processing of information is a cost, individuals will seek detailed information only to the extent that they can influence the relevant decisions. Consumers in the marketplace, even if not 'perfectly' informed, have an incentive to discover information, because payment is direct and individuals are faced with the immediate consequence of any purchasing errors. In representative politics however, voters 'underinvest' in political information because the costs of acquiring accurate data are extremely high, compared to the infinitesimal influence any individual has on the outcome of an election (Downs 1957, Tullock 1989). Why should an individual seek to examine the effects of land use regulation when her vote is unlikely to have any direct influence on that policy and she will have to bear the cost of taxation irrespective of her support ?

In short, it is rational for voters to remain 'ignorant' of the political process, a tendency which accounts for the failure of many individuals to know even the name of their own MP, let alone the small print of legislation.

The Bundle Purchase Effect

In modern democracies the rational ignorance effect is magnified because the state intervenes in so many areas of economic and social life that it is virtually impossible for voters ever to be informed across the whole policy spectrum (Mitchell 1988, Tullock 1989). Voters do not vote on individual issues but instead are presented with a 'take it or leave it' set of policy bundles. One cannot choose which particular land use regulations to support, but instead must elect a representative who will speak on every single issue. Not only is the chance of each voter affecting the result of an election reduced to almost zero, but there is equally little opportunity to influence the content of the political agenda.

Rent Seeking and Collective Action - Concentrated Benefits and Dispersed Costs

A third source of government failure in the public choice model, stems from the disproportionate ability of special interest groups, or 'rent seekers' on the 'demand' side to obtain legislative privileges from the state. This power results from institutional constraints and incentives which favour the mobilization of concentrated interests at the expense of the dispersed, unorganized mass.

If a group of voters wishes to express demands through the state, it must first lobby the political authorities. As Olson (1965) has observed however, there is a substantial 'collective action problem' in mobilizing groups and in particular large interest groups. Political lobbying is a costly affair and for individuals to mobilize into an effective force the per capita gains derived from collective action must be very substantial. For most individuals however, the per capita stake in each of the multitudinous policies 'supplied' by modern government is so discounted by the irrelevance of an individual contribution, that the optimal strategy is to 'free-ride' on the participation of others. Because most rational individuals will act in the same way, collective action on behalf of large groups is unlikely to occur.

The incentive structure is rather different for smaller subsets of voters in a particular industry or with a special interest in a narrow area of policy. Here, the personal

benefits from successful collective action are highly concentrated on a relatively small set of individuals and the costs of mobilization are outweighed by the greater size of the individual stake (Buchanan & Tullock 1982, Tullock 1989).

Combined with the effect of voter ignorance, these incentives allow political markets to be dominated by concentrated interests. This explains the tendency for policy in representative democracies to reflect the interests of business and labour lobbies, at the expense of consumers, taxpayers and other diffuse interests, each of whom loses only a little from the various regulations imposed by the state. It also explains the 'capture' of regulatory agencies by the very interests they are supposed to regulate (Kolko 1963, 1965, MacAvoy 1965, Stigler 1975, Buchanan & Tullock 1982, Poole 1985, Bartel & Thomas 1987, Benson 1990, Robinson 1993). In turn the possibility of achieving state privileges encourages the diversion of resources towards rent seeking and away from productive economic activity (Tullock 1967).

Politics and Short-Termism

A fourth case of government failure results from the short term perspective of political actors on the 'supply' side.

Under a market system, resources are owned privately and the individual owners have an incentive to reduce current consumption in favour of the future in order to make a larger profit by selling to speculators when a resource is becoming more scarce. In the 'political market' however, politicians do not possess property rights in resources and as a consequence are unable to reap a financial return from successful management (Baden & Stroup 1979). Politicians cannot 'sell shares' in the government of a nation's resources to future political actors. On the contrary, benefits of decisions taken in the present may well accrue when the originating administration is long gone and when a different party is in power. As a result, the time horizon of the politician is unlikely to extend significantly beyond the date of the next election and policy will be based on short-term political gain rather than long-term sustainable management (Baden & Stroup 1979, Anderson & Leal 1991).

Political Monopoly

The tendency towards government failure on the 'supply' side is exacerbated by the monopoly characteristics of the political market. In most representative democracies

power is concentrated in the hands of a small group of political parties. Unlike private markets, competition (actual or potential) is severely limited, because elections are held over discrete periods of time and once elected, the party/parties in power may use the coercive monopoly of the state in order to access a deep purse which consists of other people's money. The limited scope of competition reduces the level of information generated by the political process and further allows politicians to disguise the extent to which the business of government is based on the short term demands of special interests. Instead political markets are characterized by sloganizing, political advertising and a reliance on crude identification strategies similar to advertising campaigns in oligopolistic and particularly duopolistic industries (Robinson 1993).

Bureaucratic Monopoly

A sixth and final aspect of government failure results from the monopoly power of the administrative bureaucracy. Bureaucrats do not hold private property rights in the resources they control and so cannot capture the benefits or bear the costs of their decisions (Baden & Stroup 1979). Accordingly, they do not have the same incentives as profit-making firms or private voluntary associations to allocate resources on the basis of economic or environmental success. Rather, the success of the bureaucrat is dependent on increasing control over discretionary resources which are often a function of budget size (Niskanen 1971). Consequently bureaucrats have strong incentives to support those policies and interest groups which will expand the size of the agency irrespective of the economic and environmental externalities which result.

Nor do politicians have sufficient incentive to keep budget appropriations down, because the benefits of growth are concentrated on organized bureaucrats and other special interests, with the costs in terms of higher taxes, thinly dispersed across the voting population, minimizing electoral rewards. Under these circumstances government services are not so much 'demanded' as 'supplied'.

1.6 *Evidence of Government Failure*

The theoretical framework outlined above has proved to have considerable explanatory power in a range of applications, with many policies and regulations often justified on 'public interest' grounds, shown to be operated at the behest of organized interests working in a closed relationship with various arms of the state. From this perspective,

public choice theorists have exposed numerous cases of maladministration, regulatory capture and bureaucratic expansionism, where the benefits of government action have been concentrated on organized interests and bureaucrats with the costs dispersed across an unsuspecting and unorganized mass.

Early studies of the regulatory state showed that the regulation of airlines, transport, electric utilities, telephones and pharmaceuticals had all increased costs to consumers and taxpayers and that the principal beneficiaries had been the bureaucratic agencies and the regulated industries themselves (Stigler 1975). More recent public choice work has applied this analysis to the study of land use and environmental policy. Anderson (1983) for example, examines the performance of the Bureau of Reclamation, the US federal agency responsible for the prevention of desertification. This agency has used billions of dollars to subsidize water provision to organized farmers in California and Nevada, characterized by huge projects such as the building of the Glen Canyon and Hoover Dams. These dams have contributed to the dewatering of natural lakes and rivers with the resultant loss of wildlife such as geese and wild ducks. In this case, farming interests supported by an expansionist bureaucracy, rushed to fill the information vacuum created by the rational ignorance effect, diffusing the economic and environmental costs across an unsuspecting populace (see also Reisner 1986).

Baden & Stroup (1983) and Deacon & Johnston (1985) meanwhile, focus attention on the US Forest Service, the largest natural resource agency in the United States. Here, a combination of incentives towards bureaucratic growth has produced destructive policies. With budgets and staffing positively related to the expansion of timber logging the Forest Service has pursued appropriations to further the development of road building, rather than comply with its conservation objectives which are less staff intensive. Consequently, in areas such as Yellowstone National Park and the Tongass National Forest in Alaska, logging has expanded into marginal lands, on steeper slopes which has produced soil erosion and river sedimentation.

As a further example of 'government failure', Anderson & Leal (1991) cite Ackerman & Hassler's (1981) classic study of US Clean Air legislation. In an effort to reduce Sulphur Dioxide emissions, the US Congress introduced the 1977 Clean Air Act which required the strict application of 'best available technology' standards for new coal-fired generating plants. In the event, SO₂ reductions could have been achieved at much lower cost, but a 'clean air - dirty coal' coalition made up of eastern coal producers and environmentalists lobbied for the high cost technological solution. The reasons for this were straightforward. Eastern coal producers feared that electricity

utilities would buy increasing amounts of low-sulphur Western coal in comparison to the high sulphur Appalachian alternative. However, requiring all new generating plants to install high-tech sulphur scrubbers, irrespective of the sulphur content of the coal burned, removed this competitive advantage. As a consequence, the Clean Air Act became a mechanism for redistributing wealth from electricity consumers, who paid higher rates, to eastern miners, who feared losing their jobs. Again, the imperatives of special interest politics ensured an outcome with minimal benefits but a high cost to the dispersed mass of the voting public.

These and other instances of 'government failure', lead public choice theorists to question the ability of state institutions to correct for instances of market failure. Critics of the market argue that problems of high transactions costs will always result in an element of 'market failure', but from a public choice perspective the evidence of 'government failure' suggests that the transactions costs involved in the government administration of property rights are an equal if not greater threat.

The transactions costs approach of public choice theory appears to offer a powerful analytical framework to examine examples of 'government failure'. The central question of this thesis is to what extent the external costs imposed by the British land use planning system through its commitment to urban containment are a product of institutional incentives inherent in regimes of state regulated property rights. If the existence of policy failures can be attributed to an asymmetric distribution of costs and benefits on both the 'demand' and 'supply sides', through rational ignorance, problems of collective action/ concentrated benefits and dispersed costs and bureaucratic expansionism, then the theoretical case for land use planning in its present institutional form must be subject to serious question.

1.7 Pathologies of Public Choice Theory ?⁴

Largely because of the theoretical elegance of public choice theory and its ability to provide explanations for policy failures within the modern state, the application of public choice analysis to the study of political institutions has become increasingly popular within the discipline of political science. However, the

⁴Although entitled "*Pathologies of Rational Choice Theory*", most of the critiques summarized in the recent volume by Green & Shapiro and addressed in this section, are in fact focussed against specifically public choice models - rather than rational choice theory, which is the broader tradition from which public choice (the political application of rational actor models) derives.

assumptions, empirical claims and methodological devices of public choice are not without their critics. These objections, crystallized in a recent volume by Green & Shapiro (1995) must be examined, before proceeding to apply public choice theory to the study of the British planning system in the subsequent chapters

The publication of "*Pathologies of Rational Choice Theory*," (1995) has prompted vigorous debate within political science and at first sight appears to represent a fundamental challenge to the public choice mode of analysis (Friedman 1995). The basis of this critique is twofold, focusing on alleged empirical and methodological 'pathologies' of the rational actor model.

The first plank of Green & Shapiro's critique, questions the empirical worth of public choice analysis. According to this perspective, the self interest/rational action assumption has had relatively little success in explaining many of the empirical realities which characterize the political economy and where there have been apparent 'successes', these are largely the product of poorly specified hypotheses, which allow public choice advocates to claim support for their theories without providing precise statistical measures of observed phenomena which can be attributed directly to the process of rational action. The response to Olson's (1965) theory of interest group mobilization is instructive in this regard.

In the *Logic of Collective Action*, Olson (1965) argues that in the absence of selective, personal incentives, self-seeking individuals are less likely to engage in political activity on behalf of large interest groups, because there is always an incentive to 'free ride' on the participation of others. The critics respond by pointing out that large scale political mobilizations do occur on a regular basis and that the only way the public choice theorist may account for observed behaviour is to import some aspect of altruistic motivation into individual utility functions. Moreover, to the extent that interest groups do mobilize because of selective incentives, public choice itself offers no hard and fast statistical predictions of what the precise rate of mobilization will actually be.

Writing in a similar vein, Green & Shapiro (1995) highlight the failure of public choice to account for the paradox of voting. In a real world election it is formally irrational for anyone to vote because each individual may have no more than an infinitesimal chance of affecting the final result (Downs 1957). However the experience of elections in most modern democracies shows that many millions of people do vote and hence appear to exhibit irrational behaviour.

Public choice accounts of bureaucratic behaviour have received equally short shrift from the critics. Lewin (1991) for example, argues that the growth of the public sector cannot be convincingly attributed to 'budget maximizing' bureaucrats as public choice theory suggests. On the contrary, bureaucrats may be motivated by altruistic motives and to the extent that they are self interested, it is not always clear that budget maximizing behaviour will result. Again, it could be argued that public choice offers no precise predictions of the different magnitudes of bureaucratic growth which can be attributed directly to rational choice processes.

A further group of critics focus their attention on the reliance on the fixed preference assumption (exogenous preferences) within some public choice models. According to these authors, individuals do not exhibit fixed preferences, but rather preferences are often shaped endogenously within institutions rather than given as exogenous variables. Thus, the presence of political advertising by both interest groups and political parties and the reliance of parties on crude identification strategies suggests that individual preferences are in fact malleable (Plamenatz 1973, Linblom 1977, Kuran 1991).

Green & Shapiro (1995) extend their critique, moving on from the alleged empirical difficulties of public choice, to focus specifically on the methodological response of its advocates when confronted with disconfirming evidence. According to this view, public choice scholarship is characterized by a tendency towards post hoc theorizing in which, faced with evidence which contradicts the assumptions of theory, the author simply designs a new model to fit the existing data.

The attempt by Downs (1957) to save his account of voting is cited as the classic example in this regard. Faced with the reality that voters do actually go to the polls and therefore appear to act irrationally, Downs responded by arguing that rational individuals participated in elections because of a 'desire to preserve the democratic system.' But, the critics argue, what exactly is left of a distinctive public choice approach if any conceivable form of motivation may be included in the cost calculus of the individual actors? If the public choice account cannot be confined to such 'hard edged' assumptions as the maximization of pecuniary gain then it assumes the status of an irrefutable tautology and is devoid of all explanatory power.

Related to the methodological critique advanced by Green & Shapiro is a still further charge directed at public choice analysis - that in its focus on the workings of representative government and in particular examples of 'government failure', the approach is ideologically driven with a pronounced bias towards the support of market

mechanisms over collective forms of decision (Self 1989, Lane 1990). According to this perspective, the preponderance of 'right wing' ideology is sufficient to disqualify the approach in terms of legitimate social science, given the propensity of public choice theorists to examine only that evidence which is supportive of their wider political convictions.

The apparent empirical and methodological defects of public choice lead the critics to the conclusion that this approach offers limited scope for explaining the complexities of political economy and that scholars should consider the role of alternative, non-economic or sociological approaches to the study of political institutions.

At first sight, the above critiques may appear to mount a fundamental challenge to the foundations of public choice analysis. However, on closer reflection it should be apparent that their focus is based on a serious misunderstanding of what public choice attempts to achieve and a very narrow view of successful empirical contribution within the social sciences (Chong 1995, Fiorina 1995, Ferejohn & Satz 1995, Shepsle 1995). In so doing, these critiques neglect the capacity of public choice to generate key insights to the understanding of representative democracies.

Consider again Olson's theory of interest groups. Most public choice theorists, including Olson, do not purport to explain all human behaviour in terms of individual self interest, but they do contend that this assumption allows the development of generalized predictions which may usefully account for observable realities in the political economy. Thus, Olson's theory of groups does not predict that no large interest groups will organize to achieve collective goods; nor does it predict that no individual would join such a group in the absence of selective incentives. Rather, Olson suggests that *ceteris paribus*, it will be more difficult to mobilize larger than smaller groups, but the absolute level of mobilization will be determined by a host of other factors, which may include altruistic motivations (Fiorina 1995).

Green & Shapiro object that the empirical power of the public choice approach is minimal, given the inability of scholars to specify with quantitative precision what the rate of mobilization will be in the absence of selective incentives and other countervailing forces. However in so doing, they imply that no social scientific research which does not utilize 'state of the art' statistical methods to quantify the effect of specific variables may legitimately be considered as a useful empirical contribution. This is a rather odd position, given the notorious difficulty within social science of controlling for the multitudinous and often unobservable variables affecting the nature of social outcomes, which simply cannot be controlled for without the

'laboratory conditions' available in the natural sciences (Caldwell 1994, Fiorina, 1995, Shepsle 1995).

Given these constraints, the empirical power of public choice lies not in the quantitative measure of specific variables, but its ability to provide explanations for a variety of otherwise unexplained phenomena. In this sense public choice can make useful empirical contributions by following Hayek's (1959) advice on the appropriate method of social science research, i.e. that it should focus on 'prediction in principle' rather than attempt to 'predict in detail' the quantitative magnitude of social phenomena. Thus, the self interest postulate in Olson's theory does not account for the observed mobilization of all interest groups, nor does it have the capacity to predict the precise level of mobilization in any given situation, but it does provide one of the most compelling explanations for the empirical finding that the full spectrum of economic interests and in particular consumer and taxpaying interests are not fully represented by organized groups.

Likewise, the Downsian analysis of voting has failed to provide a complete explanation of why it is that individuals vote, but the insight that each individual has only an infinitesimal influence on the final result, provides a convincing account of the empirical fact that the vast majority of voters in modern democracies are largely 'ignorant' of the political process. Similarly, public choice accounts of bureaucratic behaviour, though not able to generate quantitative estimates of the magnitude of public sector growth which can be attributed to 'budget maximizing' behaviour and bureaucratic inefficiency, do offer a powerful explanation of the tendency for government agencies to expand and, in the absence of competitive forces, to produce outputs more expensively than private sector alternatives (Savas 1987, Wolf 1988).

Green & Shapiro dismiss this line of reasoning with the contention that in so far as public choice has made any empirical contributions the results are trivial and in many cases a statement of the obvious. Thus, the public choice 'insight' that voters are ignorant of politics is simply a restatement of fact already well established in the broader political science tradition. However, as Chong (1995, p.41) responds, even when deductions from a particular model reproduce what is already known, this need not lessen the empirical power of a theory. In the particular instance of public choice, the theory is valuable in specifying a causal mechanism behind various unexplained phenomena, the exploration of which can yield valuable insights to a range of circumstances. Thus, the theory of rational ignorance, dismissed as trivial by Green & Shapiro, posits a specific cause of voter ignorance not offered by any alternative account - i.e., the inordinate cost of acquiring accurate and detailed political

information. This theory has in turn yielded insights on the areas of policy where voters are likely to be better informed. In particular, the tendency for greater awareness of policies which transfer resources directly in the form of subsidies, than those which do so through the indirect mechanism of regulation, the latter being a far less visible form of wealth transfer (Tullock 1989, 1993).

It is the ability of public choice to specify the causal mechanisms which lie behind social phenomena which distinguishes it so clearly from alternative theoretical standpoints within social science. Structural/functionalist and sociological accounts for example, focus on the contribution of social institutions to the maintenance of society or people's attachment to social norms and practices and as a result offer at times vague and unspecified causal explanations.⁵ Thus, neo-Marxist and Corporatist theories of the state posit that state actors undertake policy actions in order to maintain the legitimacy of the economic system and in so doing fail to provide any account of why individuals within the state should support particular economic and social arrangements. Similarly, sociological accounts of state decision-making attribute the behaviour of key actors to the influence of social norms and professional values without fully specifying why individuals might adopt these particular norms. By contrast, public choice focuses specifically on the intentions of individuals who choose among alternative courses of action depending on the relative set of rewards offered by each. In the case of theories of the state, the particular economic and social rewards available to bureaucrats and politicians from the support of organized interests.

Turning to the question of the fixed preference assumption in public choice theory, the adoption of the public choice approach need not ignore the possibility that individual preferences are in certain circumstances malleable. Thus, recent theoretical and empirical work on party competition has stressed the ability of politicians to use the enormous powers provided by the modern state in an attempt to shape or mould the preferences of the electorate (Dunleavy & Ward 1981, Dunleavy 1991). The possibility of such behaviour may be of particular importance from a public choice perspective, given the tendency towards rational ignorance on behalf of the electorate and its reliance on information provided by pressure groups, bureaucrats and politicians themselves. In these circumstances, it is possible to accept that individuals within the electorate might be actively persuaded to support particular policies, whilst maintaining a basic public choice framework which focuses on the attempts by

⁵These approaches have recently been applied to the study of the British land use planning system and are considered at greater length in terms of the policy context to urban containment discussed in chapter 2.

politicians to secure re-election, of interest groups to engage in rent-seeking and the overall structure of incentives which discriminate against dispersed interests in the political game (Kuran 1991).

With respect to the critique of post-hoc theorizing, Green & Shapiro are right to criticize 'bolt-on' reformulations of rational actor models, but only in so far as these reduce the approach to a vacuous set of tautologies, devoid of any problem solving power. This was clearly the case when Downs argued that voters go to the polls in order to do their share in preserving the democratic system. In so doing, Downs violated the central assumption of public choice analysis, that individuals choose among alternative courses of action according to the relative advantage to themselves and thus removed any problem solving potential which might be attributed to the rational actor approach (Chong 1995 p.45). However, as Chong (1995) proceeds, the fact that Downs engaged in post hoc theorizing in a tautological way, does not discredit the entire enterprise of post hoc theory modification as such. On the contrary, post hoc modification in the light of disconfirming evidence is an essential part of the research process and so long as it avoids tautological explanations, by definition increases the empirical power of theory.

It remains the case that there will often be conjecture within public choice theory concerning which motivations should be included in the category of individual self interest. To what extent should this refer purely to the maximization of power, status or wealth - the so called 'thick' rational account, or should the concept encompass broader motivations such as religious or ideological convictions - the 'thin' rational account ? (see Green & Shapiro 1995). The closer the definition of self interested behaviour accords with the full range of possible human motivations, the lesser will be the potential for problem solving. However, so long as the assumptions are laid out clearly, it remains a matter of empirical enquiry, which particular assumptions augment the problem solving power of public choice theory from those which diminish it to an unfalsifiable tautology.

Turning finally to the charge of ideological bias in public choice analysis, it remains to be seen how any form of theory construction in social science can take place in a political vacuum in the way these critics appear to suggest. Are not alternative perspectives imbued with ideological predispositions ? As Fiorina (1995) argues, all social scientists have perspectives and commitments which inevitably show up in their work. What prevents these biases from downgrading the value of social science is the possibility of theoretical and empirical challenges to a given interpretation from other practitioners in the field. So long as scholars can challenge a contribution by offering

conflicting evidence and argument, then ideological manipulation can be avoided by way of informed debate. It may well be the case that many public choice theorists (though not all - see for example Dunleavy 1991) are motivated by an ideological bias against the intervention of the state and towards the exposure of 'government failures', but it is open for any other social scientist to challenge these interpretations with conflicting evidence and for the relative merits of the rival ideological interpretations to be judged on the basis of all the available evidence.

The adoption of the public choice paradigm to the study of political processes seems certain to generate continued controversy. Ultimately however, the contribution of any theory or research paradigm must be assessed by its ability to generate insights into observable social phenomena and it is in this sense that public choice continues to prove its worthiness as a method of analysis. The contribution of the public choice school to the analysis of 'government failures' reviewed in this chapter, provides a persuasive account of the different social outcomes we observe when individuals act within a market system framed by secure property rights, from their action within the confines of representative politics. It is this framework which is necessary for any examination of policy designed to improve on the workings of the market system and it is for this reason that the public choice approach is adopted for the duration of this thesis and its examination of urban containment policy within the British planning system.

1.8 Thesis Structure and Methodology

This introductory chapter has sought to review the theoretical perspective offered by the public choice paradigm to the analysis of 'government failures'. The following six chapters attempt to apply key aspects of this paradigm to understand the dynamics of policy failure within the British planning system.

Chapter 2 examines the evolving policy context of the planning system, focusing on the economic and environmental consequences of containment policy as a possible example of government failure. The chapter reviews existing accounts which have sought to explain the operation of the system and outlines more specifically how public choice with its unique focus on institutional incentives on the 'demand' and 'supply' sides of the political process can provide new insights to the operation of the British planning system.

The subsequent four chapters constitute the empirical core of the thesis in their application of public choice models to urban containment policy. Each chapter sets out in depth a public choice account of decision-making incentives which is then used as a refractive lens through which to view the available evidence.

Chapter 3 focuses on the 'demand side' of the political process, drawing attention to the importance of collective action problems and rational ignorance in the mobilization of interest groups and in particular the problems of mobilization facing the 'losers' in the planning system. Chapter 4 turns to the 'supply side', presenting a public choice account of bureaucratic behaviour, distinguishing the peculiar institutional form of planning bureaucracies in an attempt to explain the growth of containment oriented regulation. Chapter 5 examines the role of legislators on the 'supply-side', considering the potential sensitivity of politicians to the electoral and patronage power of special interest groups with a stake in urban containment. Chapter 6 presents a case study of a major planning dispute which appears to differ in key respects to the overall account of decision-making in earlier chapters. The case study was chosen specifically to see how far the public choice approach can be reconciled with some apparently disconfirming evidence. Finally, chapter 7 provides a summary of the key research findings and sets out a possible institutional alternative to the planning system.

The data presented in chapters 3-6 was derived from a variety of sources. Chapters 3 and 4 rely in part on a series of semi-structured interviews conducted with leading members of interest groups and senior civil servants which are listed in the Appendix. Unless otherwise stated, the statistical material in these chapters was computed from interest group/ agency annual reports, the Annual Abstract of Statistics and the Monthly Digest of Statistics. The material in chapter 5 was extracted from the House of Commons Parliamentary Directories and the FT Profile Media Database. Chapter 6 draws on a further set of semi-structured interviews conducted with interest group representatives, bureaucrats and politicians in Chester and statistical material computed from the Chartered Institute for Public Finance and Accounting (CIPFA), Planning and Development Statistics.

Some of the empirical material in chapters 3 to 6 is quantitative in nature and some simple tests of significance are used where appropriate. In general however, a precise statistical approach which attempts to quantify the magnitude of specific variables in the rational actor model is avoided. As was noted above, this is due to the inherent difficulty within social science of attempting to quantify effects which can be attributed directly to particular categories of rational action in the absence of *ceteris paribus* conditions. Instead, the thesis seeks to tightly integrate the available evidence into a

public choice framework and thus its empirical contribution should be judged not by the precise measurement of specific effects, but by its ability to provide coherent explanations for the existence of policy failure within the British planning system.

2. Urban Containment & British Land Use Planning

2.0 Introduction

The introductory chapter outlined the contribution of the public choice paradigm to the analysis of 'government failures'. This chapter proceeds to examine the specific policy context of urban containment within the British planning system - a possible example of government failure.

The purpose of the chapter is threefold. First, by sketching out the evolving context against which urban containment has been pursued, it emphasizes the remarkable resilience of this policy in the wake of the substantial political and economic changes which have characterized the post-war period. Second, in noting the external effects generated by urban containment and the various contradictions within the planning system, it highlights the importance of avoiding the 'nirvana fallacy' when considering the case for government intervention in the market for land. Third, in reviewing the contribution of existing perspectives, it sets out more clearly how a public choice approach can augment understanding of land use planning with its distinctive account of transactions costs and institutional incentives within representative democracy.

2.1 Urban Containment : The Evolving Policy Context

In 1973, Hall et al completed the first comprehensive analysis of the British planning system, the title of which - "*The Containment of Urban England*", reveals the very essence of post-war land use regulation. First proposed in the Barlow Report (1940), a key priority of planning controls in the post-war era has been an attempt to restrict the outward growth of urban areas. The principal mechanism for the achievement of this objective has been the designation of special areas in which planning permissions involving new urban developments are unlikely to be allowed. Probably the most famous of these is the Green Belt, originally recommended to local planning authorities by Duncan Sandys in the Ministry of Housing and Local Government Circular 42/1955.

Throughout the post-war period the emphasis on containment has been justified, at least in part, in terms of the 'market failure' arguments discussed in chapter 1 (Klosterman 1985, Thornley 1991). According to this perspective, externality and

collective goods problems associated with the land market, mean that 'countryside goods' will be 'under produced' if competitive market forces are allowed a free reign. Thus, initial arguments for land use planning as advanced in the Barlow Report and its subsidiary Scott (1942) on Rural Land Use, suggested that restrictive land use controls were an essential mechanism to avoid the loss of open landscapes and fertile agricultural land. The protection of the countryside and the avoidance of negative externalities associated with urban growth has thus long been considered an essential task for the land use planning system (Shucksmith 1990).

At present, approximately 1.64 million hectares (ha) of England & Wales or 11% of the total land area is devoted to urban land uses. (Cullingworth & Nadin 1994).

The major impact of planning regulations has been a reduction in the rate at which land transfers from rural to urban uses. Some of this reduction is attributable to the effects of population stabilization and economic slowdown, but the planning system would appear to have had a very significant impact, given that the demand for housing in rural and suburban locations has risen continually in recent years (Evans 1988, 1991, Bramley et al 1995).

The policy of urban containment is probably the most long standing and highly developed aspect of environmental policy in the United Kingdom (McCormick 1991), but the specific nature of its implementation has varied according to the changing political and economic context over the years. Simmie (1993) distinguishes between three broad phases ; 1947-68, a period of economic growth in which the implementation of the first post-war planning policies came to fruition; 1969-78, a period of recession and reform to the planning system within the context of changes to the organization of local government ; and 1979 -1990, the decade of 'Thatcherism'. To these must now be added a fourth phase, 1991 to the present, a period which has witnessed the growth of environmental planning.

1947-68

The implementation of post-war planning legislation under the Labour administration of Clement Attlee, saw a massive transfer of property rights from private individuals to the state. Under the provisions of the 1947 legislation private ownership of land was maintained, but urban development rights transferred to local authority planning departments and the Ministry of Housing and Local Government (since 1970 the Department of the Environment - DoE). Thereafter, anyone wanting to develop his/her property had to apply to the local authority for planning

permission which would be approved or rejected according to a local development plan. Under this new system only agricultural related developments were exempt from statutory planning controls. The magnitude of this change is captured eloquently by two leading planning lawyers;

" It is impossible to exaggerate the importance of July 1st 1947 from the viewpoint of the local planning authority, the landowner , or the building developer, for the 1947 Act conferred some of the most drastic and far reaching provisions ever enacted affecting the ownership of land and the liberty of the owner to develop and use his own land. Indeed, after 1947 ownership of land carries with it nothing more than the right to go on using it for existing purposes." (Grant & Heap 1991, p.18).

The instigation of such fundamental change owed much to the growing faith in socialist, rational planning at the time. The inter-war years in particular had witnessed substantial economic changes which created a broad consensus throughout the major political parties in favour of increasing intervention by the state (Hall 1975, Ambrose 1986, Thornley 1991, Cherry 1996). With respect to urban containment, several trends were cited in justification of the new planning system. These included, a massive suburban housing boom in the inter-war period, which saw the construction of 2.7 million new homes between 1930 and 1940; the rapid loss of agricultural land, running at approximately 30 000 ha per year ; growing problems of urban congestion, especially in South East England and around Greater London; and increasing economic disparities between an expanding Midlands and South East and declining areas of the old industrial North (Hall 1975).

These problems were seen as two sides of the same coin and imbued with the ideas of rationalist planning, post-war politicians pursued the goal of urban containment in the name of reducing pressure on the countryside and in particular agricultural land; and by restricting development opportunities in the more prosperous regions sought to shift economic activity to the depressed areas (Hall 1975). Within this context a substantial role was envisaged for the state in the actual process of development and on a number of occasions in the 1950s and early 1960s, public sector developments and especially house building represented the majority of new construction projects. Urban developments were to be provided in the form of self-contained New Towns, built by the public sector and surrounded by green belts to enable a controlled and contained dispersal of the population out of the older urban areas (Hall 1975, Cherry 1996).

As Simmie (1993) has argued, the instigation of these initial policies received political support from a range of different interests. These included the newly emerging planning professions - the Town and Country Planning Association (TCPA) and the Royal Town Planning Institute (RTPI), which sought to prevent the coalescence of urban areas as part of a strategy of rationalist planning to control the land use system as a whole (Simmie 1993, Cherry 1996). The agricultural sector and in particular the National Farmers Union (NFU), which sought an expansion of domestic food producing capacity and the protection of farmland from the threat of urbanization (Newby 1980, Herington 1984, Shucksmith 1990). And, the environmental interest represented by groups such as the Council for the Protection of Rural England (CPRE) consisting of existing rural dwellers who sought to protect the countryside from the perceived threat of urban sprawl (Herington 1984, Simmie 1993).

1969-78

The introduction of the post-war planning system took place against a background of continuing economic growth and political consensus, but the years 1969-78 were to witness substantial changes, especially with respect to the economic context (Simmie 1993).

A prolonged period of economic recession, exacerbated by the 'Oil Crisis' in the early 1970s appeared to expose a fundamental conflict of interest within the system. Thus, the desire to protect the countryside from urban encroachment ran against the trend for economic activity, in the wake of technological restructuring, to move out from the inner urban locations in search of suburban or rural sites. These trends were especially significant given the reduced role of the state in the development process, characterized by the abandonment of the New Towns project in response to the growing financial crisis of the public sector. The continuation of strict containment policies against this background ran the risk of stifling the only sectors which appeared to show any potential for prolonged economic growth (Simmie 1993).

In turn, these conflicts were exacerbated by changes in the institutional structure of the planning system itself, as part of local government reform. The 1968 Town & Country Planning Act had already replaced the 1947 local development plan system with a new framework dividing responsibility between Structure (at the county level) and Local plans (at the district level). Within this context, subsequent

legislation (1971 Town & Country Planning Act) introduced a system of public participation in the plan making process following the recommendations of the Skeffington Report (1969). This Act extended the right of members of the public to make objections to the policies laid out in plans and for the first time to be consulted during the actual process of plan preparation. According to Elson (1986), the adoption of this approach reflected a political response to the growing power of anti-development groups in rural and suburban areas, which increasingly sought to use the planning system as an exclusionary device to preserve the character of their lifestyles. Thus, at the time when economic processes were indicating a shift of activity into new locations, the institutional form of the planning system increasingly appeared to reflect the power of interests which sought to resist these very trends (Hall 1975, Simmie 1993, Cherry 1996).

1979-1990

In response to the economic difficulties of the 1970s, the general election in May 1979 saw the election of Margaret Thatcher's Conservative administration which was to herald the 'decade of Thatcherism'. Whereas previous administrations be they Conservative or Labour, had offered broad support for the political principles underlying land use planning, the Thatcher government was the one post-war administration openly to challenge the scope of the town & country planing system. In line with its ideology of minimizing state intervention and freeing up the operation of market forces to stimulate greater economic activity, the Conservative government attempted to adopt a number of reforms to the planning system aimed at reducing regulatory red-tape and to create a more flexible regime which would respond more quickly to the changing economic circumstances.

A number of authors have suggested that these reforms amounted to a dismantling of the post-war planning framework in a crude attempt to further the scope of market forces (Ambrose 1986, Thornley 1991), but as Healey et al (1989) have suggested, there is an unfortunate tendency for many commentators to confuse the rhetoric of the Thatcher administration with the actual implementation of policy on the ground (see also Marsden et al 1993). Thus, the Conservative government did reduce the scope of traditional land use planning in inner city areas with the adoption of Simplified Planning Zones (SPZ's) and Urban Development Corporations (UDC's), which effectively bypassed local planning authorities in favour of selected business interests. However, a cursory glance at the rest of the system shows the remarkable extent to which planning was left untouched and indeed by the late 1980s, in terms

of countryside planning appeared to have actually expanded.

In the first years of the Thatcher administration attention focused on a series of policy circulars issued by the Department of the Environment (DoE). These circulars - 9/80, 16/84 and 14/85 advised local planning authorities to pay greater heed to the concerns of developers and especially groups such as the House Builders Federation (HBF), and to presume in favour of development proposals unless serious planning objections could be raised. Facilitating the expansion of private house building was considered a major aspect of Conservative policy given the intention to substantially reduce the scope of public sector provision in this field (Rydin 1986). Together with a revised draft policy on Green Belts issued in 1983, which suggested that green belt boundaries be drawn back, these proposals appeared to point towards the relaxation of the more stringent urban containment policies and were interpreted as an attempt by central government to curtail the regulatory powers of local authorities (Thornley 1991). Although the advice put forward in circulars had never represented a compulsory element to be reflected in the policies of local planning authorities, they were significant in so far as authorities which rejected central government planning guidelines had always been more likely to have their decisions overturned should developers turn to the DoE appeals procedure (now performed by the Planning Inspectorate) - (Rydin 1986).

In practice however, the introduction of the DoE circulars had little effect in terms of how the planning system actually operated on the ground. The proposal to relax Green Belt policy was dropped almost immediately following protests from groups such as the Council for the Protection of Rural England and the National Farmers Union and the number of planning appeals from developers which were accepted by the DoE increased by only 4% following the issue of the circulars - this at a time when local authorities were expanding the coverage of environmental designations at an unprecedented rate, the coverage of statutory green belts alone doubling from 1.5 million ha in 1979 to over 3 million ha by 1987 (Ehrman 1988).

The introduction of the so called ALURE (Alternative Land Use and the Rural Economy) proposals in 1987 represented a second ineffectual attempt to relax the controls over urban developments in the countryside. Faced with the growing financial crisis of the European Common Agricultural Policy (CAP), the government proposed that farming should cease to have the first claim to land use in the countryside and that alternative uses, such as leisure and housing developments be given greater weight. At the same time a number of private sector house building consortia proposed the development of 'new settlements' in green belts and other

designated zones, typified by the plans from Consortium Developments to build 4800 new houses intruding onto a Site of Special Scientific Interest (SSSI) at Foxley Wood in North East Hampshire (Ehrman 1990, Shucksmith 1990).

As with the proposals in the first half of the Thatcher decade however, these schemes were to have little by way of impact on the system as a whole. Thus, the ALURE proposals introduced by the then Secretary of State for the Environment, Nicholas Ridley, were watered down within two months of publication, with all references to increased house building effectively removed and of over 200 schemes for new settlements proposed by 1989, a mere 7 were eventually granted with planning permission (Ehrman 1990, Pennington 1996). The final announcement to refuse permission for the Foxley Wood development, made by the subsequent Secretary of State, Chris Patten, brought to an end any attempt by the Conservative government to challenge the adherence to containment policies. Indeed, the 1980s as a whole saw the lowest rate of rural land development since the implementation of the 1947 Act. Between 1980 and 1990, 5000 ha (or 0.03%) of the land area transferred out of agricultural production and into urban uses, a third of the figure in the 1950s and 1960s and a mere fifth of the rate witnessed in the inter-war period (Cullingworth & Nadin 1994).

1991-1997

The abandonment of Conservative attempts to liberalize the planning system in the late 1980s, was to herald the arrival of an apparently strengthened commitment to urban containment in the 1990s. Speeded by the growth of concern over environmental degradation, both within and outside the United Kingdom, the passage of legislation in the early years of the decade marked an expansion of the regulatory regime and a pronounced tightening of existing restrictions. The Planning and Compensation Act (1991) for example, makes an explicit commitment to countryside protection, and has been hailed by a Council for the Protection of Rural England (CPRE) spokesperson as, "one of the most important pieces of environmental legislation in the last twenty years," (Burton 1991, p.70).

In addition to the existing argument for containment on the grounds of countryside protection, the new legislation and a raft of policy guidance's (now known as Planning Policy Guidance Notes - PPG's) issued by the DoE, suggest a need to integrate land use policies with a wider environmental strategy aimed at the achievement of 'sustainable development'. In response to the international

environmental agenda set by the 'Earth Summit ' in Rio de Janeiro (1992), a new argument has been advanced which suggests that the land use planning system should be utilized as a strategic device to minimize the use of non-renewable resources which would otherwise be overexploited in the context of a market economy (DoE PPG12). The planning system should, through a strategy of urban containment, discourage the use of 'non-renewable' green field sites and concentrate new developments on 'recycled' brown-field sites in existing urban centres. In so doing, it is argued that land use planning can contribute to a reorientation of the urban system, moving it away from an emphasis on low density suburban developments, heavily reliant on road transport and in particular the private car, towards a more high density, compacted form of development serviced by public transport. By reducing transport distances, it is suggested that planning can help to reduce the emmittance of pollutants and 'green house' gases such as Carbon Dioxide (DoE PPG2, PPG6, PPG12 & PPG13).

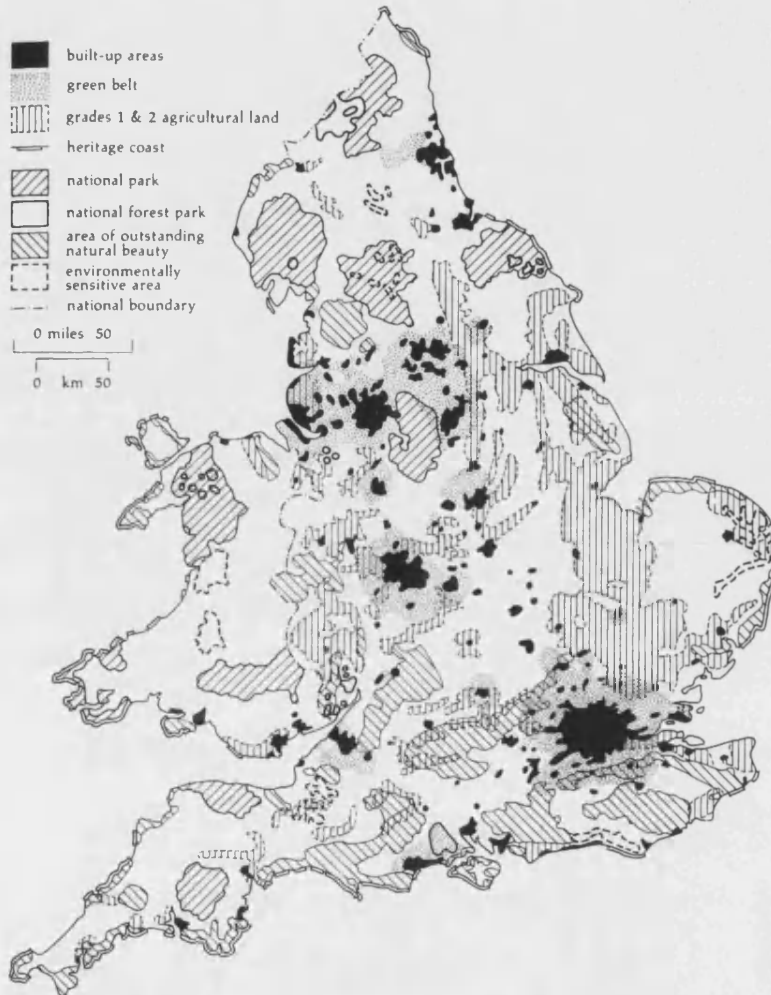
The most recent manifestation of this restrictive policy stance can be seen in the DoE response to the latest projections on the demand for housing land, in which the then Secretary of State for the Environment, John Gummer MP, set a target that 65% of new dwellings should be built on land within the boundaries of existing towns and cities, rather than on greenfield sites (DoE 1996).

Table 2.1 Land Use Designations in the United Kingdom

AGLQ	Area of Great Landscape Quality
AGLV	Area of Great Landscape Value
AONB	Area of Outstanding Natural Beauty
ASI	Area of Scientific Interest
ASSI	Area of Special Scientific Interest
ESA	Environmentally Sensitive Area
CPZ	Coastal Protection Zone
GB	Green Belt
HC	Heritage Coast
LCA	Local Conservation Area
LNR	Local Nature Reserve
NNR	National Nature Reserve
NP	National Park
NSA	National Scenic Area
RS	Ramsar Site
SSSI	Site of Special Scientific Interest
SCA	Special Conservation Area
SPA	Special Protection Area

Source : Pennington (1996, p.58).

Figure 2.1 Statutory Land Use Designations in England and Wales



Source : Pennington (1996, p.45).

Table 2.2 Major Designations in England & Wales as a Percentage of Land Area

Designation	Area/millions ha.	% of Land Area
Green Belt	2.18	14.5
AONB	2.25	15.0
National Park	1.35	9.0
SSSI	1.05	7.0
Total	6.83	45.5
England & Wales	15.03	100.0

Source : Computed from Cullingworth & Nadin (1994, Ch. 5 & 8).

Together with the already substantial catalogue of special designations, documented in Table 2.1, Table 2.2 and Figure 2.1, the British land use planning system would now appear to be present a bigger obstacle to urban developments in the countryside than at any point since 1947.

2.2 The Consequences of Containment

The above discussion of the evolving policy context reveals the extent to which the commitment to urban containment has remained at the very heart of the planning system throughout the post-war period. From the early years following the 1947 Act, through to the present day, the restriction of urban development has been the clearest manifestation of land use regulation in the United Kingdom. It is quite remarkable that the Thatcher government, supposedly committed to a policy of 'deregulation', actually presided over the biggest increase in the area of statutory designated land in the history of the system (Ehrman 1990).

However, whilst government support for urban containment appears to have been maintained for a period of fifty years, it is far from clear that the balance of benefits derived from this policy actually outweigh the costs imposed on consumers of both urban and rural environments. In particular, it appears that containment has produced various 'negative externalities' of its own, in terms of the effect on the price and density of new developments, the impact on transport patterns and the

effect of alternative land uses on the environment. In turn, these external effects have given rise to a series of contradictions which beset contemporary land use policy. The sources of these contradictions are examined below.

Containment & House Prices

Economic theory teaches that given a constant demand, restrictions in the supply of a commodity will increase the price of that commodity. Rising prices, will in turn act to choke off demand to ensure that the quantity demanded equals the quantity supplied. Environmental designations and other restrictions under the land use planning system effectively remove substantial areas of the countryside from the urban land market and so one would expect to witness an upward effect on the price of land for housing and other urban developments as a result of planning controls.

Empirical evidence in support of the view that containment policies increase prices has been provided by Evans (1988, 1991) who examines data from the Department of the Environment's index of housing land prices between 1965 and 1985. According to this analysis, housing land prices increased by over 1000% during this period, compared to only a 400% increase in general prices (Evans 1988, p.17-22). This data confirms the earlier work of Hall et al (1973), which suggested that the proportion of land costs in the price of new housing units increased from between 4% and 8% in 1960 to between 18% and 38% a decade later (Hall et al 1973, p.399-400) - by the late 1980s the figure was well over 40% (Ehrman 1988, p.17). In short, it appears that the market for land responded to the increasing relative scarcity brought about by containment policies in precisely the way the economist would predict. As a consequence, the principal beneficiaries of land use planning have been existing owners of property who have seen a continual appreciation of their assets at the expense of increased housing opportunities in rural and suburban areas. Thus, wealth has been redistributed in favour of a relatively wealthy section of the population at the expense of a relatively poorer set of consumers (Simmie 1993).

As Veljanowski (1988) observes, one would expect at the very least that planning restrictions would lead to relative shortages of land and as a result higher prices - but this position has not been exempt from theoretical challenge. On the contrary, it is often argued that since the supply of undeveloped land is fixed, its value is determined by the demand for land, which in turn is derived from the economic value of its uses - and not the availability of land itself (Neuberger & Nicol 1975, Ball 1983, Grigson 1986). This line of reasoning derives from the application of

Ricardian rent theory which states, "Corn is not high because a rent is paid, but a rent is paid because corn is high." Thus, in the specific case of housing land, prices are determined by the supply and price of the existing housing stock and not the availability of land itself.

As Evans (1988) proceeds however, the theoretical challenge to the contention that planning controls increase prices is based on a misapplication of the Ricardian analysis. In particular, the land use planning system restricts the supply of all developed land and it is this restriction which must contribute to increased house prices at least in the long run. In the short run, the supply of housing is likely to be relatively inelastic because it takes time for housebuilders to assemble land and to increase production in response to a price rise; and as Goodchild & Munton (1985) note, the extent to which landowners bring forward development land may be constrained by a range of non-pecuniary personal motivations, including attachments to a particular plot. In the long run however, the supply of land for development is elastic, because land can be transferred from less valued uses such as agriculture to more valued uses such as housing. It is this process that the land use planning system restricts and thus contributes to increased prices. As Evans (1988) argues, accepting the Ricardian analysis that the price of housing land is determined by the supply and price of housing does not alter the fact that the existing supply of housing is affected by the supply of housing land. " Both land prices and house prices are determined simultaneously by demand and by supply. Restricting the supply of land, i.e. through planning controls, will raise the price of both, " (Evans 1987, p.3).

Empirical support for the Evans thesis is provided by comparing the difference between the price of land for housing and the price of land for the next most valued use - usually agriculture - ie. the opportunity cost of housing land. Table 2.3 displays the results of the most recent research which compares land prices for agriculture and housing in four case study areas. The effect appears to be most marked in South East England where restrictions are often most severe, but even in the North of England planning controls have constrained supply to such an extent that the price of land for housing far exceeds its agricultural value. The difference in the two prices is maintained by restricting the transfer of land from one market to the other, which is precisely the intention of urban containment.

Further support for this position has been marshalled by Simmie (1993) in a comparative analysis of land use regulation in California (USA) and the United Kingdom. Taking the experience of California and using secondary sources, Simmie

Table 2.3 Housing Land and Agricultural Land Prices in Four Case Study Areas

	Housing £ per ha	Agriculture £ per ha	Agricultural as a % of Housing
Reigate			
1975	75 000	1 620	2.2
1990	972 000	4 940	0.5
Wokingham			
1975	67 000	1 980	3.0
1990	1 070 000	6 790	0.6
Beverley			
1975	19 000	1 750	9.2
1990	480 000	4 940	1.0
Barnsley			
1975	27 000	1 450	5.4
1990	210 000	6 180	2.9

Source : Gerald Eve and Cambridge Department of Land Economy (1992, p.26).

examines the impact of containment policies by first looking at the pattern of house prices before growth management policies were introduced; second comparing these with the pattern of prices after regulation increased; and finally comparing this experience with the still more stringent containment regime operating in the United Kingdom. The studies summarized by Simmie conclude that housing land prices in California increased substantially after the introduction of land use controls, but that in turn these increases were not of the order often experienced in the UK and especially in South East England.

It is not only via the designation of environmental sites that land use planning may have contributed to increases in the price of housing. Additional research suggests that the system barely responds to increases in market demand by increasing the number of planning permissions approved (Bramley et al 1995). The length of time taken to evaluate planning applications and the complex procedures involved in the drafting of local development plans all impose substantial cost and time delays on developers, which reduce their ability to respond to increases in demand. In recent times these delays have become particularly severe following the 1991 Planning & Compensation Act, which as Cullingworth & Nadin (1994, p.59) note, increased the length of the public inquiry procedure, where it is not uncommon for developers to

pay out over £500,000 in consultancy and legal fees, from about 7 weeks in 1988 to 22 weeks in 1992. Research suggests that it can take as long as four years for developers to proceed from the plan consultation stage to the commencement of new building (Simmie 1993). As the supply side response of developers to market demand is constrained by land use regulation, so the relative scarcity of housing stock increases and prices rise.

The evidence on prices supports the view that the restrictions imposed on urban development are responsible for higher housing costs. What does remain a matter of contention however, is the magnitude of the price increases which can be attributed to containment oriented policies. Cheshire & Sheppard (1989) use econometric techniques to compare the relatively more relaxed planning regime in Darlington, Durham with the more restrictive policies in Reading, Berkshire to examine the impact of restrictive controls. The results of their analysis suggested that housing costs in central Reading would be 12% lower in the town centre and 4% lower in the suburbs if the more relaxed policies were adopted (p.469-485 - see also Cheshire & Sheppard 1997). In a further study however, Bramley et al (1995) suggest in their econometric model that a relaxation of Green Belt designations would result in only a 2% reduction in housing costs across South East England (Bramley et al 1995, Ch. 7). According to this analysis, if planning controls were relaxed substantially, the fall in housing costs would not be that significant because consumers would respond to lower prices by consuming more land which would in turn force up the cost of housing units.

Cheshire & Sheppard (1989) and Evans (1988, 1991) accept that 'density effects' may be in operation and that the effect of containment policies may be not so much on the numbers of housing units and the price per unit (those these may be significant depending on which econometric analysis one is to believe), but more on the type, size and density of the units which are developed. It is this 'density effect' which appears to represent the second major externality associated with urban containment in Britain.

Containment, Dwelling Densities and Town Cramming

If there remains debate concerning the extent to which land use restrictions have forced up the price of housing, there is little doubt that containment policies have been responsible for a substantial increase in the density at which people live. Economists such as Evans (1988, 1991) argue that when planning restricts the

supply of land for housing, it inevitably tends to raise densities as developers cram more units onto ever smaller plots and that this obliges households to consume less space than they would otherwise prefer - the 'Rabbit Hutches on Postage Stamps' syndrome (Evans 1991). Moreover, as opportunities for new building on greenfield sites are restricted, developers respond to the shortage by seeking out any remaining open land within existing urban areas. The resultant 'infilling' of urban open space and the loss of garden space in suburban estates, increases the density of urban development above the level which accords with consumer preferences and adds to urban congestion (Simmie 1993).

There is now a substantial body of evidence which supports the above interpretation. Recent research by Gerald Eve and Cambridge Department of Land Economy (1992) compares the density of new detached housing in four case study areas over the forty year period from 1950 to 1990. The empirical results, presented in Table 2.4 indicate a significant increase in densities over the period of study.

A second manifestation of this effect has been examined by Cheshire & Sheppard (1989), Evans (1988, 1991) and Bramley et al (1995), all of whom note the increasing trend towards low space consuming developments such as flats and maisonettes and away from more spacious dwellings such as detached houses and bungalows. According to Evans (1988) between 1969 and 1985 the proportion of newly constructed buildings mortgaged with building societies which were bungalows, fell from 25% of the total to only 11 %, whereas the proportion which were flats, maisonettes or terraced houses increased from less than 10% to over 25% (p.20-22). This shift has occurred because of the increase in the relative price of housing land and not because the size of households is becoming smaller and hence requiring smaller units of housing. If the latter had been the dominant reason for the shift in dwelling types, one would have expected the price of the smaller units to have increased faster than the larger units, when in fact the evidence points to the opposite effect.

Bramley et al (1995) concur with this analysis by observing the different proportions of dwelling types in different regions of the country. In South East England, where land prices are highest and containment controls tend to be the toughest, the proportion of flats and maisonettes is substantially higher than in areas of lesser demand and relatively more liberal policies, in particular parts of the West Midlands. Thus, flats formed nearly a third of new output in Berkshire, compared to only 3% in Staffordshire.

Table 2.4 Density of Detached Housing in Four Case Study Areas

	Density per hectare				
	1950s	1960s	1970s	Early 1980s	Late 1980s
Reigate	20.14	9.75	18.16	23.86	29.92
Wokingham	16.72	15.65	25.55	23.11	21.77
Beverley	na	14.38	22.09	na	27.38
Barnsley	na	39.44	27.11	40.94	na

Source : Gerald Eve & Cambridge Department of Land Economy (1992, p.31).

In further work Bramley et al (1995) offer additional support for this thesis with an econometric analysis of planning restraints and dwelling densities from which they conclude that there is a positive relationship between the degree of planning restraint and the density of new development - the more restrictive is the planning policy, the higher is the density of new housing construction (Bramley et al 1995, Ch.8).

Evans (1988) adds an interesting twist to the density thesis in suggesting that falling architectural standards in general, can also be attributed to the effect of restrictive planning controls. According to this view, given the restricted supply of land the profitability of obtaining planning permission for a developer is far higher than the profits to be made from the design of attractive buildings. Or, as Veljanowski (1988) puts it, given the absolute shortage of development land due to planning the value of a house, or any building per se is exceptionally high, but the marginal profitability of that house or building being well designed is low. Since property has been made an artificially scarce commodity more or less any kind of building can be put up and sold.

Containment and Transport Patterns

In addition to the price and density effects, it is now increasingly apparent that policies of strict containment have been responsible, at least in part, for a shift in the nature of transport and commuting patterns. Although much of the growth in demand for long distance commuting may be attributed to the effects of a subsidized road system and in particular the absence of pricing mechanisms for road use (Hibbs

1992, ASI 1988), analysis has confirmed that Green Belts and equivalent controls exacerbate these trends (Downs 1992, DoE 1993).

The major effect of planning controls in the UK has been the physical containment of urban areas, but this has not prevented the functional decentralization of cities and of the population itself (Simmie 1993). On the contrary, throughout the entire post-war period there has been an important shift in the pattern of residential location, away from the major conurbations towards the smaller 'commuter' towns outside the traditional metropolitan areas. In turn, as people have left the older cities they have been accommodated in high density suburban estates or in rural villages. This outward flow of resident populations has not however been matched by a concurrent shift in the pattern of employment. Employment levels in the inner cities have fallen, but not to the same extent as population levels. The result has been an increase in the proportion of employment opportunities taken by commuters, often living a substantial distance away from their place of work. These distances have been increased by green belts and other designations which restrict development on the rural/urban fringe and hence shift development pressure further out, which in turn increases the demand for long distance commuting and hence more roads (Herington 1984, 1990, DoE 1993, Simmie 1993).

As Simmie (1993) observes, the trend towards increased commuting has been particularly marked around the free-standing cities beyond the green belts. In these areas, population has remained fairly stable, but there has been a significant increase in the level of employment opportunities. The new jobs have been taken by individuals living outside the areas concerned, usually in neighbouring towns or rural villages. Environmental designations have contributed to an increase in commuting distances, because they prevent families from living in homes within close proximity of their chosen place of work. Instead, people must commute between towns or between towns and rural villages and as a consequence there has been an increase in the demand for road links between these areas (Simmie 1993, DoE 1993).

Containment : Environmental or Agricultural Protection ?

A fourth external effect which may be attributed to the planning system, concerns the impact on the countryside of the land uses which have been favoured in the pursuit of urban containment and especially the privileges granted to the agricultural sector.

Although it is often thought that planning controls and site designations are primarily an act of environmental policy, in practice the environmental focus of land use planning has been confined purely to the preoccupation with urban containment to the neglect of what actually happens in the countryside itself (Evans 1991, 1996, Pennington 1996). Existing uses of land in rural areas and agriculture in particular, have been exempted from the controls governing alternative forms of development. Thus, planning permissions for farm buildings, fences and hedgerow grubbing are often not required. In reality, the town planning legislation has been inextricably linked to the regime of subsidised farming also introduced in 1947 (via the Agriculture Act) and since 1973, the Common Agricultural Policy (CAP) of the European Union. The designation of green belts, and other controls on rural land development has prevented the spread of urban developments into the countryside, but the countryside has not been conserved for environmental purposes, but rather for the expansion of subsidised farming which has in turn had a devastating impact on the rural landscape.

The environmental impact of agricultural support policy is now well documented (Bowers & Cheshire 1983, Munton 1983, Lowe et al 1986) and can be summarized as follows; with farm subsidies positively related to the level of production, land prices have risen as the possession of agricultural land has become in effect a license to receive subsidies. In turn, higher land prices have raised the real cost of land above that of labour and heavily subsidised capital inputs, thus encouraging farmers to intensify the use of land which has usually meant the removal of hedgerows, the adoption of 'prairie farming' techniques and the widespread use of chemical fertilizers and pesticides. As a result, agricultural production has increasingly extended onto marginal lands, otherwise unsuitable for farming with a concurrent loss of habitats, including an 80% reduction in chalk downland, a 60% reduction in heathland, and a 50% reduction in meadowland (Lowe et al 1986 p.65-68).

By designating sites which effectively forbid the development of non-agricultural uses, the planning system has for half a century reinforced the privileged position of subsidised farming and it can be argued, has prevented the transfer of land to more highly valued and in many cases less environmentally damaging uses (Evans 1996, Pennington 1996). Low density housing or leisure developments for example, interspersed with woodland are compatible with maintaining habitat and species diversity. Moreover, even if the rate of rural to urban conversion had continued at the pre-planning level of 30, 000 ha per annum, which is highly unlikely, the proportion of the land area which is urban would still be under 20% and a case can

be made that the loss of habitat due to the extra 8 or 9% of urbanization would not have been as great as the +50% losses due to agricultural support (Pennington 1996, p.22, Evans 1996).

In the immediate post-war period, policy-makers justified the introduction of subsidies on the grounds of avoiding food shortages, but in the intervening years transfer payments have been expanded to such an extent, in particular under the CAP, that there is now massive overproduction and a surplus of agricultural land which could be as high as 12 million acres (Shucksmith 1990). By restricting the development of non-farm businesses in the countryside, the planning system has added substantially to the burden of taxation by maintaining the dependence of farmers on subsidies and the continual expansion of the CAP budget - £3.2 billion in 1996. On the one hand farmers are subsidised to produce food for a market which does not exist, whilst on the other, the relative shortage of building land drives up house prices and dwelling densities still further.

Containment as Government Failure

The foregoing analysis has sought to summarize the principal consequences of urban containment and in so doing has highlighted the external effects generated by a key aspect of the British land use planning system. In particular, planning has contributed to an increase in the relative cost of housing and therefore a transfer of wealth from consumers to property owners, has increased dwelling densities and urban congestion, has lengthened commuting distances and has provided a context for the protection of subsidized, environmentally damaging farming practices.

The presence of these externalities does not prove that they outweigh the potential benefits of planning - principally the maintenance of open countryside. Nor has any attempt been made here, to measure the costs and benefits associated with containment, as might be required by an adherent of cost/benefit analysis. On the contrary, from the perspective of Virginia public choice theory attempts to assign precise monetary values to non-traded goods are essentially arbitrary. The relative values which individuals attach to environmental goods are known only to the individuals themselves and it is only through the actual exchange of goods in a genuine market where property rights are assigned that the relative value of goods can be made known.¹

¹The fundamental difficulty with cost/ benefit analysis is the assumption that money is a unit of measurement when in fact it is a medium of exchange. When an individual exchanges money for a

What the existence of possible external effects associated with land use planning does suggest, however, is the need to avoid the 'nirvana fallacy' when considering the merits of government intervention in the market for land. Consequently, attention should focus on the general structure of incentives provided by the institutions through which land use planning policies are carried out. Individual action always takes place in an institutional setting which affects the ability of rational actors to achieve their desired goals and the compatibility of these goals with those of other individuals. If institutional incentives associated with land use planning allow costs to be passed on to others and if there is a lack of information, then it is possible to challenge the merits of the policies produced by such a system on the grounds of institutional failure.

Within this context, the importance of avoiding 'nirvana solutions' appears all the more pertinent given the changes within the British planning system towards a still stronger emphasis on containment, which evidence suggests runs contrary to stated policy intentions. In particular, all major political parties and the planning profession continue to profess a desire to increase the affordability of housing, when commitment to containment implies an increase in the relative cost of land and hence higher prices for both private and public sector housing developments. Second, politicians and planners claim to seek an improvement in the quality of urban environments, when the desire to provide the majority of new housing in existing urban areas points to a further increase in dwelling densities, a reduction in urban open space and increased congestion. Third, policy suggests that containment should encourage a more compact form of development to reduce commuting distances, when all the available evidence suggests that green belts and equivalent controls actually increase the tendency toward long distance commuting. Finally, politicians claim to support a reduction in the burden of agricultural support when containment restricts alternative business development and thus seems more likely to increase the burden of taxation.

good or service, she does so because she values the good concerned more than the money - it is not possible however, to say how much more, because the opportunity cost is subjective. Because money is a medium of exchange rather than a precise measure of value, attempts to measure the value of goods which are not actually traded are of little if any use (Formaini 1991).

2.3 Perspectives on Containment

The above contradictions suggest that political actors may be motivated by concerns other than the correction of 'market failures'. As discussed in chapter 1, it is the analysis of these motives and their likely impact on the nature of the policy process that has been the major concern of public choice theory. Public choice focuses on the institutional incentives within representative democracies which lead to instances of 'government failure' and as a consequence questions the virtue of intervention by the state. The presence of policy contradictions within the planning system has however, already stimulated contributions from a number of alternative perspectives which have attempted to explain the pattern of decision-making. The theoretical and empirical contributions offered by these perspectives must be assessed before setting out the more specific contribution of a public choice approach. Four perspectives are of particular relevance in this regard; Structural Political Economy, Pluralist Political Economy, Elite Theory and Weberian Sociology.

Structural Political Economy

Since the 1970s, structural political economy perspectives have been of growing significance in the study of the planning system. These schools of thought draw on aspects of neo-Marxism and Corporatism in their analysis of the modern state. In its Marxist variant, following the seminal contributions of Harvey (1973, 1985) and Castells (1977), Ball (1983) and other theorists in this tradition, explain policy contradictions within the planning system in terms of the desire of the state to maintain social stability in the face of the fundamental class divisions between the proletariat and the bourgeoisie. In its Corporatist variant (Dunleavy 1981, Cawson 1986), the focus is on the power of sectoral economic interests representing agriculture, construction or finance. Either way, from a structural political economy perspective, corporate business interests are considered to be the dominant force in the political system and the evolution of policy will reflect the structural advantage of these interests within the economy.

Within this context, the state intervenes in the urban development process through the instrument of the planning system to create the environmental conditions necessary to maintain the legitimacy of the capitalist order. Policies such as urban containment are construed as an attempt by the state to preserve environmental amenities and other aspects of 'collective consumption' from development pressure. According to this view, these interventions are necessary to ensure a balance

between the provision of new housing and other developments and the preservation of amenities which is commensurate with continued political stability. Ultimately however, the autonomy of the state will always be limited by the structural context of the capitalist economy which requires that government's do not pursue policies which run against the fundamental desire of business to make profits (Ambrose 1986).

Following Harvey (1973, 1977), Short et al (1986) posit an 'internal-contradiction' central to the process of state intervention, which in turn contributes to continued political instability and conflict. Thus, on the one hand the state must intervene in the market to maintain social legitimacy, but on the other it is duty bound to act in the economic interests of the capitalist class (Marxism) or particular sectors of private business, such as house builders (Corporatism). In the case of urban containment, the economic interests of business lie in the growth of owner-occupied housing and in particular suburban residential development - in order to stimulate the demand for housing and household goods, as a way of encouraging consumption and boosting profit rates. However, if the state is to facilitate suburbanization, which requires a relaxation of regulatory controls on the building industry, this will in turn run against the need to maintain social legitimacy as the 'collective consumption' of amenity is threatened (Ambrose 1986, Short et al 1986).

Short et al (1986) apply this frame of reference to understand the periodic conflicts between central and local government over the appropriate degree of planning restraint, which typified the 1980s. According to this perspective, the publication of various policy circulars issued by central government, for example DoE 9/80 and 15/84, which urged local authorities to adopt a more liberal attitude to development, represented a response by the national state to the imperative of capital accumulation. In turn, the attempt by the local state to resist these pressures was a reflection of the legitimating function, in response to social protest at the prospect of urban developments in the countryside. As such, Short et al (1986) adopt a version of what Saunders (1981) has termed the 'dual state' thesis, which posits a distinction between corporatist forms of decision making at the level of the central state and more pluralistic processes operating at the local level.

Within the structuralist tradition, it is accepted that occasions may occur when the political system makes concessions to non-business interests, but in general it is considered more likely that the demands of the corporate sector will result in a fragile commitment to urban containment and the frequent relaxation of regulations which restrict the activities of large capitalist corporations (Ball 1983, Ambrose

1986). The only exception to this line of argument is reflected in the work of Rydin (1986), which suggests that the interests of large private sector developers are actually commensurate with the maintenance of containment regulation, because restrictions on development artificially inflate the value of corporate land banks.

Pluralist Political Economy

Whereas the structuralist analysis is based on the conception of dominance by one set of interests over another, pluralist political economy views policy making as an inherently more open process with competition between different groups ensuring a more balanced outcome. According to pluralist theory, politics is a bargaining process between autonomous, often competing groups and a fragmented state, where competition provides an inbuilt set of checks and balances which prevents any one set of interests becoming too powerful (Truman 1951, Latham 1952, Dahl 1961).

Applying this approach to the planning system, the apparent contradictions within land use policy are not contradictions at all, but reflect an attempt by the state to balance the demands of a range of differing groups including agricultural interests, house building interests, and conservationists (Healey 1990). The effects which flow from the resultant policies may be contradictory and inefficient from a purely economic point of view, but from a pluralist perspective these 'inefficiencies' are acceptable so long as they are arrived at through the normal operation of the democratic process (Bramley et al 1995).

Pluralist political economy does not deny the existence of inequalities of access to the political process, but contends that these inequalities are merely a reflection of the underlying pattern of social preferences as represented by the relative strengths of organized groups. Within this context, many pluralists see the state itself as neutral, essentially acting as a referee between competing groups (Latham 1952, Healey 1990), but others consider government agencies to act as pressure groups themselves, choosing which interests to support on the basis of their own preferences (Dahl 1961). However, given that the political system is viewed as inherently open and competitive, government agencies will themselves rise and fall according to the overall balance of power within society. Thus, from a pluralist perspective urban containment represents the outcome of a competitive political system in which there are no structural advantages, favouring one set of interests over another.

Elite Theory

A third theoretical perspective on containment and land use planning - elite theory - developed out of a critique of pluralism originally put forward by authors such as Schattschneider (1960), and Bachrach & Baratz (1962 & 1970). Theorists in this tradition put considerably more emphasis on the importance of inequalities between interest groups and in particular differential access to resources.

Unlike pluralists, who see the political process as essentially open to all groups in society, elite theorists stress the ability of powerful interests to manipulate the political system in particular with respect to the flow of information. As a result of this manipulation, elites can succeed in thwarting the ability of weaker groups to mobilize their interests. Thus, these theorists conceive of political power in a two-dimensional way, where power includes not only the ability to influence the political process overtly by way of particular decisions, but also the ability to influence 'non-decision-making' by subverting or squashing at their earliest stages efforts to get latent interests mobilized. Unlike Marxism however, elite theorists do not consider political power to be monopolized by the members of one particular class, but rather allow for an element of competition between different elite groups which periodically seize control of the state.

In the case of land use planning, conflicts over urban containment policy might be viewed as a reflection of competition between different elite groups and in particular house builders and agriculturalists for control of the regulatory state. House building interests seek a weakened commitment to containment in order to increase profits through the speculative release of rural land, whilst farmers wish to continue to protect the privileged position of the agricultural sector. In turn, both of these groups are able to minimize opposition to their interests by actively suppressing attempts by the losers from land use planning (such as tenants in the rented sector) to mobilize in the political system.

Weberian Sociology

The fourth perspective on containment derives from the Weberian school of sociology, fundamental to which are the concepts of class and status. For Weber (1968) class was an analytical category in which individuals were grouped together on the basis of their common economic situation in relation to commodity and labour markets. Unlike Marxist analysis, Weberian sociology does not define class

in relation to the means of production, but instead according to an individuals' chance of procuring goods and services, gaining a position in life and achieving personal satisfaction. Thus, Weberians locate the analysis of class in the sphere of distribution rather than production relations, in the market, rather than the mode of production (Shucksmith 1990).

Given the unequal access to resources which result from the processes of the market economy, classes may mobilize in the political process on the basis of these inequalities, which may in turn be reflected in the subsequent policies. However, whilst class organization is an important factor in political mobilization, Weberians stress that there is no automatic reason why individuals should establish organizations on this basis. Instead, other forms of organization may play a role in politics and in particular those formed on the basis of 'status'. Status groups consist of individuals mobilized according to their special styles of life and consumption, patterns which may, or may not be class related.

With respect to urban containment, Weberians have typically focused on the role of housing classes or housing status groups and the role of professional 'gatekeepers' such as land use planners in the decision-making process (Pahl 1965, 1979). Housing class analyses suggest that containment policies reflect the interests of higher class groups and in particular the owners of rural/ suburban property who seek to use the planning system to restrict the supply of housing and therefore to inflate the value of their assets - the principal losers in this process being the lower class groups in the rented sector who experience a greater difficulty in achieving access to housing as a result (Shucksmith 1990). Housing status analyses also emphasize the interests of rural residents in restricting development, but with the focus on common lifestyle characteristics - living in the countryside - rather than the ownership of rural property per se (Shucksmith 1990).

Additional Weberian perspectives and some versions of elite theory have focused on the importance of urban managers or gatekeepers within the state and in particular planners and local councillors. According to this view 'gatekeepers' play a pivotal role in the allocation of urban resources and may use their privileged position within the state to pursue their own professional values (Reade 1987). Within this tradition there is some dispute over the actual degree of autonomy which planners and other gatekeepers are held to possess. The original contribution of Pahl (1975) suggested that gatekeepers exercised considerable discretion in terms of gaining access to resources and their subsequent allocation. A large number of empirical studies devoted to analysing the role and effects of various urban managers, especially in the

field of housing, appeared to confirm that gatekeepers could indeed exert a major influence over distributional outcomes (Niner 1975, Gray 1976, Karn 1976). Subsequent work however, including that of Pahl (1978) himself, suggested that in its initial formulation the gatekeeper thesis underemphasized the extent to which wider political and economic forces and the actions of central government constrain the actions of urban managers. In these later Weberian perspectives it is suggested that gatekeepers do exercise discretion in the pattern of resource allocation but are not able to influence the level of resource availability, which is rather a function of central government power (Pahl 1978, Morcombe 1984).

Shucksmith's (1990) contribution represents one of the more comprehensive applications of Weberian principles to the planning system, in which he explains the contradiction between the policy objective of providing affordable housing with the goal of continued containment, in terms of the power exerted by rural home owning groups organized on the basis of both class (ownership of property) and status (countryside lifestyle). In turn this power has been reinforced by the professional ideology of planners which is often grounded in a conservationist ethos (Reade 1987, Bramley et al 1995).

A Public Choice Critique

The perspectives outlined above represent the major theoretical attempts to move beyond the dominant welfare economics paradigm in land use planning. As with the public choice critique of welfare theory outlined in chapter 1, these approaches highlight the important relationship between interest groups and the state in policy-making. However, in their attempt to explain the pattern of decision-making in the British planning system, each of these perspectives suffers from a number of empirical and theoretical difficulties which substantially reduces their explanatory power. In what follows these shortcomings are exposed using public choice concepts with respect to the 'demand' and 'supply' sides of the political system. In so doing, this critique sets the scene for the more specific application of public choice models to the analysis of 'government failure' within the planning system which are the empirical focus of the chapters to follow.

Of the three perspectives, the structuralist school suffers from the most obvious theoretical and empirical problems. Setting aside the manifest shortcomings of the labour theory of value and the falling rate of profit thesis (Bohm-Bawerk 1937, Steedman 1977) which most contemporary socialists now accept (Dunleavy &

O'Leary 1987), the neo-Marxist variant has still to provide a convincing account of why it is that political action on the 'demand' side of politics should occur on the basis of 'class'. In the case of both capitalists and workers the principal concern of these individuals is likely to be that of their own personal wealth and in many cases the greatest threat to each is likely to be the presence of other capitalists and other workers. In practice, capital and labour are not homogenous entities, but consist of individuals and groups with heterogeneous interests. Thus, exporting capitalists versus importing capitalists, transport buying capitalists versus transport selling capitalists, lending capitalists versus borrowing capitalists, agricultural capitalists versus industrial capitalists ; and so the list goes on - both sides of the 'class divide'. In the specific case of urban containment, the interests of agricultural capital - increasing the level of food production, conflict with the interests of construction capital in developing agricultural land. In these circumstances it is difficult to conceive how the state can respond to the demands of 'capital' or 'labour' when no such unified interests exist.

Moreover, even if there were unified class interests, neo-Marxism has still to provide a satisfactory response to Olson's (1965) public choice analysis of the 'collective action problem'. Capital and labour are groups representing hundreds of thousands and in some circumstances millions of individuals, none of whose individual contribution to political action is likely to have any direct impact on the actions of the state. As Olson suggests, where the per capita stake is so discounted by the irrelevance of an individual contribution then the optimal strategy is to free ride on the participation of others and collective action in terms of class or any other large group is unlikely to occur.

For the above reasons, the corporatist variant of the structuralist perspective seems more plausible - it is easier to identify common economic interests on the basis of sectors rather than class and since sectors may be smaller than classes, the collective action problem may be more easily overcome. However, the corporatist approach alongside its neo-Marxist cousin, suffers from a second theoretical defect, this time on the 'supply side'.

Structuralist approaches suggest that the state acts in order to preserve the 'legitimacy' of the economic system - capitalism, but without specifying why individual actors within the state should act in this way. No account is given of why it is that senior officials should prefer one set of social arrangements over another, a defect clearly evident in Short et al's (1986) account of urban containment in the 1980s. In this particular case, no explanation is given of why it was in the interests

of individual actors within the central government to adopt an apparently more liberal stance to development than those at the local government level.

On an empirical level too, the structuralist analysis is found wanting. Contrary to the implication that the commitment to urban containment will be subject to de-regulation in the interests of business and in particular house builders, regulation has continually increased, even under an administration which advocated a 'rolling back of the state' and other interests such as rural homeowners have been major beneficiaries. Rydin's (1986) contention that large building interests actually benefit from regulation, might be squared with the empirical evidence in order to save a corporatist perspective, but again this approach lacks an adequate account of why it is in the personal interests of state officials to 'supply' the relevant regulation. Public choice by contrast would seek to explain the growth of regulation in terms of the economic pay-off to bureaucrats from expanding the regulatory regime.

Turning now to pluralism, the major difficulties here are less empirical than they are theoretical. A pluralist account of competing interest groups might appear appropriate given the apparent contradictions in policy over urban containment, but on a theoretical level there are a serious weaknesses which public choice theory has exposed.

On the 'demand' side pluralists focus on the observable competition between different sets of organized interests such as house builders, agriculturalists and conservationists, but in so doing neglect the possibility that due to individual incentives, some sets of interests may remain latent and as a result be excluded from the decision-making process. Thus, public choice analysis suggests that consumers, taxpayers and other diffuse interests, will fail to mobilize and have their interests represented because of the collective action problem and the effect of rational ignorance.

On the 'supply' side pluralist perspectives which view the government as a neutral arbiter, acting to balance out competing interests neglect the potential for actors within the state to have interests of their own. Moreover, those pluralist accounts which do see state actors as having independent objectives stress the role of competition within the state. Public choice by contrast focuses on the monopoly power of the administrative bureaucracy in selecting which groups to support on the basis of their contribution to bureaucratic growth. Bureaucrats have an information monopoly over their political overseers, which allows them discretion in pursuit of their own economic objectives, often associated with bureau growth. Moreover, due

to the rational ignorance effect and the relative infrequency of elections, politicians themselves have a structural monopoly advantage over the electorate which increases their ability to pursue personal objectives through the support of organized groups.

For elite theory and Weberian accounts of interest groups, the theoretical difficulties are not dissimilar to those of pluralism. Both elite theorists and Weberians have a tendency simply to observe which groups have benefited from the planning system, such as farmers and rural homeowners and then attribute political power to these groups without specifying where the source of this power actually resides. Public choice on the other hand focuses on the differential ability of various groups to overcome the collective action problem, the phenomena of concentrated benefits / dispersed costs and rational ignorance and thereby to engage in political exchanges with bureaucrats/ politicians to the detriment of groups unable to overcome these constraints. Thus, if rural homeowners have received benefits from the planning system there may be structural incentives favouring this group over other interests in the political process.

In turn the public choice analysis of the collective action problem calls into question the claim of elite theorists that the power of interest groups results from their ability actually to suppress the interests of losers in the political process. From a public choice perspective the failure of latent interests to mobilize is not necessarily a reflection of their being suppressed into 'non-decision making' but is merely a reflection of their members having insufficient personal incentive to overcome the costs of mobilization (Dowding et al 1993).

On the 'supply side' Weberian accounts which suggest that urban containment policies reflect the professional values of 'gatekeepers' as allocators of resources within the state, lack a fully specified account of where the power to exercise these values lies. Again, the transactions costs framework of public choice theory is able to address this question by focusing on the monopoly and informational advantages of the administrative bureaucracy over other actors within the democratic polity.

By contrast, more recent Weberian accounts which argue that gatekeepers are not able to affect the total level of resources available to them, neglect the public choice insight that bureaucrats have an information monopoly in the political process when making bids for budget appropriations. Bureaucrats act within the constraints provided by the wider political and economic context, but they also have a privileged monopoly position compared to other groups in the political process,

which they might exploit to their own advantage. For example, whilst it is implausible to suggest that all of the increase in the proportion of UK GDP taken by local government services in the last thirty years (from 5.2% to 8.2%) is attributable to bureaucratic power, it seems empirically suspect to claim that bureaucrats, given their monopoly position did not play any part in this expansion (Seldon et al 1982).

2.4 Conclusion : Public Choice and Urban Containment

This chapter has sought to examine the policy context of urban containment in the post-war period emphasizing on the one hand, the remarkable resilience of containment in the wake of political and economic change and on the other, the external effects and policy failures resulting from continued adherence to this central core of the British planning system. The chapter has also considered existing theoretical perspectives which have sought to explain the policy contradictions associated with containment and has developed a public choice critique of these approaches. The theoretical and empirical difficulties exposed by this critique may be summarized as follows;

On the 'demand' side, existing accounts fail to consider the organizational incentives facing different sets of actors who may gain or lose in terms of the externalities produced by the planning system. In particular, transactions costs are important factors which affect the ability of groups to mobilize and hence to bargain with the state.

On the 'supply' side, current perspectives lack an adequate account of the motivating forces which drive the actions of individual bureaucrats and politicians within the state and fail to specify the organizational advantages which allow these actors to ensure that their interests are reflected in the decision-making process.

As a result, the literature on urban containment is unable to provide a convincing account which links the external effects of containment - higher house prices, higher dwelling densities and congestion, longer commuting distances and agricultural overproduction - to institutional incentives within the decision-making process. Public choice by contrast, can with its account of 'government failure', link the externalities produced by land use planning directly to the structures of costs and benefits faced by individual actors within the planning system. Thus, three general hypotheses shape the focus of the chapters to follow ;

1. The commitment to urban containment reflects an asymmetric distribution of costs and benefits between different groups of individuals on the 'demand' side of the political process. Groups which are able to overcome the transactions costs of association - the problems of collective action and rational ignorance - are able to bargain with state and to benefit from the planning system, whereas as those unable to do so are the principal bearers of the costs.

2. The commitment to urban containment, reflects the economic interests of bureaucratic actors on the 'supply side' of the political process and in particular the monopoly power of the administrative bureaucracy to support those policies which will expand the size of the planning budget.

3. The commitment to urban containment, reflects the economic interests of politicians on the 'supply side' and in particular the desire of legislators to secure electoral and patronage benefits from the passage of planning legislation.

In turn the evaluation of these hypotheses will allow consideration of the central question outlined in chapter 1 - to what extent are the external costs imposed by the British planning system a product of institutional incentives inherent in regimes of state regulated property rights? If the production of externalities can be attributed to institutional failures characteristic of representative democracies, then the theoretical case for state intervention in the market for land must be open to serious question.

3. Rent Seeking, Collective Action & Urban Containment

3.0 Introduction

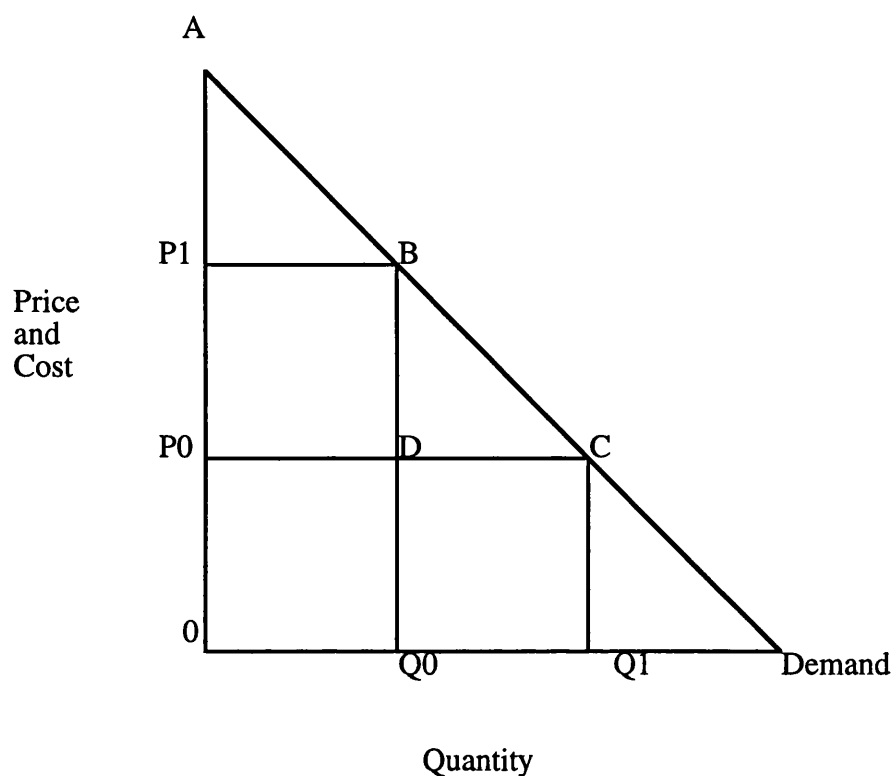
This chapter presents a public choice analysis of interest group activity with respect to urban containment. The first section provides an exposition of the key theoretical concepts in the rent-seeking theory of politics, which are then used as a refractive lens through which to view the behaviour of interest groups within the arena of town and country planning. The chapter contends that the transactions costs of association within the political process favour those interest groups and coalitions of groups seeking to restrict the rate of new development. The benefits from reduced levels of development and in particular house building are concentrated on the membership of key groups, while the costs which are often invisible, are widely dispersed across a 'rationally ignorant' electorate. The analysis throws particular light on the superior ability of the environmental lobby to restrict urban development, compared to its relative failure to control the environmental excesses of subsidised agriculture.

3.1 A Theory of the Rent Seeking Society

In the rent-seeking theory of politics, the focus of interest group activity is aimed predominantly at the transfer of wealth. The central objective of lobbying is the pursuit of privileges which restrict access to markets and hence create monopolistic rents, ends which cannot be obtained through market mechanisms, but which may be achieved through the coercive powers of the state. Typical examples of rent-seeking policies include price supports, occupational licensing laws, minimum wage laws, rent controls and import/export quotas.

An example of the wealth transfer effect is displayed graphically in Figure 3.1. A competitive industry produces output OQ_0 at price OP_0 and thus creates the consumer surplus given by the triangle ACP_0 . Following the influence of political lobbying and the introduction of price controls, quotas or other forms of legislative privilege, a monopolistic scenario emerges, where output is reduced to OQ_1 and price rises to OP_1 . The rectangle P_1BDP_0 depicts a simple transfer of surplus from consumers to the new monopolist, creating a loss of welfare given by the triangle BDC .

Figure 3.1 Rent Seeking and Monopoly Privilege



Interest groups will devote resources to political lobbying up to the value of $P_1 BDP_0$ in order to obtain the relevant rents.

Access to the political market in wealth transfers is asymmetric and the ability to extract rents is dependent on two key factors. On the one hand the influence of what Olson (1965) has termed the 'logic of collective action' - the ability of groups to mobilize - and on the other the effect of what Downs (1957) and Tullock (1989 & 1993) have termed 'rational voter ignorance' - the ability of voters to perceive the presence of rent-seeking behaviour.

The Logic of Collective Action

The effective mobilization of any interest group is a key factor which determines the potential to extract rents. Where large numbers of individuals remain unorganized, their ability to demand support from politicians and bureaucrats is seriously undermined and they are likely to lose out in any political battle with a highly

organized opposition.

According to Olson (1965), small groups (above a certain minimum size), with a large per capita stake, will be disproportionately organized than those with a large potential membership and a low per capita stake. Structural constraints facing large groups are the product of the following incentive structure. For a rational individual to join an interest group, the conditions given in the following inequality must be met in full :

$$(G_I * P/N) + I_I > C_I$$

Where G_I is the net gain to the individual if the interest group is successful, eg. from a tariff, import quota, or regulation; P is the group's overall probability of achieving its aims; N is the potential membership of the interest group; I_I is the private benefits of membership and C_I is the cost of group membership.

For groups with a high value of N , the value of P/N is minuscule and the total benefits of membership so discounted that it is seldom rational to join such a group. Rather, the optimum strategy is to free-ride on the participation of others and where enough individuals perceive the structure of incentives in this way collective action will fail to occur.

In groups with a low value of N by contrast, the value of P/N is high and the surplus of benefits over the costs of membership may be sufficient to provide an incentive for the effective mobilization of potential members.

Large groups often fall into Dunleavy's (1991) category of 'endogenous' interests and occur where the potential membership might include any individual within society. The membership is not directly associated with any homogenous economic interest or social situation and as a result is especially prone to the 'logic of collective action' - it is virtually impossible to decipher which sections of the population are genuine free riders, from those who do not support the group's aims.

The experience of consumer oriented interests throughout the western democracies illustrates the collective action problem for endogenous groups. Typically, these interests suffer from chronic undermobilization and in many instances remain completely latent. By contrast, their principal adversaries in business and labour lobbies although relatively small are often highly organized. They have a potential membership which is defined in terms of certain fixed, 'exogenous' characteristics - only miners are potential members of the National Union of Mineworkers. Exogenous

groups tend towards small and well defined interests and are consequently less susceptible to the imperatives of free riding.

Smaller groups are also advantaged because the costs of reaching agreement within the membership tend to decline with falling group size and politicians are more likely to perceive vote potential from groups with clearly articulated demands (Benson 1990). Larger groups with potentially more clout are often less focused in their demands because a bigger membership increases the potential for internal differences.

Additional work in collective action theory suggests that the heterogeneity of actors within a population is an important variable determining the rate of mobilization. Research suggests that if the population from which potential group members are drawn is homogenous in its interests and social characteristics the collective action problem is more likely overcome. *Ceteris paribus* the more homogenous the population the easier it is to identify free riders. Moreover, in heterogeneous populations, there is less chance that individuals themselves will identify a particular interest base around which to mobilize (Libecap 1989, Ostrom 1990).

Given the free-rider problem, Olson suggests that for larger groups to attain a satisfactory degree of mobilization they must provide benefits on an individual basis or rely on the willingness of individuals who will benefit disproportionately from the groups' activities to bear the bulk of the organization costs. Groups may offer positive 'selective incentives' through services such as specialized insurance or health care benefits, available as a by-product of membership. Alternatively, where a group has attained a degree of political power and established access to the state, group leaders may 'colonize' particular agencies and render group membership a prerequisite for access to rents. On the negative side, penalties might be developed which can be applied to recalcitrant individuals, as when trade union dues are extracted through closed shop or union shop arrangements, which effectively make membership of the organization compulsory (Dunleavy 1991, Tullock 1993). For ultra-diffuse interests however, with a low per capita stake, even the presence of selective incentives may not be sufficient to stimulate mobilization.

Professional organizations are the one form of lobby group which remain almost totally immune from the logic of collective action. Typically, these groups exist to provide services to individual members and may effectively license entry into a particular profession or trade. Individuals who have organized themselves for reasons unrelated to lobbying enjoy a comparative advantage in rent-seeking, because organization costs once borne, do not add to the marginal cost of lobbying and the

free rider problem does not occur (Rowley 1992, p.111).

It should be emphasized at this point, that Olson's (1965) theory of collective action does not suggest that no individuals will join potentially large interest groups in the absence of selective incentives, but rather suggests that it will be much more difficult to mobilize these groups. The absolute level of mobilization, however, may be affected by a host of other factors which may include altruistic motivations (Fiorina 1995).

Voters and Rational Ignorance

The second determinant of rent seeking power is the phenomenon of 'rational ignorance'. In order to obtain rents, it is important that large sections of the voting population, either positively support the proposed transfers, or more likely, are sufficiently ill-informed about their existence, as to make any gains to politicians and bureaucrats from removing them, less than the gains from those to whom the transfers are made. Public choice authors and especially those of the 'Virginia school' (see chapter one), contend that structural incentives lead the vast bulk of the voting population to 'under invest' in the acquisition of political information and it is the resultant state of ignorance which allows rent-seeking activity to thrive (Aranson 1990).

The conditions for rational voter ignorance may be set out as follows;

For an individual voter deciding whether to cast her vote or to abstain in an election, the incentive structure may be written as;

$$R = P (U_1 - U_2) - C$$

where R is the citizens expected utility from voting; P is her subjectively estimated probability that her vote will be decisive - ie. will make or break a political tie; U_1 and U_2 are her levels of utility derived from the election of candidates 1 and 2 ($U_1 > U_2$) and C is her cost of voting.

In this scenario, if $R > 0$ then the individual will vote for candidate 1, but as many authors have noted, electorates in most democracies are so large that the probability of casting the decisive vote is derisory and discounts the benefits to such an extent, that it is hardly worth the cost (eg. time and travel) of voting. (Downs 1957). Given that

voters clearly do participate in elections, a more plausible line of tack is to suggest that while the costs of voting itself are insufficient to encourage mass abstention, the costs of obtaining accurate political information are so great that it is seldom rational to be informed about the specifics of policy platforms on other than a superficial level.

For example, for the voter facing the incentive structure;

$$R = P (U_1 - U_2) - C$$

she must first work out her personal utility associated with candidates U_1 and U_2 , which is a function of their respective policy platforms;

$$U_i = U (p_{i1}, p_{i2}, p_{i3}, \dots, p_{in})$$

where U_i is a function of candidates position on a number of n issues.

If the voter is unsure about the policies of the candidates or is unaware that they have a position on particular issues or even that these issues exist, then the voter must decide whether or not to search for more political information. The acquisition of political information is a costly affair, a cost which increases the greater the number of issues (n) decided through the political process. Given the 'bundle purchase' nature of voting, one would have to hire a personal team of research assistants to be fully informed across the whole policy spectrum. In order for this to be worthwhile the voter must have a substantial stake in the outcome of the election. As we have seen however, the individual stake is so discounted by the probability of exercising genuine influence that the search for detailed information is simply not worthwhile. It is rational for the voter to remain 'ignorant' of politics save for the superficial information derived from political sloganizing (Aranson 1990, Tullock 1993).¹

Rational ignorance is crucial to the political market in rents, because the extent of voter ignorance varies according to the nature of the transfers obtained. Certain rents are

² As Aranson (1990) notes, the nearest thing one gets to the concept of rational ignorance in political science is the 'vulgar' Marxist notion of 'false consciousness'. However, whereas the Marxist theory is an irrefutable tautology, immune from empirical analysis, rational ignorance is a profoundly empirical phenomenon. For example, Miller's (1983) analysis of American science policy revealed that only 7% of the population had even the basic level of "scientific literacy" required to grasp the detail of policy matters proposed by science bureaucrats - quoted in Aranson (1990, p.34). In a market context where consumers are faced directly with the consequences of their purchasing decisions there might be an incentive to purchase 'expert' advice, but few such incentives exist for voters in the sphere of representative politics.

more readily identifiable than others and are consequently more likely to penetrate the rational ignorance of voters and to stimulate retaliatory political action. *Ceteris Paribus*, the more visible the transfer, the greater is the potential for a politician to court votes by seeking to remove it, or to extract concessions from the recipients (Tullock 1993).

There are two basic types of rent-seeking transfer - direct and indirect rents. The former are derived through the requisition of financial resources, transferred from one group of citizens to another. Resources are extracted through taxation and are dispensed in the form of subsidy payments or governmental contracts. Indirect transfers by contrast, do not involve any immediate transfer of monetary wealth, but are nonetheless to the monetary benefit of some individuals and at the expense of others. Indirect rents involve the statutory control of an individual's behaviour with respect to person or property and are usually supplied via regulation or licensing.

The basic transfer types can be divided into sub-categories according to the situation of the respective winners and losers in the political market. Three scenarios are of particular relevance in this regard : i) the winners and losers are not easily identifiable, either to themselves or to each other, ii) the winners and losers are well identified and know who each other are, iii) winners are easily identifiable, but losers are not. The classification of rents is summarized (with examples) in Table 3.1.

Ceteris paribus, there is little if any governmental activity where both winners and losers in the political market are difficult to identify. Transfers falling into this category are characterized by benefits and costs thinly dispersed across a substantial proportion of the voting population. Because each voter attains only a minuscule benefit or incurs a minuscule cost, both winners and losers are unlikely to mobilize into a political force, so there is little prospect of any gain for utility maximizing politicians and bureaucrats supplying transfers on this basis.

The bulk of governmental activity occurs where both winners and losers are easily identifiable and are known to each other, or where winners are identifiable but losers are not. Within this context, the rational ignorance effect is at its weakest where transfers are direct and at its most potent where they are indirect.

(Aranson 1990, Tullock 1989 & 1993). In these instances, for example industrial subsidies and subsidized government research, benefits are concentrated on organized interests. The cost to each voter is small and because most voters do not use the services on a regular basis there is little incentive to seek out information concerning the level of rent seeking exploitation, subject to the maximum level of taxation that voters are prepared to tolerate.

Indirect transfers provide the most fertile arena for rent-seeking and are protected by an almost impenetrable veil of rational ignorance. A large proportion of governmental activity is focused in the area of statutory regulations which produce concentrated benefits and invisibly disperse costs. Consider the case of airline regulation in the United States.

The US. Civil Aeronautics Board is responsible for the regulation of air travel and in particular has the power to license entry into the airline market. Under pressure from organized trunk carriers the board refused to certify a single new trunk airline between 1938 and 1976. The subsequent reduction in competition produced increased profits for the existing carriers, with the costs in terms of higher air fares, thinly dispersed across the vast bulk of potential airline users (Becker 1985, p.100).

In such a situation it is difficult for the individual voter to blame higher airfares on the existence of regulation, because no direct transfer of wealth appears to have taken place.² For the voter to trace the source of fare increases would require a considerable degree of research, which given the relatively small loss is not worthwhile. It is rational for most voters to remain oblivious to the existence of regulatory transfers and for politicians to cater instead to the highly organized interests which seek their implementation. Given the pervasiveness of rational ignorance there is virtually no upper limit to the rents which can be extracted from the voting population via regulation, save for the taxes required for the funding of enforcement agencies. Consequently, it is more than likely that interest groups seeking regulatory transfers will be successful in their demands (Tullock 1993).

² Likewise, it is difficult for voters to attribute the source of higher import prices and higher unemployment to the impact of quotas and minimum wage laws respectively. In these cases, benefits are concentrated on readily identifiable groups - eg. trade union members employed in a minimum wage industry, whereas costs are dispersed invisibly on consumers - through higher prices and higher unemployment. In many cases, losers in the rent-seeking game will not even know that they are losers - as in the case of workers who are employed in one industry when the minimum wage is introduced, but in future years are not able to find jobs in an alternative industry because of its existence.

For a full empirical analysis of the costs of regulation and the lobbying activities of the beneficiaries, see Stigler (1975), Block & Olsen (1982) and Tucker (1990).

3.2 Rent Seeking, Collective Action and the Political Market in Urban Containment

Having outlined the key factors which may affect the nature of rent-seeking, the remainder of this chapter sets out to examine the characteristics of the political market in land use planning and in particular the central question of urban containment. Each of the key interest groups is analysed in terms of the logic of collective action, the likely impact of rational ignorance on the ability to extract rents and the changing characteristics of interest group behaviour over time. The concluding section summarizes the interest group data and considers the character of planning policy in terms of the peculiarities of the political market.

The Agricultural Lobby

The agricultural lobby in the United Kingdom is the preserve of the National Farmers Union (NFU) and the Country Landowners Association (CLA), the former the traditional representative of the tenant farming community and the latter, the interests of landowning farmers.

Both of these groups are exogenous interests - the NFU has a potential membership which is more or less confined to the farming population and the CLA, although in theory more endogenous (anyone within the population may purchase land in the countryside), is targeted at landowning farmers and especially the large estates.

In accordance with the the 'logic of collective action' the farming lobby is highly organized, with the vast majority of farmers subscribing to one or both of the major lobby groups. The NFU had a total membership of 114,000 in 1993, representing approximately 80% of all farmers in the United Kingdom (Interview 1 NFU, NFU Annual Report 1993), and the CLA had a further 50,000 members ranging from small owner occupier farmers to the large commercial estates (Interview 2, CLA).

High levels of mobilization are reflected in terms of financial strength with NFU coffers totalling £21.4 million in the year 1992/93, sufficient to employ 800 staff nation-wide, including a full time team of political lobbyists (NFU Annual Report 1993). The CLA meanwhile had a total income of £4.2 million in 1992/93 and employed 50 full time staff, including ten professional advisors, a political lobbyist and a specialist media consultant (CLA Annual Report 1993).

Both of the agricultural lobby groups also employ selective incentives to encourage continued participation. The NFU offers low cost insurance policies and legal services to members only, whereas the CLA offers advice services for those engaged in landlord/tenant disputes. In addition, both groups have benefited enormously from the complicated system of agricultural support which they have helped to create. The technical nature of the regulatory controls which emanate from the Ministry of Agriculture, Fisheries and Food (MAFF), requires a team of policy experts to broker advice to individual farmers (usually through the regional branches of NFU/CLA) in order to gain access to agricultural grants. In short, most farmers cannot afford not to be a member of the NFU/CLA (Howarth 1990).

The rent seeking activities of farmers are central to the release of land for development and their lobbying behaviour within the town and country planning system. The principal form of rent extraction has occurred through farm subsidies following the Agriculture Act (1947) and more recently (since 1973) the Common Agricultural Policy (CAP) of the European Community/European Union (EC/EU).

Within the context of agricultural support the NFU has always advocated restrictive planning controls and hence a reduced level of urban development, because planning permissions for non-agricultural uses often result in a notice to quit for their tenant members. The NFU were strong supporters of the 1947 planning legislation which redistributed development rights away from landowners in favour of tenants and combined with agricultural support guaranteed the incomes of farmers (Newby 1977). Landowning farmers meanwhile were prepared to tolerate the loss of development rights so long as subsidies provided an income which could compensate for the lost ability to diversify out of agricultural production (Evans 1991, Marsden et al 1993).

The persistence of agricultural support may be related to the character of the wealth transfers involved. Farm subsidies are a direct rent extracted from a diffuse mass of voters. The cost to each voter is relatively small and the transfer effect is likely to be subject to a relatively high degree of rational ignorance. Farmers on the other hand are a highly visible interest group of the type which is vital to bureaucratic and political interests. It is probably for this reason that the uninterrupted growth in the level of subsidy - from £197.3 million in 1954/55 to £267 million in 1972 (at current prices) and then from £392 million in 1973 following entry into the CAP to £1.6 billion in 1983 (current prices) went virtually unchallenged (Howarth 1990). As with all direct tax transfers however, the overall level of rent extraction is subject to the maximum general taxation which the voters are prepared to tolerate. Should this threshold be exceeded and tax reductions enacted, the ability of the agricultural lobby to maintain

its income from rents is dependent on its relative strength vis a vis the other recipients of direct transfers within the wider political market.

When farm subsidies are growing, both the NFU and CLA are supportive of a strict system of planning control and urban containment. However, if subsidy levels and consequently farm incomes start to decline, the pattern of rent seeking assumes a somewhat different character as members search for alternative sources of revenue. The NFU has tended towards the development of an alternative rationale for farm subsidies and in particular has sought support from the environmental lobby to support subsidies for landscape conservation, the first example of which was the introduction of conservation subsidies in the 1986 Agriculture Act. CLA members on the other hand, whilst supporting conservation subsidies, have tended to shift their emphasis to a selective liberalization of planning controls to enable diversification out of agricultural uses, which includes the release of land for residential development. In more recent times and as the proportion of owner occupier farmers within its ranks has risen, the NFU position has moved towards that of the CLA in supporting a selective liberalization -though to a lesser extent in order to placate their tenant members (Marsden et al 1993). As with the CLA, they do not support a total liberalization because the speculative gains derived from the scarcity value of land are dependent on the maintenance of regulation and the avoidance of a full free market (Marsden et al 1993).

The shifting pattern of rent seeking is depicted in Table 3.2, which shows the trends in MAFF farm subsidies, conservation subsidies and farm incomes over the period 1982-1995 and the major changes in governmental policy which have formed the focus of lobbying activity. Of particular interest is the shift in farmers' lobbying, first from a defence of agricultural support and opposition to deregulation of planning, second to an emphasis on selective liberalization and third, a shift back towards farm support, but reoriented towards a 'conservation' agenda.

In 1980/1981 the principal focus of NFU/CLA lobbying was the Wildlife and Countryside Act, which brought farmers into direct conflict with environmentalists in the Council for the Protection of Rural England (CPRE) and a host of other groups such as The Royal Society for the Protection of Birds (RSPB) and Friends of the Earth (FoE). Subsidies at this time were at an all time high and the farmers sought to defend the basis of support from an assault by the environmentalists who highlighted the destructive impact of subsidized agriculture on habitats such as hedgerows and wetlands. The environmental lobby failed in its attempt to enact statutory planning

Table 3.2 Subsidies, Farm Incomes and Lobbying

Year	Agri. Subsidies	Conserv. Subsidies	Farm Incomes	Policy
1981	2.20	0.012	140	W&C
1982	2.00	0.015	130	
1983	1.97	0.015	124	GB
1984	2.22	0.018	165	GB
1985	1.95	0.030	96	
1986	2.17	0.040	111	Agri. Act
1987	2.72	0.042	115	ALURE
1988	2.64	0.046	93	ALURE
1989	1.67	0.076	107	
1990	1.81	0.080	100	
1991	1.77	0.129	95	
1992	1.86	0.133	113	MacSharry
1993	3.00	0.097	154	
1994	3.00	0.141	160	
1995	na.	0.150	180	

Notes : Subsidies in £billions (1993 prices). Incomes in Index form : 1990 =100

Source : Computed from MAFF/Countryside Commission and English Nature Annual Reports and Farm Income Survey.

controls over agriculture and the eventual outcome was a net increase in farm subsidies as payments were offered for conservation activities on top of existing farm support.

The victory of the farm lobby in this regard was predictable within a public choice framework. The farmers were a highly mobilized and homogenous interest group, concentrated on the defence of price support, whereas the environmentalists were relatively undermobilized because the effects of habitat loss are widely dispersed across the bulk of voters, few of which actually live in the areas concerned. Moreover, even when these groups are able to mobilize large numbers of individuals as they did during the 1980s, agricultural subsidies are the lifeblood of the farm lobby, whereas subsidized habitat destruction is but one of many issues of concern to a heterogeneous and diffuse environmental lobby, again reducing the per capita stake and the incentive for politicians to respond to the groups demands.³

³This final point is more a reflection of politicians vote seeking incentives on the supply side rather than a demand side collective action problem and will be addressed in greater detail in chapter 5.

By 1983, the agriculturalists and especially the NFU were joining forces with the conservationists as the focus of lobbying shifted to the defence of Green Belt policy from the prospect of liberalization. Tenant farmers saw a threat to their tenured/subsidized position if the rural land market was liberalized and having joined in a national campaign with the CPRE, secured the signatures of well over one hundred, mostly Conservative members who saw to it that the proposals were thrown out (Elson 1986).

The attitude of the farmers was somewhat different in the period 1987/88 when the so called ALURE proposals (Alternative Land Use and the Rural Economy) were introduced. The growing burden of the CAP on the European Community budget made the issue of agricultural subsidies more visible than at any time since the war and subsidy levels were reduced for the first time in 1984. As can be seen from Table 3.1, the index of farm incomes fell from 140 in 1983 to 93 in 1988.⁴ Faced with declining incomes, farmers sought alternative sources of revenue, including the potential for housing and leisure developments in the countryside which were suggested in the ALURE proposals.

Once again, the farm lobby, now allied with property developers, was at odds with the environmentalists, but unlike the experience of the Wildlife and Countryside Act, the latter were to win the day and the ALURE proposals were ditched. This outcome was again predictable within the public choice framework - whereas habitat losses due to farm support are widely dispersed and the conservation interests relatively undermobilized, the 'loss' imposed by property developments in rural areas is concentrated on those within the vicinity and conservationists are relatively well organized in socially homogenous NIMBY style interest groups (see pp.80-90, below).

With the conservation lobby preventing the deregulation of the rural land market, the focus of agricultural lobbying shifted again during the 1990s. The NFU/CLA joined forces again with the environmental lobby to defend farm subsidies, but instead reoriented towards landscape conservation. Indeed, with its new 'Countryside Membership Scheme' the NFU has sought to attract small landholders as new members in order to obtain conservation payments (NFU Annual Report 1993 p.20).

⁴ As can be seen from the table, subsidies did increase briefly in the mid 1980s, however farm incomes declined because world market prices for farm products collapsed to an all time low. For incomes to have been maintained, subsidies would have had to increase on an unprecedented scale. The rapid increase in farm incomes from 1992 results from a enormous increase in the level of subsidy and relatively high world market prices for grain and other arable crops.

The farmers have thus gained an important new ally in the pursuit of direct rent extraction and have thus strengthened their position within the wider competition for transfer payments.

An indication of the strength of the agri/conservation axis was provided by the so called MacSharry reforms of the CAP. These reforms, originally introduced to reduce subsidies have actually increased the level of agricultural transfers through a mix of production subsidies and an explosion of agri/environment schemes such as set aside, where farmers are paid to take land out of production and conservation schemes such as Environmentally Sensitive Areas and the Farm Woodlands scheme. As can be seen from Figure 3.1 the level of farm subsidies has exploded since the most recent 'reforms' and farm incomes are higher now than at the previous peak of transfer activity in the early 1980s. It is not possible to attribute the increase in subsidies purely to the actions of these groups because of European control of the CAP, but the substantial growth of domestic MAFF subsidies for conservation on top of existing farm support, suggests that the British farm lobby is not without political clout.

To summarize, the agricultural lobby is the archetypal concentrated interest group, extracting direct rents from the dispersed mass of the voting population. The persistence of rent extraction discriminates against new urban development, as land is kept artificially in agricultural use. The lobbying activities of the farmers appear to reflect a rational response to shifts in economic and political circumstances and therefore exhibit a sensitivity to relative 'prices' in the political market. In particular, when farm incomes are low, farmers and especially land owners seek a redistribution of property rights through the planning system to facilitate non-agricultural development, but when incomes are high the lobby appears willing to accept the status quo. The ability of the farmers to maintain the level of rent extraction in a period when governments have sought to reduce the overall level of direct rent seeking/taxation, appears to have been aided by an alliance with the conservation lobby to which attention must now turn.

The Conservation Lobby

The Council for the Protection of Rural England (CPRE)⁵, founded in 1926 by Patrick Abercrombie, is the pre-eminent environmental interest group involved in the formulation of land use policy, a lesser role is played by other groups including

⁵ Formerly 'Preservation' of Rural England.

Friends of the Earth (FoE) the Royal Society for the Protection of Birds (RSPB) and the Royal Society for Nature Conservation (RSNC).

The CPRE provides an interesting exception to the general contention within public choice theory, that environmental groups are structurally disadvantaged by the free rider problem and suffer chronic undermobilization in relation to business and labour interests. The ability of CPRE to mobilize is directly related to the nature of the rents it attempts to extract and the subsequent institutional structure which it is able to forge.

Environmental groups are often considered as underorganized endogenous interests, a contention which rests on the assertion that environmental protection is the classic example of a non-excludable public good (Olson 1965 chapters 3 & 6, Smith 1992, pp 36-37). Consider the case of air pollution. The effects of atmospheric pollutants are widely dispersed across the population of a city and the potential membership of an interest group lobbying for reductions in emissions could include any individual within the affected area. If the group were to secure a reduction in the level of pollution the benefits would accrue to all inhabitants, irrespective of their membership. Consequently there is a powerful incentive to free ride, a tendency which is difficult to counteract given the impossible task of distinguishing between those individuals who seek a given reduction in pollutants from those who do not (Olson 1965 op cit, Smith 1992 op cit).

Factory owners within the polluting industry, are by contrast a relatively smaller and more well defined interest. The benefits from industrial pollution are heavily concentrated in the industry concerned and it is relatively easy to identify free riders, who could easily be penalized should member firms seize control of the regulatory apparatus. Thus, business interests are structurally advantaged in the political process and are likely to win out in any conflict with environmentalists (Olson 1965, op cit and Smith 1992, op cit).

The above argument has considerable force with respect to many aspects of environmental policy and as suggested earlier, may have accounted for the farmers' ability to defeat conservation interests in the battle over subsidized habitat destruction. However, the free-rider/public good analysis does not apply equally to all areas of policy and the experience of CPRE activity in the field of planning regulations illustrates a rather different set of incentives.

The CPRE lobbies for the extension and enforcement of statutory planning controls such as Green Belts, Areas of Outstanding Natural Beauty (AONBs) and Sites of

Special Scientific Interest (SSSIs), to prevent the transfer of land from rural uses such as agriculture to urban uses such as housing. The goods for which it campaigns, far from non-excludable, are in fact site specific goods, and thus create a relatively more concentrated interest.

Consider the residents of a village living within a designated Green Belt. They derive the daily amenity value of a scenic view as a consumption good and if they are homeowners, higher property values associated with an area adjoining open space, which may account for a substantial proportion of their personal wealth. Although passers-by may benefit occasionally from the designation, most of the benefits are available only to individuals within the site specific area. If the fields adjoining the houses are allocated for development then free access to the amenity good and property values are immediately threatened. The number of individuals within the vicinity is relatively small and the potential membership of any group attempting to secure Green Belt preservation is likely to be homogenous in its interests (middle class home owners) and concentrated on site. Potential free riders may easily be identified by a political entrepreneur and pressurized into joining the group, hence the much vaunted phenomena of NIMBY (Not in My Backyard) anti-development groups in areas of high private amenity value.

The CPRE is not a purely exogenous interest - the potential membership does include individuals concerned with conservation who live outside the areas concerned or who are affected in a lesser way, but the relative concentration of benefits associated with specific sites creates a rather different incentive structure compared to that facing purely endogenous environmental groups.

The mobilization of CPRE groups is often facilitated by the presence of residents associations organized for non-lobbying purposes. These provide site specific community services such as crime prevention schemes, the potential membership is site specific and the groups may be transformed into nimby lobbies at virtually no additional cost.

CPRE capitalizes on these incentives in its mobilization strategy. The lobby is nationally based, with a headquarters in London, but the membership campaigns are carried out in conjunction with 45 county based branches which are in turn split into district societies (CPRE Annual Report 1994). The county branches focus their membership and fund raising on site specific issues and the national office provides detailed advice on planning legislation, including a 'Campaigners Guide to Local Plans' and a media training programme for local group leaders (Annual Report 1993

and Interview 3, CPRE). This appears to be a successful strategy. For example, during preparations for the Surrey Structure Plan 1990, a major campaign was launched by the local CPRE against proposed housing developments and membership increased from 250 to 2500 within just 6 months (Surrey CPRE Annual Report 1991).

In 1993 membership by individuals stood at 46 000, but more important some 2 574 local amenity societies and residents groups (average membership about 200) were a part of the membership fold, bringing the total population associated with CPRE to approximately 560 000 (Interview 3).⁶ The campaigning success is illustrated by financial contributions, which through a combination of individual and group membership and donations/legacies totalled £3.1 million in 1993, a budget which employed 34 staff in London including 9 specialist policy analysts (Interview 3, Annual Report 1994).

An indication of the importance of nimby incentives and the significance of potential group size and population heterogeneity in determining the rate of mobilization, can be obtained by comparing relative rates of mobilization between anti-development groups in rural and urban areas. One would expect that *ceteris paribus*, the rate of mobilization would be higher in small villages than in large towns.

The population in most small villages is relatively homogenous in its interests - home owners opposed to development, who usually work outside the area concerned and is also relatively small. Likewise, small population and the effects of relative rural isolation make it more likely that individuals will be known to their neighbours, thus raising the visibility of free riding. In urban areas by contrast, the potential membership is more heterogeneous - a high proportion of people may live and work in the same area and have an interest in more development (Danielson 1976, Komesar 1978). Urban populations tend also to be highly mobile/transient and it may be relatively more difficult for anti-development groups to identify free riders from those individuals genuinely opposed to the groups' aims. Similarly, because population densities tend to be higher in urban areas, the potential membership of anti-development groups may be that much larger, so the significance of an individuals' contribution to the supply of group benefits is reduced. Consequently, one might

⁶ The figure 560 000, is a rough approximation derived from the interview and from previous empirical work. For example, Short et al (1986) found from an analysis of local amenity societies in Central Berkshire that 47% had a membership of less than 200, 20% had between 200 and 400 members, 11% between 400 and 800 and 6% over 2 000. Assuming the average local CPRE has about 200 members, then the total membership covered by CPRE affiliation is probably about 560 000, ie. $200 \times 2574 + 46\ 000$.

Table 3.3 Rate of Mobilization for Rural and Urban Amenity Interests

Location	Population	Members	% of Population
Nottingham	278000	943	0.30
Wolverhampton	255000	50	0.02
Bromsgrove	90000	397	0.45
Chesterfield	90000	107	0.12
Rugby	85000	97	0.10
Shrewsbury	65000	375	0.62
Burton on Trent	60000	392	0.71
Stafford	60000	210	0.35
Leek	36000	45	0.12
Dronfield	26000	156	0.64
V of Evesham	15000	90	0.65
Arkwright	14000	215	1.50
Louth	13000	241	1.80
Knowle	12000	1208	10.00
Penkridge	12000	11	0.10
Uttoxeter	10000	70	0.70
Moseley	10000	776	8.00
Drayton	9500	100	1.00
Ludlow	9000	586	6.50
E.Lindsay	4000	108	2.40
Upton on Severn	3800	221	6.00
Hampton in Arden	1500	518	34.50

Source : Larkham (1993, p.355).

expect to find a negative relationship between settlement size and the proportion of the population organized in amenity interests.

In order to examine this relationship comprehensively would require a large data set relating to all the relevant independent variables affecting the rate of mobilization. Unfortunately such data are not available, but Table 3.3 which is an adaptation of material presented by Larkham (1993), does provide a possible indication of the processes in operation. Using population as a proxy for the factors affecting the impact of settlement size on the rate of mobilization, a bivariate correlation was conducted. The correlation coefficient obtained, -0.294 was the expected sign, but the relationship was not statistically significant. Although the relationship is not that strong - for every rise in the population there is not always a fall in the rate of mobilization - it is clear from Table 3.3, that the rate of mobilization in those towns and villages below 15 000 in population is much higher than in the very largest urban centres. It should also be noted that Larkham's data under-represent the mobilization

rate in the smaller settlements because they refer only to those amenity groups registered with the Civic Trust, a predominantly urban based amenity group and not to those registered specifically with the CPRE. Rural villages may have some groups affiliated to the Civic Trust and others to the CPRE, whereas towns and cities are likely only to have Civic Trust affiliations.

That the CPRE has been able to mobilize over half a million individuals through amenity groups and residents associations appears to confirm the importance of nimby incentives in helping to overcome the collective action problem for rural amenity interests. This does not imply a rate of mobilization as high as that obtained by more exogenous groups such as the agricultural lobby (see above) and the developers (see below), but it does mean that the nimby/conservation lobby is able to mobilize a relatively concentrated block against development proposals.

It is also significant that the rate of mobilization for CPRE is higher than for groups such as Friends of the Earth (120 000), concerned with a much broader range of environmental issues and which are not based on site specific campaigns. In theory the potential membership for any single issue on which FoE campaigns, could include any individual in the population and as a result, even where these groups do attract relatively large memberships - as they did during the 1980s, (FoE membership for example is higher than that of the NFU), the overall rate of mobilization is relatively low and it is not clear which particular issue/issues have stimulated participation. The CPRE by contrast is targeted at a smaller and more homogenous potential membership, found predominantly in rural villages and explicitly seeking to prevent urban development. Thus, the CPRE had mobilized over 300 000 individuals in local amenity societies by the mid 1970s (McCormick 1991) well before the growth in the wider environmental movement which occurred in the late 1980s. A primary implication of Olson's work is that groups with a larger potential membership (such as FoE), even if they are eventually able to mobilize, will take much longer to overcome the collective action problem (Olson 1982).

Other environmental interest groups such as the RSPB (membership 800 000), appear to have more in common with commercial trading organizations, than would normally be considered an interest group. A substantial proportion of RSPB membership is tied in with the purchase of private goods and selective incentives such as wildlife magazines and free entry into the 300 bird reserves which the society owns (Jordan & Maloney 1997). The CPRE by contrast does not engage in the marketing of 'environmental merchandise', relying instead on its localized, site specific base.

The evidence on mobilization rates within the environmental lobby is broadly supportive of the basic public choice framework, but a note of qualification is appropriate at this juncture. In particular, although the ability of broader environmental interests such as FoE and RSPB to mobilize relatively large numbers of individuals may be explained in part with reference to selective incentives, the sheer scale in the growth of these groups in the late 1980s (FoE membership increased from 12 000 in 1980 to 120 000 in 1989 -McCormick 1991,p.152), does suggest that more pluralistic processes may also have been in operation. A key factor which may have influenced this degree of mobilization, which is perhaps underemphasized in conventional public choice accounts, is the importance of the macro-political context against which collective action takes place and in particular the significance of shifts in public opinion.

Dunleavy (1991) has suggested that external political conditions are a key variable which condition people's perceptions of the costs of group joining. Thus, if there is a shift in the external political climate in favour of the general stance taken by a particular interest group, then these changes may trigger additional group membership as individuals perceive the political viability of the group to have increased. In these circumstances, there is not always a straightforward negative relationship between potential group size and the rate of mobilization achieved. *Ceteris paribus*, people recognize that their individual contribution to group effectiveness is lower in larger groups, but they may also perceive a larger group to be more politically viable, thus lowering the perceived costs of membership. Faced with this situation, Dunleavy suggests that interest group leaders will send out mixed messages to potential group members and in particular will adopt 'size manipulation' strategies. Thus, because people may be more likely to support an apparently large and powerful interest group, political entrepreneurs may stress the scale of wider public support for the group aims in order to increase the perceived viability of the group. At the same time, however, and in order to counteract the disincentive effects of increased group size, leaders may create local branches or sections focused on smaller, more localized issues, where an individual may perceive her personal contribution to the supply of group benefits to be that much greater.

Political entrepreneurship of this genre may provide a plausible explanation for the scale of the growth in the wider environmental lobby witnessed in the late 1980s. The shift in public opinion towards increased environmental concern, stimulated by media coverage and external pressure from bodies such as the United Nations and European Community (McCormick 1991,Robinson 1992, Skea 1995) may have increased the perceived political viability of these groups with potential members. At

the same time, the adoption of the 'think global, act local' slogan by many groups and their development of local branches - FoE for example now has 300 local branches (Interview 4) - may have increased the perceived significance of personal contributions so as to encourage additional participation.

The account presented above does not contradict the basic public choice approach to group joining, but requires qualification of the analysis to take on board the periodic effects of shifts in public opinion. In particular, it suggests that whilst the structural incentives identified by Olson are a key factor underlying group mobilization these should be seen within the context of a macro-political climate where more pluralistic processes, operating through the mass media, external agencies and the political parties may also be at play. The logic of collective action model does not suggest that no individuals will join larger interest groups, but that *ceteris paribus* it will be harder to mobilize these interests. Changes in public opinion reflecting pluralistic processes at the macro-level imply the absence of *ceteris paribus* conditions and may help explain why the broader environmental lobby has been able to mobilize larger numbers of individuals in the recent past. It does not, however, alter the basic analysis of group joining incentives. Thus, that the local amenity lobby was able to mobilize over 300 000 individuals by the early 1970s, well in advance of the wider upswing in environmental concern and the subsequent explosion of group membership, tends to confirm that it is relatively easier to mobilize smaller and more concentrated interests than those which are larger and more diffuse. Similarly, following the recent growth in public environmental concern and the opportunities for 'size manipulation strategies' which this affords, it is still easier for a group such as CPRE to stress the importance of local activism because the issues on which it campaigns are more obviously of a nimby nature. Even at the local level, it is probably more difficult to mobilize people against the effects of air pollution, which tend to be widely spread, than it is to mobilize against a new housing estate.

As noted earlier, the CPRE lobbies for the extension of statutory planning designations which restrict the transfer of rural and especially agricultural land to residential uses.⁷ When pressure for development is at a peak, nimby style lobbying

⁷ Working in the American context, Fischel (1985,1995) notes the tendency of environmental groups to lobby against residential development on the grounds of farmland preservation, arguing that loss of farmland will threaten the future security of food supplies. As such, the environmental focus appears lost to the forces of nimbyism, because at least in terms of habitat and species destruction, modern subsidized agriculture is by far the most 'environmentally damaging' pattern of land use. Species diversity may not do much for property values, but the exclusion of new houses certainly does. The CPRE stance is very similar, by arguing for the rigid enforcement of Green Belts and other controls the countryside is effectively balkanized into agricultural production, which as a result of massive subsidies, first under the Agriculture Act and now the CAP, is by far the most destructive use (Pennington 1996).

Table 3.4 Planning Applications and Individual Membership of the CPRE : 1981/82 - 1991/92

Year	Applications Received	% Granted	CPRE
1981/82	372	86	23
1982/83	411	87	23
1983/84	430	87	24
1984/85	421	86	25
1985/86	432	85	27
1986/87	534	84	30
1987/88	598	84	32
1988/89	683	82	39
1989/90	628	80	44
1990/91	532	80	45
1991/92	511	81	45

Notes : Applications received and membership of group all in 000s.

CPRE figures are for individuals only and do not include local amenity societies - membership covered by affiliation is approximately 560,000, see above, p.17.

Source : DoE and CPRE Annual Reports.

follows very closely, a phenomenon displayed in Table 3.4, which compares the growth of individual membership for CPRE with the number of planning applications submitted by private developers.

The membership levels of the conservation lobby, may be related in part to the level of activity within the property market - though this is not necessarily a causal relationship. When during the 1980s development boom, the number of planning applications soared, so did membership of the environmental lobby and when in the early 1990s property slump planning applications collapsed, growth in membership for CPRE and came to an abrupt halt.

These data may reflect the presence of a substantial nimby element in environmental groups or alternatively they may support the more general view that the demand for environmental goods is income elastic (Anderson & Leal 1991). As incomes rise with economic growth so does the demand for environmental amenity and when incomes

fall during recession, demand falls with them. This view is further supported by detailed empirical work on the membership profile of environmental interests, which suggests they are predominantly middle class organizations drawing the bulk of their support from those in professional and managerial positions (Lowe & Goyder 1983).

In addition to 'nimby' membership, the CPRE is given active support by a number of other groups with a vested interest in the regulation of the rural land market. The NFU and CLA are associate members as both derive rents from the artificial maintenance of agricultural land and corporate groups including British Petroleum, Shell UK, Enterprise Oil, Esso and Unilever, provided donations totalling £400 000 in 1993 (Annual Report 1994). The oil companies in particular, have a direct stake in the preservation of subsidized agricultural land, with a significant farming market in the form of fuels, drugs and fertilizers (Body 1984). Bureaucratic agencies such as the Countryside Commission and English Nature, which are responsible for site designation are also major supporters and in 1991 the Countryside Commission grant of £68 000 was the largest single donation received by the group (Annual Report 1994).⁸

The political focus of CPRE mirrors the nimby oriented nature of its membership. The three major lobbying efforts in the decade 1981-91, in addition to regular representations on DoE planning advice, were the campaign against Green Belt liberalization in 1983/84, the campaign against the ALURE proposals in 1987/88 and the creation of the plan-led development control system in 1990/91. All of these campaigns met with a high degree of success and it was a CPRE sponsored amendment inserted during the final parliamentary stages of the Planning and Compensation Bill (1991) which resulted in the new plan-led development control system (Burton 1991, Marsden et al 1993).

The Planning and Compensation Act (1991) might be interpreted as the archetypal piece of nimby influenced legislation. The requirement for all planning applications to be judged in accordance with the local development plan has reduced the ability of the building lobby to use the DoE appeals procedure and placed a new emphasis on the local plan making process where nimby interest groups are highly mobilized. Moreover, the new powers of plan self-certification, which removed the requirement for plans to be formally approved by the DoE, have given local authorities additional discretionary powers and in some cases have enabled planning departments to virtually ignore national guidance. A good example is provided by the actions of

⁸ See Chapter 4 for a detailed analysis of bureaucratic incentives in this regard.

Berkshire County Council in preparation for the 2005 Structure Plan. The DoE advised that the county should accommodate an additional 48 000 new residential units in the plan, but when the county proceeded with self-certification only 35 000 units were provided for in the final land allocation (Interview 11, District Planning Officers Society). In this particular case the Secretary of State resorted to the use of the residual 'call in' powers, but increased the allocation by only 3000 units, to 38 000.

In securing the growth of containment regulation, the CPRE is recognized as the most successful of all the environmental interest groups. McCormick (1991) and Robinson (1992) classify the CPRE as an 'insider' interest, with relatively privileged access to bureaucratic organizations such as the DoE and local planning authorities, compared to the lesser influence of 'outsider' groups such as FoE (Interview 4, Friends of the Earth). Within this context the logic of collective action model offers a plausible explanation of why the environmental focus of the town & country planning system has been confined to the prevention of urban development, to the neglect of what actually happens in the countryside itself. Put simply, the wider environmental lobby is unable to mobilize sufficient numbers of individuals to campaign directly against habitat and species losses inflicted by modern agriculture, because the per capita stake in these issues is minuscule. Likewise, taxpayers are unable to mobilize against the continual reliance on subsidised farming, because the costs are so widely diffused across millions of individual payers. The benefits to be derived from the prevention of urban developments in the countryside however, are concentrated on readily identifiable, nimby based groups.

The logic of collective action model also offers a plausible explanation of why the structure of land use regulation has increasingly focused on the protection of rural sites and the concentration of new development in existing urban centres. As discussed previously, it is in rural areas and especially small villages where nimby interests accord most closely with the model of exogenous groups and where the rate of mobilization is highest. In urban areas by contrast, anti-development interests are less well organized because the population of cities is more heterogeneous and the potential membership of groups tends to be larger, thus raising the relative costs of mobilization.

A similar analysis may explain why it was that attempts to liberalize the planning system in the early 1980s faltered first at the local level rather than at the national scale. Thus, it is at the local government level where the preponderance of nimby incentives allows the CPRE to attain a relatively high rate of mobilization, whereas the

group did not even have an individual membership scheme until 1983, relying almost exclusively on its network of local groups (Interview 3). Not surprisingly then, it was at the Department of the Environment level where development interests were able to exert proportionately more influence. In turn, it was the local uproar resulting from the liberalization proposals which enabled the CPRE to capitalize on its nimby base and to launch a national membership scheme.

The institutional incentives which allow CPRE to mobilize into a concentrated lobbying force are undoubtedly a critical factor in the success of the organization, however it is the nature of the rents available which underpins the basis of this success. In particular, the designation of environmental sites falls clearly within the category of indirect, regulatory wealth transfers discussed in the earlier section.

Environmental designations do not involve any direct transfer of monetary wealth as is the case with subsidies, but by regulating the use of private property they do confer concentrated benefits on key interest groups and disperse the associated costs. The nimby oriented membership of CPRE is a highly visible group with a concentrated interest in higher property values and private amenity. The losers on the other hand are almost invisible, first because of a serious free rider problem and second because regulatory transfers are subject to a high degree of rational ignorance.

The principal losers from restrictive planning controls are the marginal consumers who are no longer able to afford the purchase price or rent of private housing, the actual consumers of new residential units which are smaller and more cramped in terms of space as a result of the higher land prices, the commuters faced with longer journeys to work and the taxpayers who must continue to fund a subsidy dependent agriculture (chapter 2). The losers from nimby legislation are a diffuse, endogenous interest. Each of the many individuals affected loses only a small amount which is insufficient to outweigh the substantial costs of organizing a large potential membership. In addition in the case of housing consumers, the membership of the group is subject to a high degree of instability as today's marginal consumers may be able to afford new housing tomorrow if their incomes rise.

More important however, it is highly likely that the losers from environmental rent seeking are not even aware that transfers are taking place due to the pervasiveness of rational ignorance in cases of statutory regulation. Survey evidence has repeatedly shown that public perceptions of the proportion of urban to rural land in the United Kingdom are almost totally divorced from reality. Cullingworth (1988) quotes a survey which indicated that over 70% of the population believed that at least 65% of

the land area is in urban uses, when the actual figure is a mere 11% (see also Evans 1991). Academic research may indicate that restrictive land use controls produce higher land and housing costs, but given that many of the effects of regulation do not show up in the monthly tax bill, there is little if any incentive for the average voter to trace the source and magnitude of interest group exploitation.

The House Building Lobby

The house building lobby is represented by the House Builders Federation (HBF), the Volume Builders Study Group (VBSG), the Building Employers Confederation (BEC), the National Housing and Building Council (NHBC) and the Federation of Master Builders (FMB).

These groups provide good examples of concentrated, exogenous interests and as one would expect, are highly mobilized in terms of membership and financial contributions. In 1994 the HBF had 3 500 members and an income of £5 million derived from large regionally based firms or corporate multinationals, whose combined output accounted for almost 80% of new housing construction in the UK (Interview 5 & 6, HBF/ BEC). The VBSG consists of 8 mega-corporate concerns including Christian Salvesen and Barratts. The BEC meanwhile with 12 000 members is the largest employers organization in the country, including all HBF members (HBF is a subgroup) and a range of other construction interests such as the road-building lobby. The FMB had 10 000 members in 1994 consisting mostly of small and medium sized firms operating on the local or regional scale (Interview 7, FMB).

All of the house building interests also employ selective incentives to firm up the membership participation, the HBF for example, offers a magazine service and is a member of the NHBC, which issues various design awards and charter marks and hence provides a valuable marketing ploy. Equally, the federation's technical knowledge and expertise in the planning arena are often indispensable for firms attempting to secure a place for their projects in the local plan process. It is however the smaller firms represented by the FMB for whom selective incentives are most important. With over 20 000 small building firms in the country, the sector has a larger potential membership than the corporate interests represented by the HBF. In order to secure members the federation has attempted to license entry into the sector by developing a code of practice and using the FMB label as a guarantee against black market firms operating outside the realm of statutory building regulations.

For house building interests the rents extracted through the political process are dependent on the rate of land release for residential purposes via the planning system. As one might expect, all the developer based groups favour a greater level of release than either the conservation or the farming lobby, but it would be a mistake to view the building lobby as supporting levels of development which might be feasible in a land market free from statutory controls. On the contrary, the ability of the house builders and in particular the larger developers to extract rents is dependent on a regulated land use system and it is control over the regulatory process which forms the focus of lobbying activity (Rydin 1986).

House building firms require sites available for development as construction on existing sites nears completion, so that the firms resources can be transferred easily from one site to another (Goodchild & Munton 1985). Consequently it is necessary for many firms to hold 'land-banks' of sites with planning permission. Obtaining planning permission requires time and money to participate in the plan-making process where potential sites are identified for release and later on individual planning applications. The granting of planning permission for a parcel of land confers a monopoly right on the owner as other potential sites are excluded from the land market. Developers who are able to secure planning permissions for their land banks are able to secure higher prices and profits than in a fully competitive market system.

In accordance with Stigler's (1975) theory of 'regulatory capture', the corporate builders favour a controlled system which provides permission to develop their own land, whilst restricting access to land for potential competitors. Thus as Evans (1988) argues, the bulk of profits derived from UK house building during the 1980's were not the product of building homes, but rather the monopoly gains from land-banks with planning permission.

Given the importance of land-banks to the economic fortunes of the house builders, it is periods of economic growth and property market boom which bring forth the most vigorous lobbying by groups such as the HBF. As land prices soar due to restricted supply developers lobby for greater control over the regulatory process in order to reap monopoly profits from the controlled release of land which they own. In the 1980s this was exemplified in the setting up of a 'New Homes Marketing Board' by the HBF/BEC to advertise the case for greater land release (Interviews 5 & 6) and the important role of the house builders in the formulation of DoE circulars 9/80, 16/84 and 14/85, all of which increased the involvement of developers in the identification of new housing sites (Rydin 1986).

A second source of rent seeking gain for the large house builders is derived through the increasing exclusion of small firms from the housing market and hence a further reduction in competition. The acquisition of planning permissions requires the use of rent seeking expenditures in the form of planning consultancies, legal fees and the costs of application and appeal. Smaller firms are at a disadvantage because resource constraints limit the number of applications they can make, which increases the risk of not obtaining any planning permissions. Larger, corporate firms are able to afford a greater number of planning applications to spread the associated risks. This pattern is reinforced because the costs of application and appeal do not increase proportionately with the size of a development. The cost of a planning permission for a development of 500 homes is lower per house than the cost of permission to build 5 homes (Cullingworth & Nadin 1994, Evans 1988, 1991).

Small firms are often driven out of business due to the resultant land shortages and between 1972 and 1974 almost 2 000 firms were lost (net), largely due to corporate take-overs. As Table 3.5 indicates, the trend towards concentration in the building industry appears to have continued into the 1990s. According to the NHBC, in 1992 the top 32 companies supplied almost half of total production, with each building 500 units or more. At the other end of the market there were more than 6 000 companies building fewer than ten houses per year (Bramley et al 1995). Undoubtedly some of the concentration may be accounted for by genuine efficiencies due to economies of scale and the ability of large firms to spread the risks of production in what is often a highly volatile market, but as Evans (1988, 1991) contends, the peculiar incentives in the planning system which favour land release on very large sites must be a critical factor, given the relatively low start-up costs for house building firms.

The advantages conferred on larger firms by the planning system appear to be reflected in the relative strength of the building lobbies. Previous research indicates that it is the larger building interests in the HBF and VBSG, controlling the bulk of new housing production, which have exerted the greatest political influence (Rydin 1986). This pattern was confirmed by the present author's interviews which revealed the HBF and BEC to have full-time political lobbyists and a specialist team of planning experts, whereas the FMB simply did not have the resources to employ staff for these purposes (Interviews 5, 6 & 7).

It is important, however, to recognize that the dominance of the large firms and their ability to manipulate the regulatory process, stems from the way the planning system has operated since 1947, rather than from any intrinsic characteristics of the housing market. Prior to the advent of the 1947 act the building industry was highly diffuse,

Table 3.5 Structure of the UK House Building Industry - Starts by Size of Output (%)

Units	1977	1982	1987	1992
0	0	0	0	0
1-10	16	14	13	12
11-30	13	10	11	9
31-100	14	12	13	13
101-500	22	18	18	21
501-2000	35	17	16	18
2000+	Incl. Above	25	25	26

Source : Bramley et al (1995,p.89).

consisting predominantly of small and medium sized firms (Bramley et al 1995) and there is no evidence to suggest that these firms had any great influence on the initial legislation, at least when compared to the power of the agricultural lobby.

Rather, it was the conditions created by the 1947 system which facilitated the growing dominance of large volume builders which have since mobilized into a powerful rent seeking force.

As with the conservation lobby, the house builders attempt to control the regulatory apparatus in order to extract indirect wealth transfers. Housing consumers who are the losers from this rent-seeking behaviour are underorganized because of the free rider problem and the high degree of rational ignorance associated with regulatory transfers. The house builders are favoured by the fact that most of the losers from their actions are an invisible, endogenous group. However, there is one exception to this general pattern, which concerns the relationship between house builders and the conservationists.

Although both of these groups benefit from restrictions on development, the developers have a preference for higher levels of house building especially in designated environmental sites. In this case the conservationists are a highly visible group of potential 'losers' in the regulatory game and the ability of the building lobby to maximize profits on land-banks is dependent on their relative strength vis a vis the conservationists. Because both groups benefit from restrictive regulations it is difficult to decipher which is the most powerful interest at any one point in time. However given the centrality of land-banks to corporate developers and the importance of discretionary planning permissions in order to extract rents, it is reasonable to assume

that any moves towards a less discretionary planning system indicate a relative weakness for the builders. This would appear to have been the case when the CPRE secured the section 54a amendment to the 1991 Planning and Compensation Act, which reduced the power of developers to achieve discretionary planning permissions through the appeals procedure. At present it would seem that the potential for new private sector housing development has been reduced below the already restricted levels which the organized builders would support.

The Professional Lobby

The fourth set of interests in the political market for urban containment is the professional lobby, consisting of the Royal Town Planning Institute (RTPI), the Royal Institution of Chartered Surveyors (RICS), the District, County and Metropolitan Planning Officers Societies (D/C/M/POS) and the Town and Country Planning Association (TCPA). As professional organizations these interests are able to license entry into the planning bureaucracy and are consequently immune from the logic of collective action.

Founded in 1914, the RTPI is the state registered body for planners and under the Royal Charter devises the skills and examination standards to attain corporate membership as a professional town planner. In 1994 the Institute had an income of £2.5 million and had 17 000 members, 70% of whom worked in the public sector (60% in local government), 18% in private planning consultancies and a further 4% in education (Interview 8, RTPI, RTPI Annual Report 1995). The RICS meanwhile, represents a range of property professionals engaged in the assembly of land for development and planning consultancy. Entrance into the property surveyance profession is licensed under the Royal Charter and in 1993 the annual budget stood at £16.2 million with a membership of 80 000 (Interviews 9 & 10, RICS, RICS Annual Report 1994).

D/C/M/POS are consultative bodies for leading local authority planners and the total membership is about 500 all of whom are RTPI members (Interviews 11 & 12, D/C/M/POS). The TCPA on the other hand is not a formally professional body and has no powers of license. Rather it acts as an educational institute and a debating forum for planners and most of its 600 individual members have professional status alongside 223 local authority members (Interview 13, TCPA, TCPA Annual Report 1993).

The professional lobbies have rent seeking interests on both the demand and supply sides of the political process. On the supply side planning professionals are public sector bureaucrats responsible for the enforcement of statutory land use regulations, whilst on the demand side they have a direct stake in the operation of the property market through the process of land assembly, private consultancy and a quasi-legal role in planning applications and appeals. A substantial section of the subsequent chapter considers the role of planners on the supply side through a detailed analysis of bureaucratic incentive structures, so this chapter presents a brief overview of rent seeking interests on the demand side.

Demand side rent seeking occurs through the manipulation of the regulatory process in order to maximize the income stream of planning professionals by inflating the demand for private consultancies, marketing and quasi-legal advice from those engaged in the construction of property.

In order to achieve planning permission for their proposed developments, private house builders must submit applications and appeals to the relevant planning authorities and may be required to present evidence at a public inquiry procedure. The professional planning bodies are a major source of representation for private developers, with approximately 55% of all representations presented by chartered town planners or chartered surveyors and the remaining 45% by barristers or solicitors (Adams 1995, p.203).

The professions are able to extract rents from private developers and hence add to the total cost of land use planning in two key ways. First, because all applications and appeals are judged by professional planners, it pays to employ qualified planners as representatives (Adams 1995) and given that entry into the profession is restricted by chartered status, planning consultants are able to extract monopoly charges from private developers. Second, because developers require expert knowledge of the legislative process in order to achieve planning permissions, the professions can extract rents by seeking to lengthen the planning process and to instigate more complicated legal procedures which they themselves are then required to interpret.

The rent seeking fortunes of planning professionals are tied closely to the fortunes of the development process and in particular the state of the property market. In periods of boom the demand for planning consultants and legal advisors is buoyant as private developers submit more planning applications and appeals in order to secure the release of their holdings. For example, in the property boom of the mid 1980s, Coombs (1991 quoted in Adams 1995) notes that the number of chartered town

planners employed by private developers more than doubled between 1984 and 1988. In periods of recession however, many private planners and consultants may suffer a dramatic decline in their incomes as the demand for consultancies begins to run dry. If incomes are to be maintained then the professions must look to stimulate the demand for their services by lobbying for changes to the legislative apparatus which will heighten the demand for private consultancy. Initial gains will be extracted from those developers still active in a depressed market, but should the market improve then incomes might be increased above those derived during the previous period of growth.

Given these incentives it should come as no great surprise that the centrepiece of professional lobbying during recent years was the major changes in national planning legislation introduced by the 1990 Town and Country Planning Act and the subsequent 1991 Planning and Compensation Act. The RTPI, RICS, D/C/MPOS and the TCPA all joined with the CPRE in lobbying for the creation of the 'plan-led' development control system (Interviews 8-13), the implications of which appear to be very favourable for professional incomes.

As noted in the earlier section the enhanced status of the local plan has increased the significance of the plan making process and reduced the ability of developers to use the appeals procedure. It has become essential for rent seeking interests to make their representations during the plan making stage if they are to stand any chance of receiving a subsequent planning permission.

As the plan-making stage has increased in importance so has the length of the entire planning procedure and with it the demand for planning consultants and legal advisors. It is not uncommon for developers to pay out as much as £500 000 for consultancy and legal costs at a planning inquiry the average length of which increased from seven weeks in 1989 to twenty two weeks in 1992, ie. following the Planning and Compensation Act (Interviews 14, 15 & 16, Hillier Parker, Gerald Eve and Weatherall, Green & Smith Planning Consultants, Cullingworth 1994, Adams 1995).

The rents extracted by the professional lobby during the planning procedure are direct transfers where private developers are forced to devote resources to consultancy and legal expenditures. These rents are subject to a low degree of rational ignorance because the building lobby is itself highly organized and its members frequently confronted with the effects of professional rent seeking. The larger developers themselves benefit from consultancies to the extent that smaller firms cannot afford

these additional costs, but when their own margins are threatened as planning costs spiral, the big house builders campaign for a reduction in planning bureaucracy. The HBF, BEC and VBSG have thus lobbied against the 'plan-led' system (Interviews 5 & 6, HBF 1992/1994 - unpublished submission to DoE Deregulation Task Force), but appear to have been defeated by a coalition of the professional and conservation lobbies.

Professional rent seeking is further protected because for the dispersed mass of housing consumers the transfers are indirect and virtually invisible, where each potential consumer incurs a relatively small loss as housing developers spend resources on consultancy and legal fees rather than increasing the number, quality, design and space standards of new residential units.

3.3 Conclusion : Urban Containment - Concentrated Benefits and Dispersed Costs

The public choice/ rent seeking theory of politics, predicts that legislative processes will be dominated by the lobbying activities of organized interest groups. If a group undertakes a loud campaign in favour of a particular program, while the opponents of the program stay quiet, then the program will be adopted. It further predicts, that organizational success tends at least in part to depend inversely on group size and that policies whose costs are hidden or dispersed are more likely to be adopted and retained than ones whose costs are conspicuous or concentrated.

This chapter has examined the political market in urban containment from the perspective of public choice theory. The interest group data, summarized in Tables 3.6 and 3.7, offers considerable support for the analytical framework. All the groups which have exercised influence in the political process and have benefited from the resultant legislation are examples of concentrated interests. Even the environmental lobby, which is often undermobilized, is able to overcome the collective action problem to a large extent with respect to land use regulation, because benefits are concentrated on members within locally specific sites. The principal beneficiaries of land use regulation are protected from retaliatory political action, because the rents which they seek are virtually invisible to the average voter and are often derived indirectly through the regulation of private property rights.

Concentrated interests lobby for the restriction of new development below the levels which might prevail in a land market free from statutory controls. Only the Federation

Table 3.6 The Political Market in Urban Containment

Economic Interest	Formal Group	Members	Per Capita Stake	Rate of Mobilization
Winners				
Tenant Farmers	NFU	114 000	1	1
Landed Farmers	CLA	50 000	1	1
Nimby	CPRE	560 000	3	3
Large Builder	HBF/BEC	12 000	1	1
Planners	RTPI/RICS	100 000	1	1
Losers				
Small Builder	FMB	10 000	2	2
Priv. Renter	None	Latent	5	5
Priv. Owner	None	Latent	5	5
Soc. Renter	None	Latent	5	5
Other Environmental	FoE/RSPB	1 000 000	5	4
Taxpayer	None	Latent	5	5

Notes : 1 = High 5 = Low

of Master Builders lobbies for deregulation and even the major building interests in the HBF/BEC, although supportive of greater development, have a substantial stake in a tightly regulated land use system.

The diffuse interests which bear the costs of restrictive regulations - potential consumers of new residential units, be they public or private sector; commuters facing longer journeys to work; and taxpayers funding a subsidy dependent rural economy, provide the archetypal case of a diffuse interest, totally absent from the realm of organized politics and with little incentive to become so organized.

Of course, the assertion that interest groups play an important role in the British land use planning system is hardly novel; the works of Healey et al (1985), Rydin (1986) and Shucksmith (1990), have all suggested that planning policy is biased in favour of key groups. However, the public choice approach developed here provides a new and coherent frame of analysis which can explain why these biases have existed in the past and perhaps more important why they seem likely to persist in the future. The logic of collective action model in particular, offers a powerful explanation of why nimby environmental groups have been relatively successful in securing restrictive land use

Table 3.7 Rent Seekers and Policy Change

Policy	For	Against	+ - Land	Fate of Policy
Wildlife & Countryside 1981	NFU/CLA		-	Passed
Green Belt Liberalization 1984	HBF/BEC FMB	CPRE/NFU/ RTPI	+	Abandoned
Housing Circulars 1980/84/85	HBF/BEC/ FMB	CPRE/NFU RTPI	+	Abandoned
Agriculture Act 1986		NFU/CLA/ CPRE	-	Passed
ALURE 1987/88	HBF/BEC FMB/CLA	CPRE/RTPI	+	Abandoned
MacSharry 1991/92	NFU/CLA/ CPRE		-	Passed
Planning & Compensation 1991	CPRE/RTPI/ RICS	HBF/BEC/ FMB	-	Passed

controls over urban development, when environmentalists in general have failed to secure such controls over mechanized agriculture.

To summarize, the approach outlined in this chapter suggests that differential access to the political market in urban containment mirrors the institutional and informational asymmetries which are characteristic of 'government failure' on the 'demand' side of representative politics as a whole. Policy outputs however, should not be viewed as a purely demand driven phenomenon. Organizational success is worthless unless there are bureaucratic and political actors with sufficient willingness to supply an interest group's demands. Thus, it is the potential for 'government failure' on the 'supply side' of the political market to which the subsequent chapters turn.

4. Budgets, Bureaucrats & Urban Containment

4.0 Introduction

Chapter 3 examined the role of interest groups on the 'demand' side of the political market, this chapter turns now to the role of the planning bureaucracy on the 'supply' side. Through a review of the theoretical literature and the presentation of empirical evidence, the aim is to apply a new analytical framework to understand the continued emphasis on urban containment within the British land use planning system. The chapter focuses on bureaucracies because of the important role of regulatory agencies in the management of land use change.

Previous studies of the political economy of planning have examined the important role of interest groups on the 'demand side' of the political process (for a public choice account see the previous chapter), confirming that the principal beneficiaries have been tenant farming interests who gain from production subsidies, artificially keeping land in agricultural uses; rural home owners, or NIMBY interests in groups such as the Council for the Protection of Rural England (CPRE), who derive gains from the appreciation of their assets, and corporate developers who are able to restrict entry into the land development market. (Herington 1984, Rydin 1986, Healy et al 1988, Evans 1988, 1991, Shucksmith 1990, Barlow 1990).

Valuable though these studies are, it is significant that not a single author has highlighted the economic interests of the planning bureaucracy on the 'supply side'. This is a surprising omission for as public choice theory suggests, bureaucrats have economic concerns of their own which require the cultivation of supportive politicians and private claimants (Niskanen 1971 & 1975, De Alessi 1974, Peltzman 1976, Borcharding 1977, Libecap 1989, Blais & Dion 1991, Dowding 1995). Civil servants have an equal propensity towards self-interested behaviour as the rest of the population and may offer differential support for those policies and interest groups which add to their income, status, powers of patronage and job security. As William Niskanen (1971, p.5) contends,

" Any theory of the behaviour of bureaus that does not incorporate the personal preferences of bureaucrats will be relevant in only the most rigidly authoritarian environments."

Given the postulate of self-interested behaviour, any analysis of the British planning system must consider the economic interests of the government agencies involved. It is the purpose of this chapter to provide such an analysis. The argument is divided into four parts.

The first section reviews some recent theoretical refinements to the public choice theory of bureaucracy and drawing on Dunleavy's (1991) work, outlines a classification of bureaucratic agency types and incentive structures. The second section presents budgetary data on the primary agencies of the land use planning system within the context of the analytical framework. The analysis suggests that land use planning is dominated by agency types where bureaucrats can best advance their interests by seeking to expand their budgets. The final two sections argue that budgetary growth has coincided with regulatory growth which may account for the continued focus on urban containment.

4.1 Budgets and Bureaucrats : A Theory of Bureaucratic Behaviour

In *Bureaucracy and Representative Government*, Niskanen (1971) argues that bureaucratic entrepreneurs maximize their utility through the pursuit of budget appropriations. For a private firm operating in the market, the utility of the entrepreneur is performance related, because remuneration is dependent on the account of profit and loss. Bureaucracies by contrast are public sector organizations in which a significant proportion of revenue is derived from budgetary grants. Given the absence of profit incentives, Niskanen suggests that bureaucratic utility is a positive monotonic function of budget size and that budget maximization is the most likely utility enhancing strategy for civil servants. A growing agency will tend to employ more staff, add to job security and the perquisites of office and increase the status of the employees.

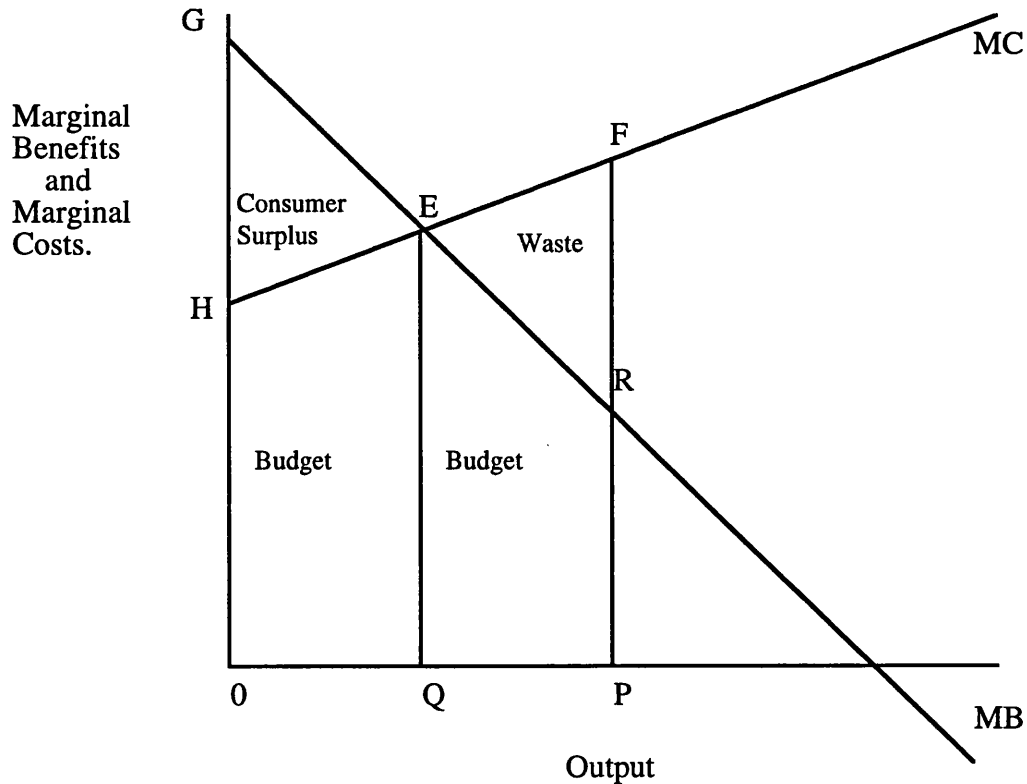
Government bureaucrats are monopoly suppliers of goods and services within the public sector and this position affords them considerable organizational and informational advantage over the electorate and its political representatives, which in turn facilitates budget maximization. First, unlike other pressure groups and the unorganized mass of voters, bureaucrats do not face substantial collective action

problems. With the organizational apparatus of the state already in place, free rider problems are minimized and the ease of access to elected officials, characteristic of bureaucratic employment increases the likelihood of discretionary influence.

Second, as monopoly suppliers, bureaux are often the only source of output /cost data with respect to their services and may easily inflate cost estimates in order to obtain budget increments. And third, politicians supplying appropriations have few incentives to examine in detail the activities of specific bureaux, because any cost savings are thinly dispersed across the voting population, minimizing per capita gains and with little electoral award.

The above combination of incentives results in a radical oversupply of state provided services and regulation which has contributed significantly to the growth of the modern state. Figure 4.1 provides a graphical analysis of the oversupply thesis.

Figure 4.1 Bureaucratic Exploitation by a Niskanen Bureau



A private firm operating in a competitive market would expand its output to point E, where marginal value is equal to marginal cost. Production at this point would give the consumer surplus represented by the triangle GEH. Budget maximization in the public sector however will expand output to point F, creating an area of unnecessary production (EFR), which wipes out all the consumer gains in a process of bureaucratic exploitation.

In more recent work, Niskanen (1995) shifts from the oversupply thesis, towards an emphasis on bureaucratic inefficiency in the production of given outputs. The concept of waste in his original thesis refers specifically to 'allocative inefficiency' as opposed to organizational or 'X-inefficiency'. In these circumstances, resources are devoted away from their most valued use, which does not necessarily mean that they are produced 'inefficiently' - for example by using too many staff. In his latest contribution however, Niskanen suggests that bureaucrats will focus less on the maximization of output per se and more on the maximization of their 'discretionary budget' - ie. the difference between the minimum cost of producing a given output and the maximum level of resources that can be extracted from the political authorities for its production. Thus, the emphasis shifts from oversupply - which may still occur - to the organizational inefficiency of supply, as bureaucrats maximize the level of inputs per unit of output (see also Peacock 1983).

Niskanen's approach remains the most influential account in the public choice literature, but the empirical evidence in favour of his straight-forward budget maximization model has been patchy to say the least. Given that staffing, job security and status are assumed to be a positive monotonic function of budgets, one would expect to find a significant correlation between expenditure and staff increases, when in fact the relationship is far from clear with regard to aggregate public sector trends in both the US and UK.

Peters' (1989) study of Federal bureaux in the USA revealed hardly any correlation between expenditures and staff increases in both growing ($r = 0.08$) and declining ($r = 0.19$) agencies (Dunleavy 1991, p.214) and Dunsire (1991) reports that during the general decade of cutback management in the UK (1974-1985), staffing as a whole was cut much more than expenditures. The only available evidence in support of the budget maximization thesis was a general tendency for bureaux to cut capital before current expenditures, the latter being the source of salary and administration costs.

In response to these difficulties, it is necessary to develop a more disaggregated account of bureaucratic behaviour which considers the variation of incentives towards

bureaucratic growth within different types of government agency. Three factors appear to be particularly influential in determining the extent to which bureaucrats might seek to maximize their budgets; i) the institutional form of the agency budget, ii) the degree of professionalization within an agency and iii) the extent to which an agency is populated by ideologically motivated staff.

Dunleavy (1991) has modified Niskanen's model to produce an account which considers the variation of incentives towards budget maximization within agencies of differing institutional forms. His basic model distinguishes between three institutional types of budget and then categorizes five different agency types according to the character of the budget in their charge.¹ The budget classification is as follows;

1. The Core Budget (CB) includes all spending deployed within the bureau itself on staff and administration.
2. The Bureau *element* represents all monies paid out to the private sector as contracts or transfer payments. The CB plus the bureau element is referred to as the Bureau Budget (BB)
3. The Program *element* encompasses all monies which the agency receives but then passes on to other public sector bureaux. The overall budget flowing through the agency is termed the Program Budget (PB).

The proportion of a bureau's total expenditure which falls into each of these categories varies according to the type of bureau, as shown in Table 4.1.

Keeping Niskanen's assumption that bureaucrats desire a mix of job security, perquisites of office and increased status, Dunleavy (1991) suggests that these are primarily associated with the Core Budget (CB) and in certain circumstances to the Bureau Budget (BB). Accordingly, he argues that incentives for budget maximization are strongest in those agencies where the CB represents a high proportion of the total budget - in Delivery agencies such as the Police Force or the Army, which produce output directly for the consumption of individuals or enterprises and in Regulatory agencies, such as Health and Safety Directorates, which act to control the behaviour of individuals and firms through the administration of licensing systems or regulatory laws.

¹ Niskanen (1991) appears to accept the implications of Dunleavy's more disaggregated approach, but does not himself set out a fully developed model.

Table 4.1 Bureaucratic Agency Types and Budget Form

Agency Type	Budget Form
Delivery	CB most of BB and PB
Regulatory	CB most of BB and PB
Transfer	CB small part of BB which is most of PB
Contract	CB small part of BB which is most of PB
Control	CB small part of BB which is small part of PB

Source : Adapted from Dowding (1995,p.90).

In Transfer agencies such as the Ministry of Agriculture and Contract agencies such as the defence procurement divisions within the Ministry of Defence, where subsidy payments or government contracts are destined for the members of highly organized interest groups, (farmers and defence contractors) bureaucrats might also seek to maximize BB subsidies in exchange for a flow back of benefits, including post-retirement deals and political support. However in all other Transfer and Contract bureaux dealing with a fragmented clientele of consumers there are relatively fewer incentives to push for budgetary growth. As Dunleavy (1991,p.194) puts it,

"Why should policy level staff at a welfare agency seek to push up payments to the unemployed - none of whom can provide any reciprocal benefits to bureaucrats?"

Similarly, in Control agencies such as the Department for Education, where budget increments are simply passed on to lower level bureaucracies (individual schools and local authorities), there may also be fewer incentives to budget maximize.

Dunleavy (1991) has applied this approach to Dunsire and Hood's (1989) data on the decade of cutback management in the UK central state (1974 -1985). The findings were very supportive of the analytical framework, with none of the delivery agencies under examination suffering any real cutback in their budgets, but almost half of the transfer, contract and control agencies experiencing real cuts in their overall program budgets (Dunleavy 1991, p.215). Similarly in the period 1978-9 to 1987-8 the average annual increases in public expenditure were shown to be greatest in delivery bureaux such as law and order and defence and smallest in transfer and control agencies focused on welfare services (Dunleavy 1991, p.217).

A second factor which may influence the tendency toward bureau expansion, is the degree of professionalization within different agencies. As Breton & Wintrobe (1975) argue, highly professionalized bureaux often have personnel whose expertise is relatively restricted with possibilities for career advancement residing mainly within the agency. Johnston (1985) cites the US Forest Service as an example of such an agency. Over 90% of the bureau staff have professional qualifications in forest management ; skills and knowledge which are not easily transferred to other career paths, thus fuelling the pressure to push for bureau growth and the resultant job security. In less professionalized agencies by contrast, there are fewer incentives to push for expansion; first, because top bureaucrats may have greater opportunities for advancement outside the agency and second, because to the extent that senior professionals do budget maximize, these incentives will be confined to the relatively small proportion of the overall budget devoted to professional staff - there is less incentive in terms of job security or status for high grade officials to expand budgets and job opportunities on low skilled workers performing routine tasks. Thus, differences in the degree of professionalization and the rank structure of departments may result in different levels of growth between agencies of the same institutional agency form.

In further work, Dunleavy combines his 'bureau shaping' analysis with an account of professional behaviour to explain acquiescence to the growth of contracting out and competitive tendering in local government service delivery (Dunleavy 1991, Dunleavy & Biggs 1995). Niskanenesque accounts predict that contracting out exposes bureaucrats to greater competition and should therefore provoke strong opposition. In practice however, policy level bureaucrats have accepted contracting out with little in the way of resistance (Ascher 1987). Dunleavy explains this trend by arguing that so long as the impact of contracting out (ie. potential job losses) falls on low grade staff, senior bureaucrats in local delivery bureaux are unlikely to witness a decline in their opportunities for promotion and prestige, should routine tasks carried out by low skilled workers be 'hived off' to private contractors. Why should senior bureaucrats care how many workers perform the refuse collection service or fill the potholes in the road? The greater the grade distinctions between policy level staff and implementation staff, the less likely it is that self-interested managers will pursue outright budget maximization and oppose contracting out. By contrast, highly professionalized bureaux with relatively few low grade functions are more likely to pursue open ended bureaucratic growth and to resist any transfer of functions to private contractors.

A third and final variable which may affect incentives towards bureaucratic growth is the importance of ideological motivation. Wilson's (1989) survey of the literature on the US Federal bureaucracy suggests that professional agencies focused in 'activist' areas such as environmental protection, tend to attract staff motivated by an ideological commitment to the pursuit of agency mission, fuelling pressure for growth to a greater extent than in bureaux performing less politicized roles (for example street cleaning). Rowley (1992) makes a similar analysis of ideological bias and mission commitment in the US Legal Services Corporation. To use the terminology of Downs (1967), high profile politicized bureaux are more likely to attract 'zealot' personality types to their staffs.

In what follows, the analytical framework outlined above is applied to the agencies of the British land use planning system. Each agency is categorized according to its bureaucratic profile, the nature of its clients and its expected behaviour examined against the available evidence. Sections 4.3 and 4.4 consider the implications of bureaucratic behaviour for the pattern of land use change.

4.2 Land Use Regulation as Budget Maximization

Bureaucratic control of land use change is divided between several agencies operating at both the national and the local scale. The Department of the Environment (DoE) is the national sponsor body for the planning system as whole but is not directly involved in the implementation of development control, except in a quasi-judicial function in the appeals procedure alongside the Planning Inspectorate. Rather, the DoE issues advice to local authorities in the form of Planning Policy Guidance Notes and occasional policy circulars. Planning is only a minor function within the overall DoE remit accounting for less than 0.5% of its £37 billion budget, 95% of which is allocated as transfer payments to local authority service provision and variety of quasi-autonomous agencies operating in conservation, rural development, pollution control, housing and urban regeneration (DoE 1995). The DoE is thus a Control bureau, but the planning directorate within the DoE, for which no fully disaggregated budget figures are available (Interviews 17-19), is itself a regulatory agency.

The vast bulk of policy implementation is controlled by bureaucratic organizations at the sub-national level through local authorities and quangos. Primary responsibility is held by planning bureaucrats in individual local authorities who administer the development control system and draft the local development plans which lie at the core of the planning system.

About 80% of local authority finance is derived from central government grants (UK National Accounts) - channelled predominantly through the DoE, the Department for Education, the Department of Health, the Department of Transport and, the Home Office. The level of planning expenditure is dependent on the share of central government grants (from the DoE), plus the 20% of finance drawn from local taxes and charges which local authorities choose to allocate to these agencies.²

A secondary role is played by two quangos³, English Nature (formerly the Nature Conservancy Council /NCC) and the Countryside Commission. Each of these bodies has its own budget voted through parliament, but the Secretary of State for the Environment holds ultimate responsibility for their policy actions.

A further role is played by a second central government department - the Ministry of Agriculture Fisheries and Food (MAFF). With agriculture as the dominant land use, in particular through the various subsidy programmes of the European Common Agricultural Policy, MAFF has an important role in the land use system and often engages in consultation with local authorities, the conservation quangos and the DoE.

Table 4. 2 depicts the budget profile and agency classification of the major land use bureaucracies. With the exception of the DoE, which has a relatively small planning function, land use agencies predominantly take the form of regulatory bureaux. Local authority planning departments do not produce goods and services as such, but instead draft local land use designations such as Green Belts and administer these through the granting or refusal of planning permissions. The CB for local authority planning at the District, County and Metropolitan levels accounts for over 90% of the total program budget (£1.2 billion in 1991- at 1993 prices) and with only minuscule transfer payments to the private sector these bureaux may be classified as 'pure' regulatory agencies.

² Central government grants to local authorities are based on the so called Standard Spending Assessment (SSA) in which central government estimates what local authorities should spend on the provision of various local services such as Education, Social Services, Planning etc. The block grant which central government provides to local authorities - Revenue Support Grant (RSG) is based on these spending estimates. Once local authorities receive this grant however, they still have considerable discretion in how they choose to allocate the block grant between different local departments. Even though central government control over total local authority spending has increased substantially in recent years, councils still retain discretion concerning how that money is actually used. Only 23% of central government grants are earmarked for specific projects and services (Wilson & Game 1994).

³ 'Quango' is the term used for quasi-autonomous non-governmental organizations. These bodies are state appointed boards employed to implement elements of government policy. They are nominally separate from the agencies of central government, but still constitute an arm of the state bureaucracy with discretionary decision-making powers.

Table 4.2 Land Use Planning - Budget Classification and Agency Types

	Percentage of Total Budget				Agency Type
	Staff	Admin.& Running Cost	Transfers to Private Sector	Transfers to Public Sector	
	CB	CB	BB	PB	
DoE	2	2	1	95	Control
Districts	45	53	2	0	Regulatory
Counties	42	57	1	0	Regulatory
Metros	33	57	10	0	Regulatory
NCC/EN	40	35	25	0	Regulatory
CC	14	20	38	28	Reg/Trans
MAFF	20	20	40	20	Reg/Trans

Source : Computed from CIPFA Planning and Development Statistics, DoE, EN/CC/MAFF Annual Reports.

A similar though smaller regulatory function (total budget £56.7 million in 1991- at 1993 prices) is carried out by NCC/EN, empowered under the Wildlife & Countryside Acts (1981 & 1985). EN may purchase or lease land as National Nature Reserves (a delivery function) and more important may regulate the behaviour of private land owners via the designation of Sites of Special Scientific Interest (SSSIs). The CB represents 75% of the total budget with a subsidiary 25% taken in transfer payments usually paid to land owning farmers who agree to practice ecologically sensitive farming.

The CC and MAFF are both 'mixed' regulatory/transfer bureaux. The CC is the statutory body responsible for countryside conservation under the 1968 Countryside Act and the Wildlife and Countryside Acts (total budget £47.7 million in 1994 - at 1993 prices). Its regulatory functions include the designation of Areas of Outstanding Natural Beauty (AONBs). The much bigger MAFF (total budget £3 billion in 1994 - at 1993 prices) supervises the transfer of agricultural subsidies under the Common Agricultural Policy of the European Union and domestic subsidies targeted at

landscape conservation. It also performs a regulatory function in the designation of Environmentally Sensitive Areas (ESAs).

Given the theory of bureaucratic behaviour outlined in 4.1, land use agencies conform to the theoretical types where budget maximization is a plausible utility enhancing strategy for bureaucrats. The planning directorate within the DoE is a regulatory bureau with an apparent incentive to maximize the length of the regulatory process and hence its budget, by drafting ever longer and more complicated planning guidances. Although as a control bureau and the major source of local government finance, the local government directorate of the DoE has few direct incentives to maximize these internal transfers, local planning bureaucracies do have an incentive to gain as large a share as possible of the relevant grants. Similarly, local planning bureaucrats have incentives to ensure that local authorities devote proportionally more time lobbying central government for grants which flow to their agencies, rather than those destined for other local services such as transport and housing, as well as maximizing their share of locally raised finance. Likewise, the conservation quangos have a powerful incentive to maximize their share of DoE payments relative to those housing quangos performing predominantly welfare related transfer functions.

Increases in land use budgets are spent almost entirely within the bureaux themselves on staffing, office equipment and administration. Moreover, to the extent that land use bureaucracies engage in transfer payments (CC and MAFF), these are destined for a highly organized lobby group (farmers), well able to organize a flow back of benefits to senior officials in exchange for greater subsidy payments. For example, half the current policy team employed by the Country Landowners Association (CLA) previously worked for MAFF (Interviews 2 and 20).

The incentives towards bureaucratic growth would appear to be especially strong, compared even with other regulatory and delivery bureaux because of the high degree of professionalization within planning agencies and a tendency towards an environmentalist ideology in planning staffs.

Professionalization in land use planning may be seen in the large proportion of agency personnel who are qualified planners. According to a survey by the Royal Town Planning Institute (RTPI 1992), 60% of local authority planning workers are in senior professional positions and 85% of these have proceeded through formal training in town planning. Poole's (1975, p.146) classic study of the local government system revealed that planning was second only to social work in the proportion of qualified graduates recruited and that only estate management and financial administration had a

higher percentage (36%) of staff in the top salary grades of principal officer/senior officer, compared to only 6% for education and 10% for housing (Poole 1975, p.206-207). Local authority planning departments appear to exhibit a higher degree of professionalization and staff seniority than the vast majority of the local government service.

In the case of ideology, although inner city planning has often been associated with a welfarist ideology committed to economic growth, numerous studies have documented the tendency for suburban and rural planners to be motivated by a strong environmentalist ethos and a commitment to the restriction of market forces (Hill & Bramley 1986 Ch.9, Reade 1987, Shucksmith 1990 - see Marren 1993 for the conservation quangos). Thus, together with the institutional form of planning agencies and the degree of professionalization within planning staffs, all the incentives within these bureaux appear skewed towards bureaucratic growth and to a greater extent than in most other government agencies.

In order to consider the relevance of this theory, it is necessary to compare the fortunes of the major planning bureaucracies with general trends in bureaucratic growth across comparable agencies in the rest of the public sector. The hypotheses to be considered are as follows:

1. Bureaucratic growth in land use planning agencies will be greater than in government bureaux as a whole.

2. The growth of staffs within land use planning agencies will be greater than in government bureaux as a whole.

3. Land use planning agencies are less likely to be subjected to contracting out than government bureaux as a whole.

The illustrative data presented in Tables 4.3 to 4.9 is helpful in considering the virtue of these hypotheses. In each case, the local government category which contains both delivery/regulatory bureaux and those which are less professionalized/ideologically motivated and are in a non-delivery/regulatory format, acts as a control panel to enable comparison with land use planning.

Table 4.3 Revenue Expenditure for Town & Country Planning and Total Local Authority in England and Wales : 1979-1991

Year	Town & Country Planning		Total Local Authority	
	Spending	1979 Index	Spending	1979 Index
1979/80	959	100.0	63160	100.0
1980/81	1031	107.5	63285	100.2
1981/82	1013	105.6	63096	99.9
1982/83	993	103.5	62313	98.7
1983/84	1083	112.9	64288	101.8
1984/85	1085	113.1	64355	101.9
1985/86	1100	114.7	62892	99.6
1986/87	1017	106.0	63975	101.3
1987/88	1080	112.6	67041	106.1
1988/89	1159	120.9	68782	108.9
1989/90	1222	127.4	69293	109.7
1990/91	1246	129.9	69642	110.3
+/-%	+29.9	+29.9	+10.3	+10.3

Notes: All spending in millions (deflated 1993=100). Source : Computed from Annual Abstract of Statistics.

The Annual Abstract of Statistics does not publish full expenditure figures for local planning authorities after 1991.

Table 4.3 compares spending totals for local authority planning in England & Wales in the 1980s with overall local authority spending. The data do not contradict hypothesis 1. Total local authority spending increased by 10% in real terms but town and country planning fared considerably better with a real increase of almost 30%, which was also far in excess of total public sector growth, 16% (UK National Accounts) in the same time series.

An 'ANOVA' test of variance was conducted on the Indexed data set to confirm whether the higher growth rate for planning was statistically significant. The results were as follows;

DF - Between Groups = 1 F Ratio = 10.6190
 DF - Within Groups = 22 F Prob = .0036

The F statistic is significant at the 1% level - ie. it is highly unlikely that the higher growth rate of planning was the product of random chance.

The increase in planning expenditure is particularly striking given that much of the general rise in local expenditure was accounted for by the police force, which was a target for spending increases by the Conservative government at the national and local scale and by spending on social services which may have increased partly due to the rise in unemployment and the effects of an ageing population.⁴ Planning on the other hand was a target for deregulation, but by the end of the decade appears to have emerged in a stronger position than ever before.

Suggestive though these data are, they are not sufficient to confirm a consistent trend towards greater bureaucratic growth within planning agencies. It might be argued for example, that planning expenditure is subject to swings in the property market and that the buoyant market in the 1980s may have led to increased spending. Similarly, the 1980s witnessed a substantial growth in the environmental lobby and the latter half of the decade in particular, saw a substantial rise in the general electoral significance of the environment as a political issue (Robinson 1992), which may also have contributed to the increased expenditure. In order to confirm a consistent pattern of bureaucratic growth, a longer term analysis of spending trends is required. The data reported in Tables 4.4 and 4.5 do indeed indicate that expenditure increases for town and country planning have consistently outstripped the average for other local authority bureaux.

Table 4.4 displays planning expenditure as a percentage of total local authority expenditure for both revenue and capital accounts over the thirty year period 1960/61 to 1990/91. The percentage of revenue expenditure (spending on employees, running

⁴ Social Services must be distinguished from the Department of Social Security (DSS). Social services at the local authority level is in a delivery bureau format - most of its budget is devoted to professional social service provision including the management of children's homes, supervision of child adoption and foster care, services for the elderly and disabled and various health related services. The DSS at the national level is a transfer bureau - most of its budget is devoted to transfer payments for the unemployed and old aged pensioners. Local social services is predicted to have a tendency towards budget maximization but the DSS is not.

Some of the enormous rise in social service spending may well be accounted for by the four fold increase in unemployment since the mid 1970s - greater unemployment may have led to more family breakdown, child delinquency etc. and hence a demand for more social workers. However, it is difficult to believe that the increase spending on social services, from 1.9 to 8.8% of a tripled local authority budget, can be explained solely by this trend. A more plausible explanation would point to budget maximization by the professional social workers who administer these services - see for example Lait (1980).

Table 4.4 Planning as a Percentage of Local Authority Expenditure : 1960/61 - 1990/91

Year	Revenue	Capital	Year	Revenue	Capital
1960/61	0.67	1.59	1976/77	1.46	3.11
1961/62	0.64	2.21	1977/78	1.45	2.97
1962/63	0.70	2.03	1978/79	1.40	3.13
1963/64	0.74	2.08	1979/80	1.52	3.68
1964/65	0.77	2.57	1980/81	1.63	4.57
1965/66	0.88	2.72	1981/82	1.60	4.07
1966/67	0.88	2.40	1982/83	1.59	4.87
1967/68	0.98	2.53	1983/84	1.68	4.68
1968/69	1.03	3.06	1984/85	1.69	4.97
1969/70	1.00	3.06	1985/86	1.59	6.07
1971/72	1.10	3.29	1987/88	1.68	5.58
1972/73	1.16	3.53	1988/89	1.69	na.
1973/74	1.19	3.23	1989/90	1.76	na.
1974/75	1.46	2.58	1990/91	1.79	na.
1975/76	1.54	2.72			

Notes : Change in % share for other major bureaux 1960/61-1990/91 - Education 37.3 to 33.8, Refuse 2 to 1.7, Highways 7 to 6.1, Buses 3.9 to 0.5 (1980), Libraries 1.1 to 1.2, Housing 15 to 16, Fire 1.4 to 1.8, Parks 1.4 to 3.1, Police 6 to 8, Justice 0.6 to 1.1, Social Services 1.9 to 8.8, Environmental Health (1970) 0.8 to 1.7.

Source: Computed from Annual Abstract of Statistics.

costs and transfer payments) accounted for by planning rose consistently throughout the period, from 0.67% of the total budget in 1960/61 to 1.79% in 1990/91, whereas the less significant capital expenses (spending on buildings) increased from 1.59% to 5.58%. These figures represent a substantial real gain for the planning bureaucracy, given that the percentage of Gross Domestic Product taken by local government revenue expenses also increased from 5.2% in 1960 to 8.2% in 1992 (UK National Accounts).

Table 4.5 presents the actual spending data from 1962 to 1991 (at 1990 prices). It may be seen that although planning and the local authority category experienced a substantial real gain, the growth rate for planning was well in excess of the other local bureaux with a total real increase of over 600%. Once again, an analysis of variance was conducted on the Indexed data set. The F statistics are displayed below;

DF- Between Groups = 1 F Ratio = 34.5502
DF- Within Groups = 56 F Prob = .0000

Table 4.5 Revenue Expenditure for Town & Country Planning and Total Local Authority : 1962/63 - 1990/91

Year	Town & Country Planning			Total Local Authority	
	Index of Applications	Spending 1990 Prices	1962 Index	Spending 1990 Prices	1962 Index
1962/63	100.0	160	100.0	23295	100.0
1963/64	103.6	181	113.1	24562	105.4
1964/65	116.2	201	125.6	25894	111.2
1965/66	111.6	248	155.0	28139	120.8
1966/67	104.5	261	163.1	29659	127.3
1967/68	106.3	313	195.6	31881	136.9
1968/69	107.3	342	213.8	32994	141.6
1969/70	101.4	393	245.6	39140	168.0
1970/71	104.3	450	281.3	42107	180.8
1971/72	116.6	481	300.6	44034	189.0
1972/73	154.8	539	336.9	46482	199.5
1973/74	156.7	615	384.4	51769	222.2
1974/75	104.4	786	491.3	53802	231.0
1975/76	114.3	849	530.6	55208	237.0
1976/77	112.3	794	496.3	54251	232.9
1977/78	111.2	743	464.4	51293	220.2
1978/79	126.0	761	475.6	54037	232.0
1979/80	na	854	533.8	56231	241.4
1980/81	93.6	933	583.1	57228	245.9
1981/82	103.4	906	566.3	56392	242.1
1982/83	108.2	891	556.9	56112	240.9
1983/84	106.0	965	603.1	57263	245.8
1984/85	108.7	967	604.4	55331	246.1
1985/86	134.4	974	608.8	57723	239.2
1986/87	150.5	919	574.4	57732	247.8
1987/88	171.9	963	601.9	59733	256.4
1988/89	158.0	1039	649.4	61666	264.7
1989/90	133.9	1097	685.6	62195	267.0
1990/91	128.6	1122	701.3	62678	269.1
% +/-	+28.6	+601.3	+601.3	+169.1	+169.1

Notes - All spending in £ millions. Index of Planning Applications - base year = 397 301.

Source : Computed from Annual Abstract of Statistics and DoE Development Control Statistics.

The difference in expenditure changes is highly significant (at the 0.1% level). In short, planning bureaux have consistently gained a greater share of an already expanding pie. Of all the local authority bureaux (see notes to Table 4.4), only the highly professionalized social services showed a more rapid rate of growth and in accordance with hypothesis 1, the less professionalized areas such as refuse collection, highway maintenance, buses, libraries, fire, housing (a transfer bureau) and education (a mixed delivery/transfer bureau), all experienced a decline in relation to planning, as did the rest of the public sector as a whole.⁵

The expenditure data does appear to suggest that bureaucratic growth in planning agencies has been of a considerably greater magnitude to that experienced in the wider public sector, but the figures on expenditure alone cannot be taken as proof that it is the bureaucratic power of planners which has been the cause of this expansion. Correlation in social science cannot be considered as proof of causation without considering alternative explanations of the available data (Caldwell 1994).

One alternative explanation might point to the increased political significance of the environment as an election issue, which may have inclined politicians towards a more generous treatment of planning bureaucracies throughout the period in question. According to this interpretation, the growth of planning expenditure might have had much more to do with the macro-political significance of the environment than the budget maximizing tendencies of planning bureaucrats. For example, given the rise in environmental interest, planners might have been required to take longer when preparing their development plans in order to take greater account of the environmental interest.

This account is not without merit and might well explain the greater growth rate in planning expenditure witnessed in the late 1980s when there was a major upswing in public environmental concern - culminating in the Green Party polling nearly 15% of the vote in the 1989 European Elections (Robinson 1992). Nonetheless, it seems unlikely that this explanation can account for the sheer scale of the difference in the growth rate of the planning budget, which has consistently ran at three times the level of real growth in the rest of the public sector over a period of thirty years. Even as

⁵ Apart from social services and administration of justice only planning saw a consistent year on year pattern of growth. The other agencies which saw a net gain between 1960/61 - 1990/91, Police and Housing - displayed a more erratic pattern - Police spending fell as a percentage during the 1960s and early 1970s before rising quickly during the 1980s. Housing increased during the 1960s, fell back in the mid 1970s, increased in the early 1980s before falling back again later in the decade.

early as the beginning of the 1960s, the planning budget was expanding rapidly, well before the rise in the political significance of the environment as an election issue. Thus, Butler & Stokes (1974) analysis of the most salient electoral issues in the 1960s and early 1970s, found unemployment, welfare services and health at the top of the political agenda, with the environment scarcely registering a mention in relation to these concerns. Similarly, Robinson (1992) suggests that it was not until 1987 that the environment ranked at all as an election issue. It is possible that some of the growth rate in planning was a product of such macro-political forces, but the magnitude of the expenditure growth is at least suggestive of an independent role for budget maximizing incentives within planning agencies.

A second alternative explanation might point to the significance of demand side factors derived from the activities of the building industry. According to this account, it might have been the case that developers had submitted more and more planning applications throughout the period and thus substantially increased the budgetary requirements of planning bureaucrats. If this was indeed the case, then the greater growth rate in the planning budget cannot be attributed to the actions of planning bureaucrats attempting to expand their budgets, but to the external demands being placed on their departments which would of necessity require greater budgets and staff.

Again, this explanation is not implausible and may possibly account for some of the additional growth rate. However, there is reason to question the extent to which demands from the building industry have indeed been the cause of bureaucratic growth. A reasonable indication of demand side pressures can be derived from consideration of the number of planning applications submitted to local authorities, compiled in the DoE Development Control Statistics. The left hand column in Table 4.5 gives an index of applications from 1962 onwards, where it can be seen that the number of applications received increased by only 28.6% over the period in question, compared to the 600% increase in real expenditure over the same time period. Indeed, at one point in 1980/81, planning bureaucrats were actually processing fewer applications, even though real spending had increased by almost 500% at that time.

The development control data must, however, be treated with some caution, because the DoE statistics do not weight applications in any way to take account of the size and complexity of the development being proposed. Thus, it might be suggested that given increasing concentration in the development industry in favour of much larger firms, planning application statistics underestimate demand side pressures. With fewer firms operating in the house building market relatively fewer applications may have been

submitted, but these may in turn have been considerably bigger and more complex (eg. more houses per application) and might have required additional expenditures.

This argument is not without foundation, but there is evidence from other sources to suggest that the shift in the structure of demand does not adequately account for the relatively small increase in the index of planning applications. The statistics on the number of new dwellings constructed between 1962 and 1991 show that apart from a brief rise in the mid 1960s, throughout the bulk of this period construction rates were falling, from 297 000 per annum in 1960 to 183 000 per annum in 1991 (DoE Housing and Construction Statistics, HBF 1996). Cullingworth (1988) notes that approval rates for planning applications show that the percentage of applications granted remained fairly constant throughout this period, fluctuating by only a few points. Given that there was no dramatic reduction in the number of planning applications approved, yet the number of newly constructed dwellings fell, it seems unlikely that the low increase in the applications index can be accounted for solely by the tendency for larger builders to submit proposals for more houses by way of fewer, but larger applications. If indeed there had been a substantial increase in demand, one would have expected the number of houses constructed to have risen or at the very least to have stayed constant, when in fact there was a substantial fall. Again, however, these figures should be treated with some caution because residential developments are not the only source of planning applications - office development, retailing and manufacturing development on average account for about 25% of all major proposals - compared to about 70% for residential uses (DoE Statistics of Planning Applications 1980-1994). Although it seems unlikely that the massive increase in expenditure can be accounted for by changes in the character of this relatively small proportion of the total applications, without more precise measures of the size and complexity of these developments it is not possible to judge the precise extent to which extra demands have been placed on planning departments.

Overall, the data do not contradict the hypothesis that incentives within highly professionalized land use agencies are more heavily skewed towards bureaucratic expansion. Given the limitations of the development control statistics however, it is not possible to say with certainty that bureaucratic growth was the product of budget maximizing behaviour. Nonetheless, there is sufficient evidence to suggest the public choice explanation as a serious working hypothesis which might best account for the observable trends.

Table 4. 6 Local Authority Agency Types and Expenditure Shares : 1980/81 - 1990/91

		Percentage of Revenue Expenditure		
	Agency Type	Year 1980/81	1985/86	1990/91
<i>Non - Delivery</i>				
Education	Del to Control	36.1	34.5	33.8
Refuse	Del to Contract	2.1	1.9	1.7
Highways	Del to Contract	6.9	6.4	6.1
Parks	Del to Contract	2.5	2.9	3.1
Housing	Transfer	18.0	18.2	16.0
Other*	Mixed	9.1	7.4	8.6
Other**	Mixed	5.2	6.4	6.2
Total Non Delivery		79.9	77.8	75.5
<i>Del/Regulatory</i>				
Police	Delivery	6.5	7.7	8.0
Justice	Delivery	0.7	0.9	1.1
Social Services	Delivery	7.1	7.5	8.8
Libraries	Delivery	1.1	1.2	1.2
Fire	Delivery	1.5	1.7	1.8
Planning	Regulatory	1.6	1.7	1.8
Env. Health	Regulatory	1.6	1.6	1.8
Total Del/Regulatory		20.1	22.2	24.5
Total Local Authority		100	100	100

Notes : There are no nation-wide data examining the variations in agency type throughout the whole country. The agency classifications used here are based on Ascher (1987) which notes the trend toward contracting out in refuse collection and highways and empirical work by Dunleavy & Biggs (1995) on the London Boroughs. * Other refers to unallocated general administration and transfer payments.** Other refers to unallocated services.

Source : Computed from Annual Abstract of Statistics.

Within this context, Table 4. 6 which compares the fortunes of the various theoretical agency types throughout the 1980s, offers additional, although relatively crude support for the public choice theory and for Dunleavy's wider account of bureaucratic behaviour. It is apparent that of the major local authority bureaux those which remained in a delivery or regulatory bureau format, fared best in terms of budgetary growth. The police force, administration of justice, fire services, libraries, social services, environmental health and town & country planning, all increased their share of the overall budget, whereas the major local government transfer bureau - housing and those agencies which were subject to various forms of contracting out - refuse collection, highway maintenance and education, which in the late 1980s shifted into a control agency format, all witnessed a decline in their share of the overall budget.⁶ The one exception to this pattern was parks & open spaces which was subject to contracting out but nonetheless increased its budget share.

Again, however, these data are open to different interpretations and cannot be taken as conclusive proof that bureaucratic incentives were the cause of the observed expenditure patterns. It might be argued, for example, that macro-political factors offer a better explanation of the spending trends. Thus, the fall in the percentage revenue expenditure taken by housing may have been more the product of ideological hostility to public housing on behalf of the Conservative central government, rather than the product of institutional incentives within the agency. Similarly, professional social services expenditure could have increased because of the external demands brought about by rising unemployment and the effects of an ageing population, rather than the result of budget maximization by professional social workers. Likewise, the rise in police expenditure may have resulted from the rise in crime and the governments ideological commitment to law and order expenditures. Moreover, given that central government controls over local expenditure increased throughout this period, in

⁶ With the introduction of budget holding by individual schools following the 1988 Education Act, education bureaux shifted into a control agency format. It might be argued that teachers should be classed as professionals in the same way as town planners and should therefore have secured greater levels of growth and resisted the introduction of individual budget holding. It is not to denigrate teachers that I do not include them in the same professional category as town planners - what is important for the theory of professionalization and bureaucracy offered here, is the organization within these bureaux and in particular the status gap between high grade policy staff and low grade implementation staff. In education bureaux policy is developed by high grade professionals in the local authority, with a considerable status gap between these bureaucrats and the many hundreds of teachers implementing policy in the individual schools. There appears little incentive for high grade bureaucrats to be concerned about expanding opportunities for promotion in the lower ranks and so these bureaucrats are less likely to maximize the overall budget. In planning bureaux by contrast there is less gradation between ranks of bureaucrats. In the case of planning senior bureaucrats will often work in the same office and on the same policy documents as the rest of the staff. Increases in the budget and promotion prospects for top bureaucrats will trigger similar opportunities for most if not all of the other bureaucrats in the agency.

particular through 'rate-capping', the provisions of the Standard Spending Assessment and the introduction of compulsory competitive tendering (cct), it could be suggested that bureaucratic incentive structures were not at all a significant factor in expenditure patterns.

The first of these counter-arguments has considerable force. Thus, with respect to housing, the ideological aversion of the central government to expenditure in this area may indeed account for most, if not all of the observed difference in spending patterns. Similarly, in the case of social services and police, macro political forces such as the effects of an ageing population and rising crime rates, might account for some of the expenditure pattern. Nonetheless, with respect to the overall picture presented in Table 4.6, what remains significant from the perspective of public choice theory is that all agencies which saw reductions in their share of expenditure were examples of less professionalized bureaux (refuse, highways and education) and were subject to some form of contracting out. As the public choice approach would suggest, none of the more professionalized services such as planning and social services saw the introduction of compulsory competitive tendering and a reduction in their share of expenditure. Whilst technical difficulties in the contracting out of professionalized services such as the administration of justice and less professionalized areas such as the fire service, might account for their exclusion from this process, no such difficulties exist in the case of professionalized areas such as planning and social services (Cullingworth & Nadin 1994), which is at least suggestive that bureaucratic resistance to this process may have been a significant factor at work.

Similarly, although central government control over total local authority spending has increased significantly in recent years, councils still retain considerable discretion over the allocation of expenditures between different departments which allows scope for differences in the relative strength of budget maximizing incentives, to affect the resulting distribution. Thus, in 1994 only 23% of central government grants were earmarked for spending on specific services and projects (Wilson & Game 1994).

The data on staffing are also broadly in line with the analytical framework set out here. In accordance with hypothesis 2 planning bureaux did better in terms of staffing, experiencing no net change in numbers by 1993, compared to a substantial decline for the local authority category as a whole (Table 4.7). The difference between the two categories is not however statistically significant. Nonetheless, a closer analysis of trends within local authority staffing does lend general support for the staffing hypotheses.

Table 4.7 Staffing Levels for Town & Country Planning and Total Local Authority : 1979 - 1993

	Town & Country Planning		Total Local Authority	
	Staff	Index	Staff	Index
1979	22.4	100.0	2086.6	100.0
1980	21.9	97.8	2056.4	98.6
1981	19.8	88.4	1891.3	90.6
1982	19.7	87.9	1873.9	89.8
1983	19.8	88.4	1881.7	90.2
1984	19.9	88.8	1876.5	89.9
1985	19.9	88.8	1877.1	90.0
1986	20.1	89.7	1894.1	90.8
1987	20.8	92.9	1915.3	91.8
1988	21.6	96.4	1920.6	92.0
1989	22.5	100.4	1890.8	90.6
1990	23.1	103.1	1894.0	90.8
1991	23.2	103.6	1866.5	89.5
1992	22.8	101.8	1834.4	87.9
1993	22.4	100.0	1691.3	81.1
+/-%	0	0	-19.9	-19.9

Notes : All Staff in no.thousands

Source : Computed from Monthly Digest of Statistics.

The Indexed figures indicate that staffing in planning fell more or less in line with the local authority category during the early 1980s, but from the mid 1980s onwards, coinciding with the introduction of contracting out and compulsory competitive tendering (cct) throughout local government, a consistently widening gap opened up with the local authority category declining rapidly.

The impact of contracting out on staffing is significant given that highly professionalized agencies such as planning are predicted to be more resistant of transfers to private contractors. CIPFA (1994) indicate that only 2% of planning expenditure has been contracted out and significantly in the 1991 Department of the Environment Report recommending the extension of cct, planning services were excluded (Cullingworth & Nadin 1994). The services which have been exposed to cct, alongside education, have experienced the most dramatic decline in staffs. Those agencies which have been considered for cct but have largely resisted the trend are indeed the more professionalized agencies - planning, social services and environmental health. The non-contracted agencies have in general seen the smallest declines in staff, as can be seen from Table 4. 8. The data do not contradict hypotheses 2 and 3.

Table 4.8 Local Authority Staff Changes by Agency Type : 1979 - 1993

Agency	Agency Type	Staff 1993	% Change 1979 -1993
<i>Non-Delivery</i>			
Education	Del to Control	698.6	-29
Construction	Del to Contract	69.3	-48
Refuse	Del to Contract	21.3	-58
Transport	Privatization	1.4	-94
Parks/Leisure	Del to Contract	65.6	-14
Housing	Transfer	65.9	+29
Other	Mixed	224.1	-15
<i>Delivery/Regulatory</i>			
Police	Delivery	121.1	+ 6
Justice	Delivery	9.8	+36
Social Services	Delivery	231.9	+13
Libraries	Delivery	31.9	-3
Fire	Delivery	34.1	-16
Planning	Regulatory	22.4	0
Environmental Health	Regulatory	18.9	-13
Total Local Authority	Mixed	1691.3	-20

Notes : Staff figures in thousands. Staff declines for Transport are exaggerated by the impact of bus privatization. Housing staffs increased due to the transfer of Housing Benefit responsibilities to local authorities.

Source : Computed from Monthly Digest of Statistics.

Turning to the fortunes of the three remaining land use bureaucracies, these too offer broad support for the view that regulatory agencies are prone towards greater bureaucratic growth. In a decade when overall public sector growth was contained to 16% in real terms and staffs were cut, the conservation quangos in particular, experienced explosive growth in terms of expenditure and staffing (see Table 4.9) and both remained immune to any contracting out of the regulatory function. It is especially significant that both of these quangos fared far better than other agencies attached to the DoE in particular those transfer bureaux focused on housing where real spending barely increased at all throughout the 1980s (Interview 2, Housing Corporation, Housing Corporation 1994).⁷ Some of the increase may be attributed

Table 4.9 Expenditure and Staffing in the Conservation Quangos : 1980/81 - 1994/95

Year	NCC/EN		CC	
	Spending	Staff	Spending	Staff
1980/81	18.8	530	na.	na.
1981/82	19.2	535	18.9	90
1982/83	20.4	559	19.8	95
1983/84	22.3	550	21.3	98
1984/85	29.6	577	20.9	100
1985/86	36.0	689	23.8	100
1986/87	44.4	750	27.0	118
1987/88	46.7	780	32.3	120
1988/89	47.3	800	27.9	128
1989/90	49.6	820	27.5	150
1990/91	56.7	858	28.1	180
1991/92	*	*	32.6	230
1992/93	*	*	46.2	300
1993/94	*	*	48.7	310
1994/95	*	*	47.7	319
%change	+202	+62	+153	+254

Source : NCC/EN & CC Annual Reports

Notes : All spending in millions (deflated 1993 =100). All staffing in actual numbers.

*In 1991, the NCC was divided into three bodies, one each for England, Scotland and Wales. English Nature (the new body for England acquired 621 staff from the NCC in 1991 and by 1994/95 had recruited an extra 134 staff making a total of 755. Remaining NCC staff were transferred to the Scottish and Welsh bodies so the total employed in nature conservation is now over 1000. EN spending increased from 32.6 million in 1991/92 to 39.6 million in 1994/95 (at 1993 prices).

directly to the provisions of the Wildlife & Countryside Acts (1981/85), but the sheer scale of the increase combined with evidence that quangocratic salaries took a higher and higher proportion of total spending (Adams 1993) is at the very least suggestive of self-interested bureaucratic behaviour.

In the case of MAFF, it is more difficult to attribute bureaucratic growth directly to the actions of civil servants because spending decisions are made largely within the corridors of Brussels rather than in Westminster. Nonetheless, a 30% real increase in CAP spending over the last ten years (Winter 1996) is consistent with MAFF

⁷ Housing Corporation spending was flat throughout the 1980s until the 1988 Housing Act, through which the Conservative government greatly expanded the role of housing associations in the provision of social housing. Since then spending increased from £0.8 billion to £2 billion in 1993, before falling back to £1.4 billion in 1996 (Housing Corporation Fact File 1996).

bureaucrats, maximizing transfer payments to the highly organized farm lobby and at the very least there is no indication that senior officials have sought to resist this trend - real spending has actually increased following the so called MacSharry reforms which MAFF officials helped to negotiate (MAFF Annual Report 1995). More important, domestic MAFF spending on conservation, where UK bureaucrats do exercise a much greater degree of clout, has also expanded rapidly, from nil expenditure in 1984 to £116 million in 1995. The new agricultural regime of EU set aside payments combined with domestic conservation subsidies, as opposed to the previous policy of direct production support appears particularly amenable to bureaucratic interests. The new policies have reduced the level of surplus production which was becoming highly visible to politicians, yet at the same time have allowed an expansion of assistance to MAFF's major client group - the farm lobby. As a counter argument, it might be suggested that these developments owe more to external pressure from the European Union than they do to any budget maximizing behaviour in the MAFF. In actual fact, however, the very concept of ESAs was devised within the MAFF and then 'marketed' to the European Union (Cherry 1996, p.209, Winter 1996).

4.3 Budget Maximization and Regulatory Growth

The apparent ability of the land use bureaucracies to secure greater budgets and to have largely resisted the major institutional reforms which have swept much of the public sector, is suggestive of a tendency for administrative incentives within these agencies to be skewed towards bureaucratic expansion. What is of particular significance with respect to land use change, is that budget maximization - if it occurs - appears to be synonymous with regulatory maximization.

Thus, local authority planning departments in England & Wales perform five main functions, four of which may be described as regulatory activities. These are; planning policy which involves staff in the drafting of local development plans; development control - the day to day procedure of reviewing planning applications; environment and conservation - the drafting of local conservation orders and other site designations; and enforcement which includes the demolition of buildings erected without planning permission. The remaining function, economic development and promotion is a delivery activity. Planning staff employed in this area are responsible for the development of local authority owned land, the collection of rents from local authority owned industrial sites, the marketing of development opportunities and the handling of regional development grants.

Table 4.10 Budgeted Employees by Function in English Planning Authorities

	Regulatory Functions	Economic Development	Total	% Regulatory Functions
Non-Metro Districts	6602.8	608.1	7210.9	91.6
Counties	2208.0	526.0	2734.0	81.0
Metro-Districts	2093.5	696.5	2790.0	67.0
All Authorities	10904.3	1830.6	12734.9	85.6

Source : Computed from CIPFA Planning and Development Statistics 1991

The overall significance of the regulatory function to local authority planning departments is illustrated in Table 4.10, which shows the proportion of staff employed in regulatory activities in relation to those in economic development. The table indicates that the vast majority of staff - especially in the non-metropolitan districts where the majority of planners are employed, are engaged in regulatory activities. The lower figure for the metropolitan districts (67%) is a reflection of the greater role played by these agencies in urban renewal programmes focused on inner city regeneration.

Thus, the *raison d'etre* of non-metropolitan land use bureaux is to create and to enforce land use regulations and in order to secure greater budgets, planning bureaucrats may be expected to offer differential support for those policies and interest groups which will increase the level of regulation and the demand for staff and administrative expenses to enforce it. In particular, one would expect planners to increase regulation by producing longer and ever more complex planning documents, to lengthen the time taken to evaluate planning applications and to increase the number of site designations. In support of this thesis, one need only examine the rapid growth of environmental site designations, the increasing complexity of the planning system and the low productivity rate of local planning authorities within the context of the sustained bureaucratic growth discussed in the previous section.

One indication of regulatory growth is provided by Peacock (1984), who notes that the number of statutory regulatory instruments available to land use planners increased from 98 in 1959 to 386 in 1979 or +290%. Similarly, in the 1980s - allegedly a period of Thatcherite deregulation - the area of land designated as Green Belt by local

planning authorities increased from 1.7 to 4.2 million acres (+147%), to account for 14% of the land area of England. Likewise, the coverage of Local Conservation Area designations increased from 162 000 to 272 000 acres (+68%) in just the one year 1990/1991 (CIPFA 1992).

In the 1990s, the new requirement under the Planning and Compensation Act (1991) for all rural district authorities to prepare statutory land use plans (many districts did not previously prepare such plans) and the introduction of the 'plan-led' development control system, has enormously increased the complexity of the regulatory process. A requirement that all development control decisions should be made in accordance with the local land use plan (Section 54 a) has replaced the previous system where the plan was but one of a number of 'material considerations' for the granting of planning permission and has reduced the ability of developers whose proposals are not in accordance with local guidance to use the DoE appeals procedure (Healy 1992). Consequently it has become imperative for developers and their opponents alike, to make their representations at the plan making stage, such that the length of the public enquiry procedure where it is not uncommon for developers to pay out over £500 000 in planning consultancy and legal fees, increased from seven weeks in 1988 to 22 weeks in 1992 (Cullingworth & Nadin 1994, p.59). At the same time, the DoE has substantially increased the number of Planning Policy Guidance Notes it produces, with new documents on transport (PPG 13, 'out-of town' retail development (PPG 6) and nature conservation (PPG 8) all adding to the complexity of the system and time taken to prepare land use plans (Interviews 17-19, Cullingworth & Nadin 1994).

In the meantime, the planning system continues to be plagued by a remarkably low level of productivity in the processing of development applications. According to Ehrman (1988) in the year to April 1988, the average cost per planning application was £2 000 and the productivity rate a mere one development processed, per month, per worker. Despite central government attempts to speed up the planning process, by the late 1980s fewer applications were being processed within the DoE target of 8 weeks than at the beginning of the decade. This was partly due to the increased number of applications resulting from the property boom at the time, but it was also due to the complex web of local planning bureaucracy (Simmie 1993). Thus, figures produced by CIPFA (1992) indicate that the net cost per capita of planning applications in the English non-metropolitan districts, increased from £4.90 in 1981/82 to £9.07 in 1991/92 (1993 prices) - a real increase of 85%. The reader will recall that real expenditure on planning increased by over 600% between 1962 and 1991, but the overall number of planning applications increased by only 28%. The difference between the two figures must be accounted for at least in part, by the

increasing complexity of the planning system and a lengthening of the regulatory process.

Consider also the substantial growth in the number of NCC/EN designated Sites of Special Scientific Interest (SSSIs). Between 1982 and 1993 the number of SSSIs in England increased from 2 600 to 3 800 (+46%) and they now account for 7% of the land area. In the immediate aftermath of the Wildlife and Countryside Act (1981), the NCC estimated that its site designation duties would be completed within two years, but ten years later bureaucrats were still designating additional sites (Marren 1993, Adams 1993). These sites have not been at all successful in controlling the environmental excesses of modern agriculture (Rowell 1991, Pennington 1996), but alongside other designations, they do discourage the granting of planning permission for urban developments in the countryside (Shucksmith 1990, Bramley et al 1995).

Countryside Commission designations have also increased apace - the coverage of Areas of Outstanding Natural Beauty (AONBs) increased by 26% between 1980 and 1993 and they now represent over 15% of the land area of England. A further 518 sq km have been formally designated as a site for subsidized tree planting in a 'National Forest' spanning three counties in the East Midlands and 12 sites, each on the outskirts of the major conurbations have been designated as Community Forests (CC Annual Reports). MAFF meanwhile has rapidly expanded its own program of site designation through the Environmentally Sensitive Areas (ESAs) scheme with the 22 designated ESAs now accounting for over 10% of all farmland in England. These MAFF schemes in particular have produced few environmental benefits. A number of studies have suggested that the designation of ESA's makes little difference to the environmental practices of subsidized farming (FoE 1992, Morriss & Potter 1995). Again, site designation intensifies the process of urban containment but does little to protect the countryside from the depredations of modern farming.

It might be argued that the sustained growth in land use regulation is merely a response by the relevant agencies to increased demands for their services - for example the growth of the environmental lobby - and that larger budgets have been incidental to meeting these demands. However, a cursory glance at the behaviour of land use bureaucrats reveals that they have not acted as passive respondents to wider political forces but they have, as public choice theory predicts, sought to stimulate the demand for regulation through a combination of lobbying and in some cases funding of the relevant interest groups. The District, County and Metropolitan Planning Officers Societies (D/C/MPOS) and the Royal Town Planning Institute (RTPI) for example, joined with conservationists in the Council for the Protection of Rural

England (CPRE) in the campaign for the 'plan-led' development control system, which was itself finally adopted following a parliamentary amendment drafted by the CPRE (Interviews 10-12 & 3, Burton 1991, Marsden et al 1992).

The Countryside Commission has in the meantime, become one of the major financial donors to the CPRE following the group's successful campaign against a liberalization of Green Belt policy in 1984 (Elson 1986). Significantly, the recent chair of the CC, John Dower was the founder member of Rural Voice, an amalgam of rural interest groups including CPRE. The CC funded the conservationists during their national membership campaign throughout the 1980s and in the years 1991-1993 supplied subsidies to the tune of £120 000, which was the largest single contribution to the group (CPRE Annual Reports).

Likewise NCC/EN have close contacts with CPRE and with the Royal Society for the Protection of Birds (RSPB), the latter having been a frequent recipient of financial support in the management of its bird reserves (Law 1996 forthcoming). The MAFF meanwhile invited CPRE to participate in the Agricultural Annual Review in 1990 and to provide advice on its program of ESA designations (Interview 3, Pennington 1996). There is, it would seem, a symbiotic relationship between land use bureaucrats whose budgets are dependent on regulation and those sets of interest groups demanding additional regulatory growth.

Of course, the fact that planners and other land use bureaucrats have lobbied for more regulation, does not of itself prove they have been responsible for regulatory growth. In particular, the effect of external macro-political forces such as the electoral significance of the environment in the late 1980s, may have had much more impact on politicians than the exercise of bureaucratic power. What the lobbying actions of land use bureaucrats does suggest, however, is that they have actively sought to pursue bureaucratic self-interest in the political process and to the extent that they possess monopoly power these actions may account, at least in part, for the scale and consistent nature of bureaucratic growth which was well underway years before environmental issues reached the top of the political agenda.

4.4 Land Use Regulation and Urban Containment

How then have bureaucratic incentives and increased regulation contributed to urban containment ?

As discussed earlier, the economic interests of planning bureaucrats lie in the expansion of the regulatory process which raises the demand for staffing and administrative expenses. The data in Table 4.10 (p.123 above) indicate that these incentives are especially prominent in the non-metropolitan authorities and counties, where pressure for development is greatest. In turn, as the burden of regulation grows in these areas, development is discriminated against due to the substantial time delays engendered by the regulatory process (Ehrman 1988, 1990), the deterrent effect of site designations (Bramley et al 1995) and the loss of projects which because of increased costs no longer proceed to implementation (Evans 1988). As a result, incentives in non-metropolitan areas are biased against new building and contribute directly to the process of urban containment.

In metropolitan and especially inner city authorities by contrast, where the economic development and promotion function employs proportionately more staff, the effects of increasing regulation may in part be offset by the much bigger budgetary stake these agencies have in increasing development activity through marketing and promotion. In these authorities there may be powerful incentives to allow more building especially if planning authorities are themselves involved in large scale re-development projects.

Overall, the differing budgetary structure of planning departments at the district, county and metropolitan levels appears heavily skewed towards the support of containment policies. In the very areas where the demand for development and especially housing is at its highest - the non-metropolitan districts and counties, local planning authorities rely almost exclusively on the growth of regulation and support from the nimby lobby which reduces development opportunities. In turn, those areas which have the least development pressure and where market forces left to operate freely, would see a further loss of population and employment, are the areas where planning budgets are relatively less reliant on regulation and more on economic development. Little wonder then, that the RTPI and the D/C/MPOS have offered strong support for minimizing rural development and encouraging the recycling of 'brown field' urban sites for high density city dwellings, because this pattern fits almost perfectly with the budgetary requirements of both their rural and urban members.

The budgetary interests of planners in areas where demand is high, suggest differential support for conservationist and other anti-development interests which seek the growth of regulation. However, it is important at this point to distinguish

clearly between the overall bias against development which results from the growth of a complicated administrative system and the precise extent of this bias as reflected in the granting and refusal of individual planning permissions.

Planners may be biased towards conservation, because increasing environmental regulation benefits their budgets and this in turn discourages development by imposing substantial cost and time delays on private companies. The link between the refusal of individual planning permissions and bureaucratic budgets however, is at most indirect. In theory it would be possible for planners to increase the overall level of regulation, through the lengthening of the planning process and elongation of development control procedures, but still at the end of the day to rule in favour of development. Opting for a more pro-development stance by granting more planning permissions need not reduce the overall level of expenditure on the regulatory process. Thus, although planners may tend towards conservationist interests in order to defend existing regulation, the precise extent of the anti-development bias in the granting and refusal of applications must be determined by other, non-budgetary sources of utility. The effect of political visibility on bureaucratic utility seems the most likely candidate in this regard, which will in turn be a function of the external political context.

If the decision to grant planning permission is highly visible and stirs up a hornets nest of opposition from nimby style interest groups, or if the general political salience of planning issues rises, then planners concerned to avoid the subsequent political flak seem likely to refuse permissions for new development, especially in high profile designated sites such as green belts and AONBs. Thus, Wood's (1982) study of land use regulation in Buckinghamshire discovered that 85% of planning applications in the Green Belt were refused, rising to 100% in AONB's. Similarly, out of a sample of 4850 representations at planning inquiries, Adams & Pawson (1991) found that 63% of changes made as a result of lobbying involved a reduction in the amount of development as against only 13% where development targets were increased. If however, the visibility of a more pro-development stance is relatively low there need be no detrimental impact on bureaucratic welfare from the adoption of such a stance.

This 'visibility' of decisions argument offers a plausible explanation of why in the early 1980s, the DoE at central government level was responsible for the various policy circulars which implied that local authorities adopt a more relaxed attitude towards developers and then in the late 1980s, when there was an upswing in public concern over environmental issues reversed this advice.

The fundamental difference between the DoE and the local authorities in this regard is the degree of political visibility attached to their actions. Local authority planners are directly involved in the day to day process of development control, a highly visible process especially in the case of designated sites and in order to avoid flak from anti-development interests may adopt a very restrictive stance. The DoE by contrast, issues only general planning guidances which are then left open to interpretation by local authorities and are consequently much less visible. As a result, it may have been a relatively low cost action for DoE officials to allow influence from construction interests such as the House Builders Federation in the preparation of circulars 9/80 and 15/84 (see also chapter 3 for an additional account), whereas it was at the local level where planners implement actual development control decisions on the ground that bureaucratic opposition was at its greatest.

Similarly, it is significant that circulars 9/80 and 15/84 which recommended that planners adopt a more relaxed stance in only very general terms, were dropped after 8 and 10 years respectively, whereas the more specific and hence more visible 1983/84 draft guidance referring to the rolling back of green belts was dropped within months. Moreover, it may have been the increased number of planning appeals taken to the DoE in the late 1980s, coupled with the upswing in general public concern for the environment, which raised the political visibility of the department, that civil servants in consultation with the CPRE sought moves towards the plan-led development control system. In turn this system has now limited the ability of developers to use the appeals procedure and hence reduced the political visibility of the DoE in the regulatory game.

Overall, it is not unfair to suggest that most aspects of the regulatory process act to discriminate against the transfer of land from agricultural to urban uses. Although the precise extent of the anti-development stance may be affected by the visibility of particular planning disputes, in general land use bureaucrats have few incentives to simplify the regulatory process because their budgets are inextricably linked to the support given by anti-development interest groups and the increased complexity of the system. Indeed, one of the most striking features of the contemporary British planning system is the virtual absence of any bureaucratic interests which would favour a greater level of urban and in particular residential development in rural areas. The only government agencies which have a direct stake in the provision of new developments are bodies such as the Housing Corporation and the Urban Development Corporations. Many of these bodies are transfer bureaux with consequently fewer incentives for budget maximization and their activities are focused on urban regeneration rather than rural development.

It is perhaps significant that the post-war decades to have witnessed the greatest amount of green-field development were the 1950s and 1960s, which corresponded with the highest levels of state involvement in the actual provision of new housing. In these circumstances, government housing bureaux were in a delivery/contract bureau format and their budgets were linked, in part at least, to the provision of new buildings (see Dunleavy 1981). It has often been argued that government agencies have a tendency to be excluded from the controls governing the rest of the population (Di Lorenzo 1987), a tendency which in the 1950s and 60s may have acted as a counterbalance to the effect of growing regulation.⁸

As a parallel to this argument, consider the fortunes of the Department of Transport throughout the 1980s. The overall transport budget for this decade fared badly and the total programme was slightly smaller in real terms than under the Labour administration of 1979 (Cullingworth & Nadin 1994, p.233). However, the roads budget element, where government contracts are destined for a highly mobilized lobby group (British Roads Federation), well able to secure post retirement positions and other perquisites for senior bureaucrats, fared disproportionately well, with spending on trunk roads 60% higher in real terms for the year 1989 than a decade earlier. As Dowding (1995, p.114-115) reports, the DoT, using highly dubious cost/benefit techniques, openly advocated the building of major roads projects such as the M3 extension which cut across designated AONB and SSSI and secretly promoted a strategy on behalf of the roads lobby of building 'bypasses' around towns, which often linked together to create major new roads. The overall effect on the rate of rural to urban conversion however, was negligible, because transport planning permissions account for only about 3% of total development proposals - compared to over 70% (DoE Statistics of Planning Applications 1994) for residential developments where no such bureaucratic incentives appear to exist. In short, with the vast bulk of new

⁸There are numerous examples of government enterprises or government supported enterprises operating without the constraints imposed on the wider population. Consider the enforcement of anti-trust laws in the US. or the actions of the Monopolies and Mergers Commission in the UK. Industrial mergers in the private sector or co-operative arrangements between firms are often subject to rigorous scrutiny, supposedly to avoid actions which will reduce competition. Government enterprises on the other hand are often granted monopoly status, with all or most forms of competition outlawed, as was the case with telephones and other 'public utilities' before privatization. In many cases government provision of utilities is given the justification that these are publicgoods where competition in supply is not possible. But, if competition is impossible, why the need to outlaw the entry of private competitors?

In the case of UK planning laws, is it merely coincidental that the two forms of land use where the state itself is an active player - agriculture through the enormous post war subsidy programmes and forestry where the state owns a high percentage of commercial plantations through the Forestry Commission, are also the two forms of land use excluded from statutory planning control (Pennington 1996).

housing development now supplied by the private sector, bureaucratic interests within the state are linked almost exclusively to the expansion of the regulatory regime. This is not to suggest that state provided housing should be seen as an answer to an overly restrictive planning system, but rather might be viewed as further evidence that state bureaucrats as a whole are far from selfless guardians of the public weal.

4.5 Conclusion

This chapter has sought to apply a public choice analysis of bureaucratic incentives in the British system of land use planning. Given the limitations of the available data, the analysis does not permit the conclusion that planning bureaucrats do seek to maximize their budgets, but there is sufficient evidence to treat the budget maximization theory as a serious working hypothesis which might explain the consistent and rapid growth of land use regulation throughout the last thirty years. A political response to the growth of the environmental lobby may account for some of the increase, but the sheer scale and consistent nature of bureaucratic growth, combined with evidence of cost escalation in planning departments, suggests that the peculiar set of incentives within land use agencies may be responsible, at least in part, for the enormity of this expansion. In turn, it appears that the growth of regulation associated with land use budgets, in particular through environmental site designations and the increasing complexity of the planning system, is a major cause behind the declining rate of rural development. It should be considered as a serious possibility, that the continued emphasis on urban containment owes more to bureaucratic expansionism than it does to selfless public concern.

5.

Votes, Parliamentary Patronage & Urban Containment

5.0 Introduction

Chapter four examined bureaucratic incentive structures in the town and country planning system through the lens of public choice theory. This chapter turns to the second 'supply side' element - the legislature. As with the previous chapters, the opening section sketches out the key theoretical concepts which are then used as a framework through which to evaluate the available evidence. The chapter builds on the analysis presented in chapters 3 and 4, suggesting that in addition to the transactions costs of association which favour groups demanding containment regulation and bureaucratic incentives towards regulatory maximization, the electoral and economic incentives facing members of parliament, may also point towards the support of strict containment policies.

When considering the nature of the electoral pressures facing politicians from a public choice perspective, care must be taken to distinguish those political actions which are a response to the concentrated power of interest groups, from those which reflect a response to the more general macro-political climate within which these groups operate. Such care is of particular relevance to the analysis of trends in the British land use planning system presented in this thesis. Thus, the rapid growth in public environmental concern throughout the late 1980s and into the 1990s poses particular problems for a public choice account which seeks to portray the growth of containment regulation as a reaction to the power of interest groups, rather than a response to a macro-electoral climate more generally sympathetic to environmental concerns. The material presented in this chapter seeks to account for these difficulties by considering evidence which highlights both the potential significance of special interest forces and those derived from more general movements in public opinion. The analysis suggests that whilst macro-political factors have undoubtedly been an important set of variables in the cost calculus of British legislators, there is sufficient evidence to suggest that in the case of urban containment special interest pressures have indeed been a powerful factor affecting the form and content of land use legislation. Thus, parliamentary incentives, in part at least, help to complete an 'iron-triangle' of special interest control, restricting the rate of development and the transfer of land from rural to urban uses.

5.1 *A Theory of Legislative Behaviour*

In public choice theory, politicians are viewed as self-interested actors who seek the benefits of income, power, and patronage which are afforded by a position in elected office. In order to secure re-election, politicians 'supply' legislation to the electorate in exchange for a combination of votes, favourable publicity and campaign contributions. Many public choice accounts and especially those of the Virginia school (see for example Tullock 1993), stress the tendency for politicians to court support from majority coalitions of special interest groups rather than from the unorganized mass of the general electorate. According to this perspective, because of collective action problems, the effect of rational ignorance and the phenomena of concentrated benefits and dispersed costs, vote-seeking politicians tend to supply legislation which is to the benefit of rent-seekers with a high per capita stake in a particular policy area. Politicians attempt to win elections by a process of log-rolling or vote-trading in which they make promises to different interest groups in order to secure their votes (Buchanan & Tullock 1982, Tullock 1993).

Special interest theories often stress the important role of institutional arrangements within the legislature in the quest for interest group support. Thus, in order to reap the political benefits of legislation, politicians require arrangements which facilitate the passage of laws conducive to their interests (Spiller 1990). One way to achieve this goal is through the use of specialized legislative committees. By providing committees with agenda control of issues under their jurisdiction, politicians each with limited knowledge, may devolve scrutiny of legislation to representative individuals specialized in a such a way as to maximize the benefits from the passage of laws. Because committee members command more power over issues under their jurisdiction than do general members of the legislature, politicians may self-select across committees according to the nature of their constituents interests. For example, those politicians dependent on the support of a health workers union may self-select to the committee on health and those dependent on industrial interests may self-select to the committee on trade and industry. Self-selection affords politicians a greater ability to influence the flow of legislation and hence to maximize votes or other benefits necessary to maintain elected office (Spiller 1990).¹

¹ Most public choice work on the structure of legislative committees has taken place in the American context, focusing on the Congressional appropriations committees, see Shepsle & Weingast (1987) and Weingast & Marshall (1988). I am not aware of any analysis of UK parliamentary committees working from an explicitly public choice perspective.

The expression of special interest demands may also be facilitated by committee scrutiny of the bureaucratic bodies charged with the implementation of specific policy statutes. Given certain institutional conditions it is in the economic interests of civil servants to maximize budget appropriations and to offer differential support to those interest groups and coalitions of groups with an economic stake in the expansion of the relevant agency. Committee members have an incentive to monitor bureaucratic behaviour so as to ensure that income is diverted to their most powerful constituent groups. Should bureaucratic interests coincide with those of an interest group vital to electoral success of a politician then committee members may fuel the tendency towards bureaucratic growth pushing for increased appropriations and the transfer of income to special interest groups.

The precise form which rent-seeking takes is a product of the particular institutional make-up of the constitution. In highly 'fragmented' political systems such as the United States, rent-seeking and log-rolling behaviour exhibit different characteristics to that found in European parliamentary democracies based on a more centralised governmental system (Tullock 1977, 1993). In the United States for example, legislation, whether initiated by the President or the Congress, needs to pass through both the Senate and the House of Representatives. Rules in both these houses allow legislation to be amended, especially by the powerful congressional appropriations committees which are often dominated by representatives of powerful constituent groups. As a result, rent-seeking behaviour may result in the attachment of all manner of conditions, targeting expenditure at particular states or projects in order to secure the support of organized interests (Dowding 1995). Thus, as the American Congressman Armey found when trying to pass an amendment to reduce the level of federal agricultural support, "There are no weak sisters on the agriculture committee. They do what the committees do very well. They spend five years filling their silos with chits and then they call them in," (quoted in Tullock 1993, p.27).

In more centralized parliamentary systems such as Britain however, overt forms of log-rolling are limited by the fact that legislation is initiated almost entirely by the government (cabinet) or the bureaucracy (civil service) and where strong party discipline allows the government to push through legislation in much the form that it desires (Jordan & Richardson 1979). Similarly, in Britain although their significance has increased markedly in recent years (Judge 1991), parliamentary committees (select committees) have much less power to amend legislation than their American counterparts. This does not mean that rent-seeking and log-rolling are unimportant however, but that they take on a different institutional form. In particular, in more centralized systems, log-rolling is more likely to occur in a relatively informal way, as

rent seekers try to influence the central government behind the scenes, or to exert pressure on it by way of senior MPs. Given the importance of party discipline in these systems, where there may be severe career costs for members who challenge the party line, evidence of overt lobbying of MPs by interest groups and of the executive branch by MP's themselves is likely to occur only when the stakes are very high, as is the case when the governing party has only a tiny majority (Dowding 1995).

Other things being equal the power wielded by interest groups is likely to reflect their ability to provide support for politicians and political parties. As Denzau & Munger (1986) suggest, political support may be supplied directly in the likelihood that interest group members will vote for a particular politician or provide campaign contributions, or more indirectly in terms of a group's ability to control the flow of political information to the rest of the voting public. In the latter case, access to the media may be an important source of interest group power as groups may be able to 'advertise' their aims to a rationally ignorant electorate and to present an appearance of political popularity or unpopularity for the governing party.

The ability of special interests to wield political influence either directly or indirectly may depend on a number of variables characteristic of the group. These variables may be summarized as follows;

$$E = P + S + M + I + W$$

Where E stands for interest group effectiveness, P is an index of pivotality, S = size, M = rate of mobilization, I = intensity of members preferences, W = wealth, and the parameters vary according to the interest group, the policy concerned and the particular period of time in which the decision is made.

In turn, each of the above variables affects the power of an interest group in the following ways;

Pivotality : A group whose support is pivotal to the success of a politician/political party is likely to be more influential than one which falls in the main body of a coalition because the former may be more willing to switch political allegiance in recognition of their pivotal power (Dunleavy 1991).

Size : Politicians favour those interest groups with the largest membership, because they are likely to sway more votes at an election (Posner 1974, Peltzman 1976).

Rate of Mobilization : Groups which represent the majority of their potential members are more powerful than those where a substantial proportion remain weakly mobilized, because undermobilization may indicate a lack of popular support (Posner 1974, Peltzman 1976).

Intensity of Preferences : Groups whose members have an intense preference for a particular policy will be more influential because they are more likely to switch their votes than groups whose members have a less concentrated stake (Dunleavy 1991).

Wealth : A wealthy group will be more influential than a less wealthy group, because the former may be more likely to supply campaign contributions or other forms of financial support (Libecap 1989).

Of these five variables, pivotality is likely to be the first consideration for the politician contemplating the route to electoral survival. The politician with a small majority is more likely to offer support for interest groups if their members votes are vital to her re-election chances. In these circumstances, the key to legislative sensitivity is the size of the parliamentary majority relative to the number of votes controlled by a particular group. More specifically, legislative sensitivity will be greatest where an interest groups' votes are equivalent to half the current parliamentary majority, plus one. To give a numerical example, we can envisage a parliamentary seat with a total electorate of 70 000, a majority of 200 and an interest group controlling 101 votes. In this case, the result at the next election can be changed if all group members switch allegiance, assuming all of them voted previously for the winning party and that all other voters stay faithful to their previous allegiance.

Ceteris paribus, the extent to which a politician or political party seeks to secure additional votes will be dependent on the present size of the majority coalition. A politician with a large and established majority will be less likely to pursue a vote maximizing strategy than one with a more precarious coalition because the marginal utility of votes declines the more politician already has (Rowley 1992, Tullock 1993). The politician with a large majority may be prepared to sacrifice additional votes in order to pursue her personal economic interests or to indulge her ideological preferences. Legislators have economic and ideological interests of their own and given a monopoly status in the period between elections they may pass legislation

which reflects their personal interests or commitment to a particular cause irrespective of public support (Tullock 1993).

An effective interest group need not score highly on all of the variables in the influence equation. For example, a highly mobilized and concentrated group may lose out to a less concentrated opposition if the former does not form part of the ruling party's majority coalition. Thus, the resistance of the UK Conservative government to the strike led by National Union of Mineworkers during the 1980s may largely be explained by the NUM's irrelevance to the governing coalition. Although a highly mobilized and concentrated interest group, the vast majority of NUM members had never voted for the Conservative Party, such that to defy the union would lose the government hardly any votes at all (Dunleavy 1991).

Likewise, a small wealthy group may be more influential than a large heterogeneous group, because the withdrawal of campaign contributions rather than votes may be more important if this reduces the ability of the ruling party to fight an effective electoral campaign. Thus, the refusal of the UK Conservatives to impose a ban on cigarette advertising, may be seen as a reflection of the substantial campaign contributions given to the party by leading firms in the tobacco industry (Mitchell & Bretting 1991). The advocates of a ban by contrast, though far more numerous, represented a loose and disparate coalition unlikely to switch political allegiance over this issue alone and unable to provide the scale of financial support necessary to contribute towards an election campaign.

The special interest processes described above are undoubtedly an important factor in the legislative cost calculus, but there is a tendency in some public choice work, especially of the Virginia school, to overemphasize the electoral response of politicians to concentrated interests and to neglect the importance of more general macro-political factors and the wider context of public opinion against which these processes are set. In order to appreciate the potential significance of these factors it is necessary to explore some of the theoretical implications derived from the Downsian analysis of electoral incentives and its spin-off contributions (Downs 1957).

One of the major advances in political science in the last century was provided in Downs (1957) analysis of electoral competition. In this theory, Downs suggested that office-seeking politicians would converge on the favoured policy platform of the 'median voter', in order to secure the necessary support. According to Downs assuming that voters' opinions are evenly spread out along an ideological spectrum, a party that wants to win an election should offer a policy platform which appeals to the

voter with exactly as many voters on one side of her as on the other, i.e. the median position. In these circumstances, the best that another party can do in order to increase its electoral appeal is to come as close as possible to the policies offered by the other. As a result, parties will converge, offering almost identical bundles of policies to the electorate in order to attract the maximum level of support. This simple analysis is, of course, appropriate under only very restrictive circumstances², but it does go a long way to explain the observed sensitivity of politicians to opinion polls (Forman 1985, McLean 1982, 1985, Kuran 1991) and the tendency for parties to move towards the centre of the political spectrum, especially when an election is imminent (Forman 1985, McLean 1982, 1985). In turn, this sensitivity to public opinion, implies constraints on the power of rent seekers, especially if support for these groups is likely to drag politicians away from the median position.

The basic Downsian theory outlined above, assumes that the policy space in which politicians operate is uni-dimensional, i.e. that the opinions of the electorate can be ranked along a single scale - from left wing to right wing, for example. In practice however, policy space in most societies is multi-dimensional in nature. Of itself, this need not alter Downs' view that politicians will converge on the position of the median voter - assuming that a median position can be found (Enelow & Hinich 1984).

However, unless opinion is distributed in an implausibly symmetrical way (so that every voter who stands on one side on each issue is matched by another who stands on the opposite on every single issue), then no such median position exists. Thus, a fundamental result in social choice theory (Arrow 1951, Black 1958) is that stable majorities typically exist when politics takes place over a single issue dimension, but majorities are almost always unstable when politics takes place over multiple issue dimensions (Riker & Ordeshook 1973, Riker 1982, chapter 7). Under multi-dimensional conditions the set of winning platforms will be 'cyclical', where there is almost always the chance of a new set of policy bundles gaining support against the status quo.

Building on this analysis, (Riker 1982, chapter 9) suggests that politicians, especially those who are the current losers in the political process, have a constant incentive to seek out those issues which might be used to break up the existing winning coalition. The greater the number of issue dimensions, the more likely is cycling and as a result

²In particular it ignores the possibility of 'extremist' abstention if a party moves too far away from its more 'extreme' supporters. Similarly, it ignores the possible loss of support from party workers should a moderate position be adopted. Party activists on whom most politicians rely to 'get the voters out' - through campaigning, canvassing etc. also have a tendency to be more 'extreme' in their opinions than the general electorate. Thus, if a moderate position is adopted and party activists lose the incentive to work for their party this may reduce the party's ability to fight an effective election campaign (McLean 1982).

the greater are the opportunities to mobilize different bundles of policies to defeat the status quo. A primary implication of this theory is that politicians will be eager to detect emergent trends in public opinion, seeking out new emphases in policy which will bring about increased support as the basis of a new winning coalition, without alienating their core supporters (Riker 1982). As a result, elections are especially prone to agenda manipulation, with the winners being the politicians best able to promote those issues which might break up existing coalitions. This analysis implies that legislators will be particularly sensitive to movements in public opinion in order to capture those issues, new dimensions and new emphases within the macro-electoral context which will bring about increased levels of support. In these circumstances policies may be offered, not to get the votes of special interests as the Virginia analysis suggests, but to secure additional support from sections of the unmobilized mass electorate.

Riker's analysis assumes that politicians and their parties respond to the demands of the electorate in a 'preference accommodating' mode. As Dunleavy & Ward (1981, 1991) have suggested however, the standard analysis of vote-seeking behaviour neglects the ability of political parties who have already attained elected office, to use the enormous powers of the modern state in an attempt to 'mould' or 'shape', the preferences of the electorate. In so doing, politicians may seek to strengthen their existing coalitions by seeking to shape the distribution of public opinion in ways which will add to the mainstay of their support. In turn, if politicians are to pursue such strategies successfully they must again be keenly aware of the macro-political factors and movements in public opinion which affect the content of that support.

Dunleavy & Ward (1981) cite the example of British housing policy as a classic case of 'preference shaping' behaviour in this regard. Thus, throughout the post-war era, private homeowners have voted disproportionately in favour of the Conservative Party, whereas public sector tenants have tended to favour Labour. As a result, housing policy has been manipulated by both major parties in an attempt to maximize the number of individuals in the relevant tenures and to alter the pattern of voting in the desired direction. In the 1960s for example, the Labour administration launched a substantial programme of council house building in an attempt to increase the number of pro-Labour tenants, whereas in the 1980s the Thatcher government with its 'right to buy' scheme sought to sell off council houses into the private owner-occupied sector in order to increase the number of pro-Conservative home-owners (Dunleavy 1991).

In order to pursue a successful preference shaping strategy, parties must develop a

clear identity - the equivalent of a brand name in the private market - such that when a party implements policies the beneficiaries will continue to associate their well-being with support for that party (the equivalent of brand loyalty). In turn, if a preference shaping strategy and the associated party identity is aimed at securing the support of a particular winning coalition, then a party cannot simply abandon this stance in order to placate opposition from elsewhere, because to do so would be to threaten the basis of its wider electoral appeal (Przeworski & Sprague 1986). Returning to the example of housing policy, Labour administrations have been unwilling to push up rents to council tenants even under severe financial pressure, in order to preserve their image as the party of council tenants (Dunleavy 1991). Likewise, Conservative governments have been unwilling to end tax relief on mortgages due to their concern to maintain an image as the party of home ownership (Ricketts 1986). Clearly, these developments have reflected the need for politicians to strengthen potential winning coalitions by maintaining a very clear party identity and have not as the Virginia school would suggest, reflected a response to concentrated groups of rent seekers.

The theoretical analysis outlined above suggests that successful political parties must exhibit an ability to respond to changes in the macro-political climate and to trends in public opinion in order to maintain a position in elected office. In turn, this analysis requires qualification of the special interest theory of political behaviour propounded by the Virginia school, sketched out at the beginning of this chapter. In particular, it implies that the ability of politicians to respond to special interest rent seekers in an attempt to secure concentrated blocks of support, will be constrained by the general electoral background, shifts in public opinion and the constraints imposed by party identification strategies, which form the context of their wider political appeal. Thus, if a policy platform supported by an interest group runs counter to general currents in opinion, then politicians are less likely to respond to its' demands, unless there are other benefits such as campaign contributions or the dispensing of patronage which the group might supply. If however, the general political climate provides a more favourable backdrop to interest groups then politicians may be keen to secure their support in an attempt to strengthen a prospective winning coalition. In these circumstances, the problem for the analyst is to decipher the extent to which the adoption of particular policies represents a response to special interest forces, or is a more general reflection of the macro-electoral climate and an attempt to secure support from unmobilized sections of the population. Care must be taken to separate those changes in legislation which may be purely a response to macro shifts in public opinion from those which bear the more distinct mark of a response to organized rent seekers.

Irrespective of whether parties are pursuing preference accommodating strategies, preference shaping strategies, responding to rent seeking interests, responding to macro-electoral conditions, or a combination of all these factors, the decision to legislate in a particular area will be influenced by politicians perceptions of the potential electoral and economic benefits to be gained from the passage of a new law. Formal legislation requires full parliamentary approval through voting and in terms of the time spent preparing documentation, persuading members to accept the legislation, the drafting of amendments and parliamentary debate, is a relatively high cost method of adjusting policy to match changing electoral conditions (Alston & Spiller 1992). This is especially the case when policies are administered in an uncertain political environment. If the future benefits to constituents and legislators from the passage of a new law are uncertain then formal law may not be the best option, because once enacted legislation may not easily be amended to match the shifting electoral pressures. A specific law requires another specific law to override it, which may be costly in terms of the opportunities forgone in satisfying the demands of other constituent groups (McCubbins, Noll & Weingast 1987).

In periods of political uncertainty, legislators are more likely to leave policy adaptation in the hands of bureaucrats and senior government officials. Agency delegation of this sort is a relatively low cost transaction method of administering policies in an uncertain environment (Alston & Spiller 1992, Horne 1995). Policy changes can then be undertaken without formal parliamentary approval and the subsequent level of discretion in the interpretation of policy may provide for low cost adaptation in response to the demands of constituents. Only when the political costs and benefits from a particular policy appear to be certain is formal legislation likely to occur (McCubbins, Noll & Weingast 1987, Alston & Spiller 1992, Horne 1995).

In what follows, the analytical framework outlined in this section is used as a refractive lens through which to view the 'supply side' behaviour of the UK political parties with respect to recent changes in land use legislation. Chapters 3 and 4 developed a public choice account of institutional incentives within the land use planning system and suggested that the progressive decline in the rate of rural-urban land transfer owes much to structural incentives which allow the winners from restrictive policies, aided by an expansionist bureaucracy, to mobilize into an effective lobbying force. In the subsequent pages, these demand and supply factors are coupled with the theory of legislative behaviour outlined above. Evidence of the voting significance of interest groups, trends in public opinion, media influence, political patronage and the structure of the parliamentary committees is reviewed to analyse the legislative stake in support of urban containment.

Similar studies of land use legislation conducted in the United States offer strong support for the public choice approach. These studies use multivariate regression analysis to provide statistical correlations between membership of interest groups, size of constituency majority, campaign contributions and the voting behaviour of Congressmen and Senators (Kau & Rubin 1987). Such an analysis is not appropriate in the United Kingdom context however. First, because these studies have failed to provide any account of the macro-political factors discussed above. And second, because of the different character of the parliamentary process. As noted earlier, in more centralized political systems where legislation emanates from the executive or the bureaucracy and where party discipline is very strict, rent seeking is more likely to take on a less overt, behind the scenes form, so it is not possible to provide direct measures linking individual voting patterns to the support given by organized groups. Similarly, unlike the United States, the disclosure of campaign contributions to political parties is not required by law, so quantitative data on the impact of financial contributions is not particularly reliable. Rather, the data presented here is designed to provide a general indication of the structure of interest representation within the House of Commons, balanced with an account of macro developments in public opinion which may be significant in determining the pattern of land use legislation.

5.2 Votes and Urban Containment

In public choice theory, politicians are seen as office-seekers, who must 'supply' legislation to the electorate in exchange for votes. Virginia school/ special interest accounts stress the tendency of politicians to court votes from concentrated groups of rent seekers rather than from the unmobilized mass of the electorate. According to this perspective, politicians are more likely to perceive vote potential from groups with a high per capita stake in a particular policy area and will attempt to win elections by putting together coalitions of organized interests through a process of log-rolling. Other things being equal, the most highly mobilized groups and those which might prove pivotal to a politician's chances of re-election are likely to be more influential.

Set in this context, of the interest groups considered in chapter 3, the largest in terms of absolute size and hence the potential to exercise electoral power is the nimby/conservation lobby. The Council for the Protection of Rural England has a total membership, including local amenity societies of approximately 560 000 organized around predominantly nimby concerns.

The 560 000 members of the CPRE/local amenity lobby account for approximately 1.3% of the total electorate (42 million). Membership however, is not evenly spread throughout the country with a focus in non-metropolitan constituencies (Lowe & Goyder 1983). Removing the 213 metropolitan seats from the 524 English parliamentary constituencies leaves 311 seats where the conservationists are most likely to be situated.³ Assuming that membership is evenly spread throughout these constituencies then the average non-metropolitan parliamentary seat (70 000) is likely to have approximately 1 800 voters or 2.6% with a direct nimby/conservationist interest.

To discover the potential electoral power of the conservation lobby from a special interest perspective, requires an extension of the analysis to consider the political significance of these votes in relation to the size of the parliamentary majorities in the constituencies where they are situated. Political significance/pivotality is maximized where the conservationist vote is equivalent to half the parliamentary majority plus one. This definition indicates the maximum number of seats in which the conservationist vote alone could theoretically affect the result, because it includes those seats where every conservationist would need to switch their vote, which is most unlikely. The larger the proportion of the conservationist vote required to exceed half the majority, the less significant will be the seat.

An examination of special interest power must also consider the elasticity of a set of votes. In this particular case, what proportion of the conservationist vote would shift its political allegiance away from a party which proposed a relaxation of the regulations which restrict urban developments in the countryside. *Ceteris paribus*, the greater the intensity of members preferences for or against a particular policy, the more likely it is that individuals will be willing to switch their votes in an attempt to affect that policy. There is little in the way of hard data to test the extent to which voters would indeed switch allegiance over nimby issues, because with the exception of the early 1980s, when the Conservatives supported a marginal liberalization, the position of the major parties has been virtually identical in favouring the maintenance or extension of statutory controls. Of itself, this might indicate a perception that there

³ The distinction between metropolitan seats - defined by the Times Parliamentary Companion as those falling within the boundaries of the old metropolitan counties - does not provide a perfect urban/rural distinction. There are actually about 30 seats within the metropolitan area which are on the suburban fringe of the major conurbations and are likely to exhibit more rural characteristics, including a conservationist membership. Equally however, there are a number of seats within the non-metropolitan shires which are predominantly urban in nature and are likely to lack such members, so the distinction drawn here does not bias the analysis in any particular way.

Table 5.1 Green Belt Marginals in England : 1992-1997

Constituency	Majority	%	Winner	Second
Warrington S	190	0.30	Lab	Con
Bolton NE	185	0.38	Con	Lab
Halifax	478	0.83	Lab	Con
Slough	514	0.90	Con	Lab
Hazel Grove	929	1.07	Con	Lib
Dewsbury	634	1.09	Lab	Con
Cambridge	580	1.10	Lab	Con
Bury S	788	1.46	Con	Lab
Bolton W	1079	1.80	Con	Lab
Chester	1101	2.07	Con	Lab
Thurrock	1172	2.17	Lab	Con
Batley & Spen	1408	2.31	Con	Lab
Cannock	1506	2.46	Lab	Con
Cheltenham	1668	2.60	Lib	Con
Basildon	1480	2.75	Con	Lab
Nuneaton	1631	2.75	Lab	Con
Stockport	1422	3.00	Lab	Con
Lancashire W	2077	3.25	Lab	Con
Ellesmere Port	1989	3.30	Lab	Con
Kingswood	2370	3.94	Lab	Con
Sherwood	2190	4.60	Lab	Con

Notes : Lab = Labour, Con = Conservative, Lib = Liberal Democrat

Source : Dods Parliamentary Companion - cross referenced with local Green Belt boundaries.

has been a substantial number of votes to be won. Witness for example, the joint letter to The Times newspaper on February 26th 1996 from the three main party leaders to celebrate the 70th anniversary of the CPRE. This perception may indeed be accurate given the geographic concentration of CPRE membership in areas where statutory designations provide a concentrated stake in the defence of amenity and property values. In many cases, the ownership of property in a designated zone may account for a substantial proportion of an individuals' personal wealth and as a result the preference intensities of these individuals are likely to be relatively high.

Assuming therefore that a proportion of the nimby/conservation lobby has indeed been willing to switch its vote, what have been the likely repercussions for the political parties at Westminster?

Table 5.1 provides a rough indication of the significance of the nimby/conservationist lobby, following the 1992 General Election. The seats listed in the table are defined as

'Green Belt' marginals, ie. those parliamentary constituencies which fall within the boundaries of the various Green Belts. There are in fact more constituencies which are sensitive to the land release question - for example some seats may contain designated SSSI or AONB, but not Green Belt. For present purposes Green Belt constituencies were chosen for ease of cross reference with the relevant parliamentary boundaries and provide at least a reasonable proxy for the areas where the relaxation of national land use designations might have proven politically sensitive.

It can be seen from Table 5.1, that following the 1992 General Election there were 21 constituencies where the conservationist vote alone could theoretically have altered the result of an election. However, in 3 of these constituencies this would have required a swing of 50% or more - an unrealistic assumption. On the assumption that 50% or less might have switched their vote, there were 18 constituencies where the conservation vote might have been pivotal.

Given a House of Commons majority of only 21 for the Conservatives in 1992, these seats would appear to have been highly significant to the electoral fortunes of both the Conservative and Labour parties. Moreover, although there were only 21 constituencies where the conservationist vote alone could theoretically have affected a result, on the assumption that politicians with smaller and less stable majority coalitions are more likely to vote maximize, then these constituencies together with others where MP's are sitting on less than substantial majorities, were likely to have been highly sensitive to conservationist concerns. In addition, those MP's from constituencies with highly organized and vocal nimby/conservationist interests may have been more likely to prefer a 'quiet life' to the likely storm of organized protest and the potential image of unpopularity which might result should the ire of the conservationist lobby be raised.⁴

The position depicted in Table 5.1 marks a substantial increase in the political significance of the 'Green Belt Marginals', when compared to the high water mark of the Thatcher administration in 1983 (Con Maj 144). Of the 21 seats which could theoretically swing on the strength of the conservationist vote alone, only 7 were in a similar position in 1983, plus Chelmsford and Mansfield, making a total of 9. With the exception of Thurrock and Mansfield (Labour), all the constituencies were held by

⁴ We might also add the likely protest from local party workers and councillors concerned about the fate of local council seats, a phenomenon witnessed following the proposal to build the Foxley Wood new town on a designated SSSI in North East Hampshire during the late 1980s (Ehrman 1990).

the Conservatives. The switch to 12 Labour, 8 Conservative and 1 Liberal Democrat since 1983, coupled with a doubling of conservationist membership, reflects the importance of these seats to the overall result of a general election. Labour and Conservatives have had an equal stake in capturing green belt seats and the Liberal Democrats have had the prospect of capturing at least one more of these constituencies (Hazel Grove).⁵

Aside from the conservation lobby, the only other large voting block with a significant stake in the urban containment question are the farmers. As discussed in chapter 3, the continual reliance of the farm sector on agricultural subsidies and more recently conservation subsidies provides the farm lobby with a vested interest in restricting the transfer of land out of agricultural production and into urban uses. Throughout much of the post war era, the agricultural lobby possessed a considerable degree of electoral clout and according to the seminal analysis by Self & Storing (1962), the Labour Party courted the farmers vigorously by offering agricultural subsidies to match those offered by the Conservatives, because it believed that a 25% swing in its favour of farmers, farm workers and their wives could have won it 19 more seats in 1955. According to Howarth (1990), there can be no explanation for the Labour Party passing the 1947 Agriculture Act and continuing thereafter to take an extremely generous attitude to capitalist farmers other than a belief on its behalf that a concentrated block of votes could be won.

In the intervening years the electoral power of the farm vote has declined significantly. From a peak of 210 000 in 1953 (Howarth 1990), NFU membership has fallen in line with the number of farmers and in 1993, although still maintaining a mobilization rate of 80%, membership was down to 114,000 (see chapter 3). Assuming that wives and dependent adults were likely to vote the same way and including the votes of farm workers, there were some 60 seats following the 1970 general election where the agricultural vote alone could theoretically have affected the result (Howarth (1969)). In over half of these constituencies however this would have required a swing of 50% or more and accepting that farmers have a general propensity to favour the Conservatives, there were about 16 seats where the farm vote might have proved pivotal (Howarth 1990). Following the 1983 General Election the number of seats where the farm vote was significant had fallen to only 8.⁶ With NFU membership

⁵ This analysis was confirmed at the time of final editing when the election of a Labour administration on May 1st 1997, saw all of these seats fall to Labour, with the exception of Hazel Grove which returned a Liberal Democrat.

6

Based on the 1981 Census data, Howarth (1990) estimates the maximum voting strength of British agriculture, including farmers, farmworkers, wives and dependents to be approximately 840,000 or

having declined still further since 1983, by the time of the 1992 general election there were only a handful of seats where the farming lobby had any real clout, although given the much smaller parliamentary majority for the Conservative Party in the subsequent years the overall significance of these seats may itself have been somewhat higher. In so far as the farm lobby has had any potential to exercise electoral clout, this is likely to have been confined to its forming part of a broader, rural based anti-urban coalition with the nimby/conservation lobby.

Aside from the conservationists and the farmers, none of the other major interest groups with a stake in containment appear to have had any potential to exercise direct electoral clout. There are 20 000 RTPI members and of the 80 000 RICS membership only half are involved directly in the land release question. Given their substantial bureaucratic stake in land use regulation (chapter 4) the planners of the RTPI might be added to the conservationists in part of the voting block opposed to the deregulation of the rural land market.

The total membership of the house building lobby numbers 32 000 (firms) which are closely aligned to the Conservatives. Of these only the 10 000 FMB members favour a radical liberalization. It is possible to include the construction workers unions in the house building lobby, but there would appear little in the way of benefit to building workers from a substantial liberalization as the likely increase in competition for the larger developers would add pressure to cut prices and costs. The major beneficiaries from only a minor degree of liberalization would be the larger corporate firms able to realize the capital gains on their land banks (chapter 3).

The principal beneficiaries of a radical liberalization would be the consumers of owner occupied housing and tenants in both the private and public/social housing sectors. However, whereas there are incentives for subsets of homeowners in their capacity as 'nimbies' to mobilize against deregulation, there are no incentives for homeowners in their capacity as consumers to organize because of the problems of collective action and the phenomena of concentrated benefits/ dispersed costs facing such groups. It is this differential ability to mobilize around highly focused nimby issues and hence to have a potential effect on the electoral strategies of the political parties which appears to offer the nimby/conservation lobby a decisive advantage in the political stakes.

The simple analysis of voting strength presented above, suggests that nimby/

about 2% of the total electorate.

conservationist opinion as represented by the CPRE has had the potential to exercise a degree of electoral clout. From the position of the Virginia/ special interest theory this would indeed be a significant factor in the political cost calculus and might go a considerable way to explain the willingness of politicians to allow the growth of urban containment regulations. In the light of the theoretical significance of macro-political factors outlined earlier however, it might be argued that this style of analysis simply misses the wood for the trees. Thus, at the very time when there was an apparent increase in the electoral significance of the green belt marginals and the apparent power of the nimby lobby, there was also a major upswing in public concern for the environment and a substantial growth in the wider environmental movement - membership of Friends of the Earth for example increased from 27,000 in 1985 to 120,000 in 1994 or +900% (McCormick 1991, DoE 1994). These factors may well have swamped the importance of CPRE nimbyism in terms of the likely electoral effect on the support for pro-containment policies. A cursory glance at the history of environmental politics in the United Kingdom over the last thirty years reveals the importance of the shift in the general electoral significance of the environment and requires serious questioning of the special interest interpretation.

Most accounts of British environmental politics stress the relatively recent arrival of environmental issues on the political agenda, with the late 1960s and early 1970s widely recognized as the period when environmental concern emerged as a potentially significant political issue. Indeed, it was not until the General Election of 1970 that the major political parties even referred to the term 'environmental policy' in their election manifestos and the creation of the Department of the Environment in that same year was the first time any kind of central responsibility for the environment was established (McCormick 1991, chapter 1 Robinson 1992, chapter 1). This same period also witnessed a sustained growth in the number of environmental organizations, especially those focused on local amenity concerns (Lowe & Goyder 1983). Even so, there was little indication that environmental issues ranked significantly highly with the mass of the electorate, at least in relation to the more traditional electoral battlegrounds focused on the delivery of welfare services, unemployment, economic policy and foreign defence. Thus, Butler & Stokes (1974) analysis of the most salient electoral issues in the 1960s and early 1970s found that the environment barely registered a mention in comparison to unemployment, housing and other welfare services which were still clearly at the forefront of public concern.

Throughout the 1970s and up to the election of Margaret Thatcher's Conservative administration in May 1979, environmental issues maintained their position on the political stage but there was no indication that they might make a significant enough

breakthrough to affect the general electoral support of the political parties (McCormick 1991, Robinson 1992). Thus, although all the three major parties reserved separate sections for environmental policy in their 1979 election manifestos, the impact of these concerns on their fortunes seemed minimal given the over-riding themes of recession, inflation, falling productivity and rising unemployment which characterized this period in British political history. It was not until the re-emergence of economic growth in the mid 1980s, after the deep recession of the early Thatcher years, that major changes in public opinion and government attitudes towards the environment seemed to be underway.

In her initial period of office, Mrs Thatcher's government appeared to show relatively little interest in environmental matters, but from the mid to late 1980s onwards and into the subsequent Major administration, this position was to change radically. McCormick (1991) highlights the now famous speech given by the Prime minister to the Royal Society in September 1988, in which she highlighted the potentially disastrous consequences of global warming, the emission of ozone depleting gases and continued population growth, as the turning point in the Conservative approach. Prior to this speech, the Thatcher administration had been preoccupied with economic policy and in particular its drive to stimulate economic revival through a policy of 'rolling back the state' - including the privatization of nationalized industries, the de-regulation of the financial services sector and a more general attempt to minimize the scope of state controls. Indeed, in the eyes of many commentators the emphasis on minimizing state intervention suggested that the administration might actively oppose the environmental agenda as a potential source of red tape which would further stifle productive efficiency (McCormick 1991) .

The movement towards a more pro-active stance on the environment appears to have been stimulated by a series of events, which included public reaction to some of the government's own policies, the emergence of the environmental issue on the public agenda following high profile international environmental disasters and pressure from external authorities such as the European Union and the United Nations.

In the early 1980s the first signs of the new significance of the environmental agenda emerged when the government proposed the loosening of green belt restrictions around the major metropolitan areas and especially in the South East. As was noted in chapter 3, these proposals prompted vigorous opposition from anti-development campaigners and in particular the CPRE. Taken aback by this opposition, much of it derived from traditional Conservative constituencies, the government withdrew the proposals within months, but the intensity of protest stimulated by the proposals and

the successful media campaign launched by the CPRE, appeared to raise the environment up the political agenda (Marsden et al 1993, Robinson 1992).

In the mid 1980s, a series of unforeseen events on the international stage acted as a further catalyst to public concern. The meltdown of the Chernobyl nuclear power plant in the Ukraine in April 1986 and the resultant radioactive fall-out, stimulated a wave of environmental interest throughout the whole of Western Europe. Similarly, the publication of scientific reports indicating a process of global warming due to carbon dioxide and other gaseous emissions and the discovery of a 'hole' in the ozone layer over Antarctica, achieved massive media attention acting to raise public consciousness to unprecedented heights (Robinson 1992, Pearce & Maddison 1995).

A still further stimulant appears to have resulted from the actions of international organizations and in particular the European Union. Throughout the 1980s the British government came under constant pressure from the EU (European Community at the time) to limit the emission of industrial pollutants and in particular sulphur dioxide in response to growing concern over the effects of trans-national acid pollution (acid rain) in Scandinavia and West Germany. The result of such high profile lobbying, again contributed to the growth of mass environmental concern (Haigh and Lanigan 1995, Skea 1995).

All told, the combined effect of these internal and external forces was to shift the environment from its position as a relatively 'fringe' issue, to the very centre of the political stage. Evidence of this shift is apparent from a variety of sources. Thus, an opinion poll conducted by Mori in July 1989, found that more people (35%) rated the environment as the top political issue than concern for the National Health Service (29%) and unemployment (24%) (McCormick 1991, p.151). Similarly, attitudinal research published in the new reports on British Social Attitudes show a rapid rise in public recognition of environmental concerns from the mid 1980s onwards (Robinson 1992) In addition, the membership of environmental organizations witnessed unprecedented growth in the late 1980s with the combined membership of groups such as Greenpeace and Friends of the Earth increasing by almost half a million (McCormick 1991, DoE 1994) Perhaps most significant of all however, was the unexpectedly strong performance of the UK Green Party at the European Parliamentary Elections in June 1989. Having previously never managed to achieve more than 4.7 % of the vote in any sort of election (local, general or European) the party polled almost 15%, illustrating most graphically the shift in public concern (Robinson 1992, p.209) .

In response to this change in public sentiment, Mrs Thatcher's government appeared to adopt a new line on environmental policy which ran against its wider more anti-interventionist approach. One of the first signs of this new stance came in 1989 with the replacement of Nicholas Ridley as Secretary of State for the Environment with Chris Patten. Ridley, an outspoken advocate of de-regulation and market liberalism had long since raised the ire of the environmental lobby. Patten on the other hand was widely perceived as more sympathetic to the environmental interest (Marsden et al 1993). This change of personnel was to herald the passage of new environmental legislation under subsequent Secretaries of State and the publication of a whole raft of new government statements and policy documents all of which appeared to indicate a pronounced tightening of existing environmental regulations and an overall expansion of the regulatory regime. Amongst the most important of these was the passage of the 1990 Town & Country Planning Act, the 1990 Environment Protection Act, the publication of the 1990 White Paper *This Common Inheritance* (Cmd 1200), the 1991 Planning and Compensation Act and the policy document *Sustainable Development : The UK Strategy*, published in 1994.

Taken at face value this summary of recent history in British environmental politics would appear to imply serious questioning of the special interest interpretation of urban containment policy presented at the outset. In particular, was not the move towards an increase in planning regulation in the late 1980s and early 1990s, a reflection of the wider shift in environmental policy in response to the movements in public opinion documented above ?

In these circumstances, the Rikerian analysis of electoral processes (pp.137-140, below) may seem more appropriate than the rent seeking/special interest approach put forward by the Virginia school. According to a Rikerian interpretation, given the instability of majority coalitions under conditions of multi-dimensional policy space, the environment was an emergent issue in public opinion, which each party and especially the then losers (Labour and Liberal Democrats) would want to capture in an attempt to break up the existing Conservative winning coalition. Under these conditions, parties would be keen to develop a 'brand image', to capitalize on movements in public opinion in order to succeed in attracting support from unmobilized and unattached sections of the general electorate, without alienating their core supporters. Thus, many accounts of British environmental politics in the 1980s stress the importance of the apparently more pro-environment stance adopted by the Labour and Liberal Democrat parties as a final stimulus to the shift in Conservative policy adopted in the late 1980s (Robinson 1992, Young 1995). A Rikerian analysis of these events might suggest that the Conservatives, having recognized the

environment as an emergent election issue, sought to increase environmental regulation, including planning controls on urban development, in an attempt to 'neutralize' the environment as a threat to their majority coalition. In this case, the growth of containment regulations represented a response not to the power of rent seeking interests, but was more a reflection of its electoral pulling power with members of the unmobilized mass electorate.

There is surely little doubt that the growth of public environmental concern was indeed a major factor determining the support given by the Thatcher and Major administrations for an increase in planning regulation. However, accepting that these macro-political pressures were a significant element in the political cost calculus does not discount the relevance of the special interest theory presented earlier. On the contrary, it will be argued below that whilst macro-political developments in the late 1980s and early 1990s provided a more favourable backdrop for the growth of environmental regulation, the actual nature of the policy changes adopted bore the hallmarks of special interest processes operating underneath.

A primary reason for holding to a modified version of the special interest thesis requires a re-emphasis of the concentrated benefits/ dispersed costs phenomena discussed at length in chapter 3. It was argued there, that interest groups lobbying against urban development in the countryside are structurally advantaged in the political process, because the benefits which they lobby for are highly concentrated on members living within locally specific sites. As a result, 'nimby incentives' allow these groups to form a concentrated, socially homogenous block of opposition against development proposals and to defend amenity/property values. By contrast, taxpayer and consumer interests who are the principal losers from urban containment represent a large and diffuse set of interests, unable to mobilize against the effects of planning restrictions. Similarly, non-nimby environmental interests campaigning on much broader environmental concerns (such as habitat losses due to mechanized farming) lack a concentrated focus for their lobbying activities; i) because many of these issues are dispersed in the nature of their effects; and ii) because even when the groups are able to mobilize it is not at all clear which issues have stimulated participation given the heterogeneity of the interests concerned.

The significance of these asymmetries in costs and benefits may help to rebut a potential charge levied against the evidence on the significance of the 'nimby vote' presented earlier (p.144 below). Thus, it might be argued that the re-emphasis on urban containment owed more to the wider growth of environmental groups in the late 1980s and environmental awareness in public opinion, than it did to the theoretical

chance that nimby interests alone might swing political fortunes in marginal constituencies. This interpretation has considerable merit, but it does miss the significance of cost/benefit asymmetries in stimulating political action and in particular assumes that politicians are likely to perceive equal electoral advantage from the adoption of different environmental policies irrespective of the nature of the environmental issue concerned. The significance of the potential nimby vote results from its position as a geographically concentrated group, with a high per capita stake in urban containment and its' potentially greater willingness to switch allegiance according to this issue (see for example, Robinson's 1992 highlighting of green belt issues in key South East seats prior to the 1987 General Election, p.157). By contrast, other environmentalists campaigning across a much broader range of policies represent a much more diffuse and heterogeneous set of interests. Because the per capita stake in issues such as species diversity and urban air pollution is much smaller and because the heterogeneity of the issues concerned prevents any clear focus which a vote seeking politician might respond to, it is plausible to suggest that politicians perceive these issues to have less vote pulling power than examples of nimbyism. Thus, whilst politicians may have been willing to increase planning regulations as part of a more general response to environmental concerns in order to attract votes from unmobilized sections of the electorate (the Rikerian interpretation), they were especially likely to increase containment regulations, because the greater concentration of gains conferred on the beneficiaries (as opposed to other aspects of environmental policy) may have resulted in their securing a more geographically concentrated block of votes as well (the Virginia/ special interest interpretation).

A further defence of the special interest account might accept the Rikerian view that support for containment reflected the need for the Conservatives to 'neutralize' the environment as an issue, increasing regulation in order to create a favourable public image, but would suggest that CPRE/nimby interests have had a particular advantage in the political stakes because of their own ability to threaten party identification strategies in this regard. Within this context, the specific electoral power of the CPRE/nimby lobby may have derived from its position as the representative of a key sub-group within the middle class owner-occupier population, geographically concentrated in areas which are under particular threat from development pressure. The membership of CPRE is composed almost completely of owner occupiers and middle class professionals (Lowe & Goyder 1983), representing a distinctive, socially homogeneous set of voters which are important to the electoral fortunes of all the political parties. Unmobilized middle class professionals living in rural and suburban constituencies and yet to have been faced with development proposals, share many of the same interests in property and amenity values as CPRE/nimby groups and are an

important target group of floating voters (Marsden et al 1993, Murdoch & Marsden 1995). Should a lobby such as CPRE have been seen to oppose the policies of one of the major parties then that parties image may have been seriously damaged with these electors given their similar social position and geographical location. Should any party and in particular the Conservatives which have long marketed themselves as a party of the countryside and the suburbs (Johnston et al 1988, Ehrman 1990, Winter 1996), have acted to liberalize the planning system, then any of the other parties could immediately have rushed to fill the subsequent identity vacuum to portray themselves favourably in a whole swathe of rural and suburban constituencies which were vital to their chances of forming a majority government.

In these circumstances, the effect of CPRE campaigning against the government might have been more likely to have lost the Conservatives votes from latent sections of the rural/suburban middle class to an extent which would not have resulted from the actions of other environmental campaigners, who are much less socially homogenous and geographically concentrated in their origins. There is no quantitative data available to test this hypothesis directly, but at the very least its inferences are not inconsistent with existing accounts of the environmental policy process which have stressed the long standing 'insider' status of the CPRE, compared to the relatively more 'fringe' status of environmental lobbies such as Greenpeace and until recently Friends of the Earth (Jordan & Richardson 1987, McCormick 1991, Robinson 1992).

As further support for the theory that the nimby lobby has exercised differentially more power, it is useful to recall the pattern of events involved in three of the most high profile environmental disputes in the 1980s, which brought about the swiftest responses from the then Conservative administration - all of which involved apparent examples of nimbyism. The first of these examples has already been referred to in this chapter (see also chapter 3) - ie. the Conservative government's 1983 proposals to liberalize the metropolitan green belts. In this case, following a high profile campaign in the national media, the CPRE/local amenity lobby was able to secure the support of almost one hundred Conservative MPs, drawn predominantly from green belt and surrounding seats in the South East, who signed a House of Commons Early Day Motion protesting at the draft DoE circulars on Green Belts. There seems to have been little doubt that this geographically concentrated storm of protest by organized nimby lobbies, was a key factor in the decision of the then Secretary of State for the Environment, Patrick Jenkin, to drop the proposals after only two months (Robinson 1992, p.87).

A further example of the nimby phenomenon was displayed in the run up to the 1987

general election and concerned proposals to develop new dumping sites for nuclear waste. Thus, the attempt by the Nuclear Industry Radioactive Waste Executive (NIREX) in the period 1985-1987, to assess areas such as Billingham, Bradwell, Fulbeck, Killinghome and Elstow for radio-active waste disposal, triggered off immediate and intense public opposition in the areas concerned. The political pressure exerted by the anti-NIREX groups proved too hot for the government to handle and the proposals were dropped just weeks before the general election in June 1987. Although NIREX's decision to pull out was said to be based upon revised cost estimates, it seems more likely that the potential political ramifications in areas where four Conservative MPs, including the Chief Whip, were in danger of losing their seats, was the decisive factor concerned (Robinson 1992, p.108).

As a final and perhaps more significant illustration, consider the role played by nimby/urban containment issues in the run up to the changes in planning legislation which occurred in early 1990s. It was noted earlier that the replacement of Nicholas Ridley with Chris Patten as Environment Secretary in 1989 was seen to have marked a major shift in Conservative attitudes towards environmental policy. However, it is worth recalling that perhaps the defining issue which led to the installation of Chris Patten was Ridley's proposal to allow the development of new settlements in the home counties and most notably his decision to grant on appeal the proposed development of 4800 houses on a designated SSSI at Foxley Wood - ie. a nimby/urban containment issue. It has been suggested by a number of commentators that the threat of electoral losses reflected in the formation of the 90 strong Conservative back bench pressure group SANE Planning in response to this policy, representing one of the most concerted examples of backbench action on an environmental issue, was a determining factor leading to the appointment of Patten (Marsden et al 1993). Significantly, Patten announced the reversal of Ridley's decision on Foxley Wood and effectively put an end to all new settlement proposals in the South East on the very eve of the 1989 Conservative Party conference. Moreover, it was the announcement on the Foxley Wood case which put into train the legislative movements which were to culminate in the 1991 Planning and Compensation Act, the new provisions of the 'plan-led' development control system and the subsequent strengthening of containment regulations introduced following an ammendment drafted by the CPRE (Marsden et al 1993, Murdoch & Marsden 1995).

The examples presented above suggest that nimby/urban containment issues have been a particularly significant factor in the legislative cost calculus. Whilst the movement towards stricter urban containment policies may in part have been a reflection of the wider significance of environmental issues on the macro-political agenda, politicians

may have been especially inclined to increase containment regulations ; i) because the concentration of benefits concerned will have been more likely to sway votes and ii) because middle class nimby groups may have been better able to threaten the identification strategies of the major political parties. A primary implication of this analysis is that urban containment issues should have witnessed a much stronger legislative response than other aspects of environmental policy where the pattern of political incentives does not conform to these criteria. Whilst it is beyond the scope of this thesis to examine in depth the full spectrum of British environmental policy there is sufficient evidence to suggest this as a serious working hypothesis. As a result the growth of containment regulation cannot be attributed solely to the growth of an amorphous environmental movement and shifts in the pattern of public concern.

In order to illustrate this interpretation, it is useful to contrast the continual growth of planning controls designed to curb urban developments in rural areas, with the decidedly more patchy development of regulatory powers in other fields of environmental policy. Perhaps the most striking example of this phenomenon can be seen in the continued reluctance of the British government to control the environmental consequences of subsidized farming. If indeed the growth of containment regulation was purely a reflection of a more general environmental agenda, then one would have expected a corresponding growth of controls on the agricultural sector. In actual fact and in spite of evidence that mechanized farming is one of the most environmentally destructive forms of land use, farming operations have remained largely immune from regulatory control. Thus, Young (1995) has described the developments in this area as akin to 'running up the down escalator'. Government policy has remained a hotchpotch of subsidized voluntary conservation programmes such as the Environmentally Sensitive Areas Scheme, paid for with additional outlays of taxpayers money, leaving most forms of agricultural development, such as the construction of farm buildings outside the scope of statutory control. The fundamental difference between this issue and examples of nimbyism is that the former is much more dispersed in the nature of its effects, whereas the latter affect more concentrated groups of voters in geographically specific areas. Moreover, it may be the case that unmobilized sections of the electorate, especially those in the suburban/rural middle class, identify their own interests more closely with those of nimby groups because they themselves are more likely to face the immediate consequences of urban development than they are the effects (eg. loss of species diversity) of mechanized farming. As a result, party identification strategies might be especially sensitive to nimby concerns.

A similar pattern is discernible in other areas of environmental policy where a

substantial nimby element does not exist. Thus, Pennington (1996) has noted the continued ability of the British forestry companies to resist the imposition of planning controls on industrial forest plantations, in spite of their well known environmental side effects. Skea (1995) meanwhile, argues that the UK government's position on the reduction of sulphur dioxide emissions has been driven by the costs considerations of the major economic actors and in particular the electricity generating companies rather than environmental concerns. The government has been reluctant to increase targets for sulphur dioxide reductions for fear of closing down the remaining coal fired electricity generators. Similarly, Bade & Button (1990) and Button (1995) examine the lack of a coherent strategy to reduce the emission of transport related pollutants. According to these authors, UK transport policy has been dominated by short term policy solutions aimed at localized problems such as noise (where there is a nimby element), to the neglect of a more strategic approach aimed at the reduction of transport externalities (where there is not a nimby element). This analysis has been confirmed by Rydin (1996) who highlights the reluctance of policy makers at both the national and the local level to act in order to improve urban air quality.

Diverse those these issues are, the fundamental similarity between them is that the environmental interest is diffuse in its nature. Nimby issues by contrast, of which urban containment is perhaps the clearest example, affect relatively more concentrated sets of voters and are perhaps more likely to be perceived by politicians as a source of special interest support. Thus, the growth in containment regulation which has occurred since the late 1980s may be attributable in part to the wider upswing in public environmental concern, but the speed with which the government has responded to this issue - including the abandonment of new settlements, a moratorium on out of town shopping development, the introduction of the plan-led development control system and the commitment to confine the majority of new housing to urban sites; compared to the relative levels of inaction elsewhere, is at least suggestive that special interest processes have been in play.

5.3 Patronage, Money and Urban Containment

The electoral considerations documented above may be the primary motivation in the cost calculus of the politician, but the ability of special interest groups to obtain political support is not only a function of their electoral size. Smaller interest groups in particular may have little in the way of electoral clout but may prove influential nonetheless because of their ability to supply other forms of utility enhancement to legislators.

The typical politician may be concerned not only with the number of votes she receives and the size of her majority coalition but also with the personal economic benefits to be derived from a position in elected office. Other things being equal, wealthy interest groups are in the best position to provide direct economic support to parliamentary decision-makers. This support may take the form of campaign contributions and election expenses or alternatively direct financial inducements to individual legislators in exchange for legislative favours. Where financial payments are forbidden, economic benefits may occur in alternative forms, including wining and dining, the offer of directorships on company boards or a senior position in a union hierarchy. In other cases an individual legislator may herself be a member of an interest group with a financial stake in a particular policy and may be able to influence the passage of legislation accordingly.

Patronage relationships of this genre may act to reinforce the vote motive, where a legislator derives economic benefits from an interest group which is an important part of her majority coalition, or may act against the vote motive where the legislator has a safe seat and may be willing to sacrifice a few votes in order to secure the benefits of patronage power.

Tables 5.2 to 5.4 depict the potential for patronage power within the House of Commons for the agricultural, building and environmental lobbies for the parliamentary session following the 1992 general election. The figures were derived from cross references of the lists of members interests within the published parliamentary directories - Dods, Roth, Times and Vachers, supplemented by the official list of members interests published in The Guardian newspaper on 8th May 1996. The data should be treated with some caution because there are undoubtedly some MPs who do not properly disclose the full extent of their interests. A good example is provided with respect to the building lobby. The House Builders Federation had 20 MPs who acted as vice-presidents to the regional branches (Interviews 5 & 6 HBF/BEC), but only 9 registered this particular interest. Similarly, the fact that members have a particular interest or affiliation does not necessarily mean that they will act on the basis of this interest. Rather, the tables indicate the potential for patronage relationships, which may or may not show up in the pattern of land use legislation.

The figures presented reveal the potential for patronage relationships, especially on behalf of the agricultural and building lobbies. What is particularly striking is the number of Conservative members who were themselves active farmers and in many

Table 5.2 Agricultural Interests in the House of Commons : 1992-1997

	Con	Lab	Lib Dem	Total
General	28	10	2	40
Special Interest*	40	1	1	42
Total	68	11	3	82

*Includes all active farmers/large landowners, directors of agricultural firms and registered NFU members

Source : Dods/Roth/Times/Vachers Parliamentary Companions and The Guardian 8th May 1996.

Table 5.3 Construction Interests in the House of Commons : 1992-1997

	Con	Lab	Lib Dem	Total
General	20	9	0	29
Special Interest*	14	1	0	15
Total	34	10	0	44

* Includes members of construction company boards and BEC/HBF/FMB consultants.

Source : Dods/Roth/Times Parliamentary Companions and The Guardian 8th May 1996.

Table 5.4 Environmental Interests in the House of Commons : 1992-1997

	Con	Lab	Lib Dem	Total
General	65	56	3	124
Special Interest*	6	5	2	13
Total	71	61	5	137

*Includes registered members of CPRE/FoE/RSPB.

Source : Dods/Roth/Times/Vachers Parliamentary Companions and The Guardian May 8th 1996.

cases actually members of the NFU. The 40 Conservative members who were farmers represented 12% of the parliamentary Conservative Party, whereas the farming population itself accounted for a mere 0.55% of the total electorate. This over-representation of farming interests continues a pattern which has existed since the introduction of the 1947 Agriculture Act. In the inter-war period there were on average only 10 MP's with an occupational background in farming (Howarth 1990), but by 1950 this figure had risen to 25, by 1951 to 33, by 1955 to 36 and by 1959 there 56 legislators with an occupational background in the agricultural sector.

It is not only in the legislature that the patronage potential of the farmers has been apparent, on the contrary in the cabinet itself there has been a remarkably high level of representation for the agricultural lobby. In 1984, Dods Parliamentary Companion indicated no fewer than 10 Cabinet ministers with close affiliations to farming. In the intervening years the level of representation has not been quite so high, averaging 4 or 5, but there have been periods notably during William Waldergrave's tenure as Secretary of State for Agriculture when active farmers have been at the very pinnacle of decision-making in this regard. With such a high representation of farming interests in both the legislature and the cabinet there may have been opportunities for Conservative members to adopt legislation which has not only been in the economic interests of the farm lobby as represented by the NFU and the CLA, but to their personal economic advantage as well.

A similar pattern of patronage potential is discernible with respect to the building lobby, where 14 Conservative members listed either a position on a company board and/or a consultancy role with one of the major lobby groups representing the house building industry. The reader will recall that there are actually 20 Conservatives who act as vice presidents to the HBF/BEC. Previous data available on the building lobby, reported in Rydin's (1984) work showed 41 members expressing an immediate interest in the construction industry, some of whom were to lose their seats. In addition it must be remembered that construction companies have been major sources of financial contributions to the Conservative Party itself. Although only a minority of business organizations have been shown to supply political donations⁷, Mitchell and Bretting (1991) discovered that of those that do, over 50% were concentrated in either property and construction or in the tobacco industry. Thus, it is reasonable to assume that the potential for corporate patronage on behalf of individual legislators was added

⁷ A comprehensive survey by Labour Research covering the period 1990/91 found that out of 3000 stock exchange companies and 2400 private companies, only 282 made political donations (Labour Research 1992).

to by a weight of corporate donations to the Conservative Party.

Of the three interests presented in the tables the data on the environmental lobby is the most difficult to interpret. Although a large number of legislators list 'the environment' as one of their primary concerns it does not follow that this is necessarily a reflection of the potential for parliamentary patronage. Unlike the agricultural and building lobbies, a much smaller proportion of MPs with environmental interests actually declare a direct interest as either a consultant to, or as a member of a major group. There are a number of possible explanations for this. On the one hand it may be the case that many of the MPs listing the environment do so, not because they have a direct personal interest but because of their desire to create the 'right' public image given the increased significance of the environment on the macro-political stage. Alternatively, it may simply be the case that MPs do not consider environmental groups in the same terms as the more traditional economic lobbies and so do not feel it necessary to document these interests in full.

In spite of these difficulties, it is perhaps reasonable to suggest that environmental interests have a rather lesser potential to exercise patronage power because in general they tend to be financially less well endowed than the agricultural and building lobbies and may be less able to supply paid consultancies to MPs⁸ - though this potential may be increasing as the environmental lobby grows over time. It is perhaps more plausible to suggest that MPs interests in this area are related to electoral considerations more than any direct economic interests. As indicated previously, this may be especially the case with regard to 'nimby' issues in their constituencies, exhibited most clearly by the formation of the 90 strong Conservative parliamentary lobby group SANE planning which contributed significantly to the pressure for the introduction of the plan-led development control system in the 1991 Planning and Compensation Act.

With the relative lack of patronage support for the environmental lobby, one would have expected self-interested legislators to offer support to the conservationists due to the power of the vote motive alone. Otherwise there would appear to have been the prospect of patronage benefits to be derived from the support of either the agricultural or the building lobbies. In practice, the electoral clout of the nimby lobby may indeed have been a serious consideration and under such conditions one would not expect patronage on behalf of the builders to have been exercised to a significant degree. By

⁸ Recall that NFU coffers totalled £21 million in 1993 compared to £3 million for the nimby dominated CPRE (see chapter 3).

contrast, the patronage stake of the agricultural lobby may have acted to reinforce the electoral power of the conservationists because the interests of these two groups in restricting urban development coincide. MPs with agricultural interests benefit from the continual increase in farm subsidies (for production and conservation) and nimbies support such subsidies in order to keep land out of urban uses and thus to maintain amenity and property values. From a public choice perspective one would only expect agricultural patronage to act against environmental interests in those cases where these groups seek a reduction in the prosperity of the farming sector and where such interests do not exercise electoral weight. This is indeed the form that land use legislation has taken over recent years. On the one hand, urban containment regulation and farm subsidies (domestic as well as European) have continually increased, whilst on the other the environmental effects of subsidised farming - where the environmental lobby may have less electoral clout because of the lower per capita stake in these issues - have remained immune from regulatory control.

5.4 Public Choice and The Parliamentary Select Committees

The preceding sections have indicated the potential sources of utility gain for self-interested legislators. On the one hand, the local amenity conservation lobby has represented a concentrated sub set of the environmental lobby which may have had the potential to swing votes in a number of marginal constituencies and on the other the agricultural and building lobbies have been over-represented in the House of Commons, with many legislators especially Conservatives displaying close economic ties to these sectors and the potential to exercise patronage power.

The public choice theory of legislative behaviour suggests that self-interested politicians will seek to maximize the benefits of legislation to themselves by devolving powers to subsets of legislators with specialist knowledge of the demands of their constituent groups. A primary way for legislators to perform this role is to self-select onto the parliamentary committees which monitor the flow of legislation in an area which is central to their political and economic concerns.

As noted at the outset, parliamentary committees in the United Kingdom have far less power to influence the immediate content of legislation than their American counterparts because the committees themselves are devoid of law making powers and cannot attach amendments to proposals emanating from the executive. Nonetheless, the parliamentary committees do provide a point of access to the political system for rent seeking interest groups, and may be expected to mirror the incentive structure

within the rest of the political system. If the public choice account of political behaviour is appropriate and Members of Parliament do act to secure their personal interests then one would expect the membership of the committees to reflect these very processes. The committee system of the House of Commons thus provides a useful testing ground for the public choice approach and should provide further indication of the significance of the motivating forces discussed in the previous two sections. In particular, it should allow consideration of the extent to which agricultural interests have exercised disproportionate influence and allow further indication of the extent to which politicians have been sensitive to the geographically concentrated nimby/conservationist lobby, as opposed to the environmental movement as a whole.

The current system of parliamentary committees, or Select Committees, originated in 1979 following a Procedures Committee report on the operations of the House of Commons published the previous year (HC 588- I 1977/78). This report voiced concerns from back bench parliamentarians that the House of Commons (the legislature) was unable to exercise sufficient control over the workings of government and the civil service bureaucracy (Judge 1992). According to the report, Members of Parliament had become progressively less well informed about the business of government and were correspondingly less well able to exercise their functions and question government activities. As a consequence, the Conservative government elected in May 1979 introduced the select committee system based on the Procedures Committee recommendations. Under the provisions of a parliamentary standing order, twelve select committees were established, 'to examine the expenditure, administration and policy of the principal government departments and associated public bodies' (quoted in Drewry ed.1985, p.30).

The twelve committees were : Agriculture, Defence, Education, Science & Arts, Employment, Energy, Environment, Foreign Affairs, Trade & Industry, Social Services, Transport, and Treasury & Civil Service. These bodies were given powers to send for persons, papers and records from the major government departments and were allotted budgets to publish specialist reports. Membership was to consist of between nine and eleven members, nominated by the House of Commons itself by way of a specialist Committee of Selection.

In the intervening years, academic commentators have focused on the limited nature of the powers available to the select committees and in particular their continuing lack of ability to have a direct impact on policy which remains the product of internal negotiation within the party system and between the government and the civil service (Judge 1992). Even within this relatively limited remit however, there are strong

indications that public choice processes have been in operation. A number of examples point to the significance of political self interest in the exercise of the power by the select committees. These include; the failure of the committees to hold civil servants and ministers to account over public expenditure plans; the tendency for the committees to focus on their own publicity operations; evidence of self selection in the membership structure; and the penetration of the system by special interests, in particular via the provision of information (Drewry et al 1985, Judge 1992).

The terms of reference for the select committees specifically permit them to scrutinize, 'the expenditure ... of the principal government departments and associated bodies'. In practice however, academic research on the activities of these committees has suggested that Members of Parliament have shown little interest in providing a detailed analysis of the government's public expenditure plans and assessing value for money in existing government programmes. Thus, as Drewry et al (1985) discovered in the most comprehensive study of the committee system to date,

"Committees have not used their financial powers to undertake regular and systematic inquiries into public spending and ... have made it clear that they are not prepared to undertake regular and complete scrutiny of the main public spending estimates each year as a matter of routine," (Robinson 1985, in Drewry et al, p.307).

Referring to the specific operations of the Social Services Select Committee, Rush (1985, p.313) suggests that,

"Although the committee has held one or more sittings each session on public expenditure on social services, it can hardly be said that this amounts to an adequate scrutiny of expenditure."

Far from seeking to provide an institutional check on public expenditure, according to Robinson (1985) eight out of the twelve committees could be categorised as 'unremitting spenders' of public money. Thus, according to Ganzs,

" The Transport Committee acted as a pressure group asking for more public expenditure, untrammelled by the responsibilities of government to suggest cuts elsewhere" (Ganzs 1985, p.258).

This apparent failure of the select committees to scrutinize expenditure plans is closely in accord with public choice accounts of legislative oversight which suggest that politicians have relatively little incentive to put downward pressure on spending totals

given that costs savings are thinly dispersed across the mass of the electorate, minimizing per capita gains and the associated political rewards. Rather, committee members are more inclined to push for additional expenditure in response to organized rent seekers demanding transfer payments which will be highly concentrated on their own members in exchange for electoral or other forms of political support.

The importance of special interest pressures leads on to the second important feature of the select committees - the tendency towards self-selection according to the personal interests of MPs. In the House of Commons, self-selection is facilitated by the method of appointment where individual MPs express an interest in becoming a committee member, in some cases lobbying other members and are then appointed by a specialist parliamentary Committee of Selection drawn from both sides of the House. A number of studies examining the membership structure of the select committees indicate strong support for the self selection thesis. Judge's (1991) analysis of the Trade & Industry Select Committee showed that members from predominantly industrial constituencies or those sponsored by industrial/ manufacturing trades unions tended to be over-represented. Similarly, in the case of the Education Committee, Rush (1985) found that the majority of committee members were ex-teachers, ex-members of local education committees or affiliated in some way to a teachers union. Writing in a similar vein, Ganz (1985) found that opposition spokespersons on the Transport Committee were dominated by trades union interests, with four out of five sponsored by railway workers unions. From a public choice perspective, it is not surprising that there has been little attempt by committee members to examine expenditure plans in detail, because the committees have tended to be dominated by individuals representing interest groups or constituencies with a vested interest in increasing the level of public spending which is of particular benefit to them.

The importance of rent seeking pressures has been further reflected in the high proportion of their time which the committees have devoted towards achieving publicity for their recommendations and in particular the publication of policy reports, rather than scrutiny of expenditure. According to Judge (1992), the select committees produced no fewer than 591 reports, including 231 specialist policy reports between June 1979 and June 1990. Although the committees have not been able to influence policy directly, they have recognized the importance of their information generating role. In particular, by publishing specialist reports the committees can place issues on the political stage and accelerate their concerns up the agenda of the executive. The content of these reports has however tended to reflect the interests of the legislators and their rent seeking supporters. Analysis of policy reports has found that the vast majority of the sources quoted are derived from pressure groups, professional

organizations and other government bodies. Research conducted in the mid-1980s revealed that over half of oral and written evidence presented to the select committee inquiries came from pressure groups or quangos (Marsh 1986, Rush 1990). Thus, according to Judge (1992) there is evidence of a symbiotic relationship between interest groups and the select committees, in which interest groups provide the evidence on which the select committees base their policy recommendations. Again, from a public choice perspective it is not surprising that select committees have tended to argue for additional government expenditures (Robinson 1985), given this pattern of political exchange.

In so far as the select committees reflect the overall structure of interest representation and rent seeking pressures within the parliamentary system as a whole, the membership structure of the committees impacting on urban containment should provide a good indication of the underlying incentives responsible for recent trends in land use legislation. If, as membership of the other committees seems to suggest the relevant bodies are dominated by high demand, rent seeking interests then it cannot be expected that there will be pressure to reduce the trend towards stricter containment regulation on the one hand and increased subsidies to the rural lobby on the other. Although the committees may not be able to influence policy directly, if the public choice account is accurate one would certainly expect the membership structure to reflect the electoral strength of the conservationists and the patronage power of the farmers.

There are two House of Commons Parliamentary Select Committees which have a role to play in the question of urban containment, the Agriculture Select Committee and the Environment Select Committee. The agriculture committee is responsible for the monitoring of farm policy and in particular the MAFF, and has the power to make recommendations which might lead to either an increase or decrease in the rate of agricultural support. Increases in subsidies reduce the likely rate of new urban development as farmers are encouraged to maintain their holdings in agricultural uses. The Environment Select Committee meanwhile, scrutinizes the behaviour of the Department of the Environment and its associated quangos with a remit covering the whole gamut of issues ranging from local government finance to inner city regeneration and a raft of environmental policies from nuclear waste disposal to the preservation of ancient monuments. The principal area of jurisdiction which impacts on urban containment is land use planning, where the committee is able to advance policy proposals on planning law and countryside policy.

Table 5.5 Membership of the Agriculture Select Committee : 1985 -1995

1985	1987	1989
Spence (C) *	Wiggin (C) *	Wiggin (C) *
Body (C)	Body (C)	Alexander (C)
Harris (C)	Alexander (C)	Boswell (C) *
Hunter (C)*	Hunter (C) *	Marland (C) *
Spicer (C)	Winterton (C)	Winterton (C)
McQuarrie (C)	Torney (L) <u>M</u>	Martlew (L)
Maynard (L) <u>M</u>	Maynard (L) <u>M</u>	Morley (L)
Nicholson (L)	Nicholson (L)	Jones (L)
Torney (L) <u>M</u>	MacDonald (L)	MacDonald (L)
Strang (L) <u>M</u>		
1991	1993	1995
Wiggin (C) *	Wiggin (C) *	Wiggin (C) *
Alexander (C)	Alexander (C)	Alexander (C)
Amos (C)	Browning (C)	Moate (C)
Bradley (C)	Winterton (C)	Winterton (C)
Winterton (C)	Marland (C) *	Marland (C) *
Marland (C)*	Gill (C) *	Gill (C) *
Gill (C)*	Pickthall (L)	Pickthall (L)
Martlew (L)	Stevenson (L)	Stevenson (L)
Morley (L)	Corston (L) <u>M</u>	Corston (L) <u>M</u>
Jones (L)	Campbell (L)	Campbell (L)

Key : C = Conservative, L = Labour, * = Active Farmer, M = Metropolitan Seat

Source : Dods/Times/Vachers.

Table 5.5 displays the membership structure of the agriculture select committee for alternate years between 1985 and 1995. The data were derived from the Dods Times and Vachers parliamentary companions and were then cross-referenced with the list of members interests. The committee has little direct influence on the 80% of agricultural spending which derives from the CAP, but insofar as it is able to recommend increases in appropriations for domestic subsidies including those on landscape conservation, there is some indication of which set of interests this body represents.

In each of the years under discussion farming interests were a major force on the agriculture committee. In 1985, 3 of the 6 Conservative members were active farmers

and according to the Dods Parliamentary Companion, Andrew Hunter, the member for Basingstoke was both a member of the NFU and a participant on the CLA agriculture policy committee. In addition, another Conservative, James Spicer had a previous career background in farming although no longer himself an active farmer.

The position was little different in 1989, with 3 of the 6 Conservative members active farmers. The committee chairman Jerry Wiggin, the member for Weston Supermare owns a 300 acre tenancy; Paul Marland the member for Gloucestershire West owns a 1000 acre arable farm near Cheltenham and Tim Boswell the member for Daventry, a member of the NFU and former NFU County chairman owns a 450 acre farm and was reported to be in receipt of an annual payment of £22 000 to restrain grain production on his holdings (Roth 1991). In 1988 Boswell tabled a CLA amendment to the Finance Bill, which proposed that farmers be given tax reliefs for subsidised tree planting. In 1995, there were still 3 out of the 6 Conservative members who were active farmers (Wiggin, Marland and Gill).⁹

Throughout the period urban interests were consistently under-represented on the committee, with none of the Conservatives derived from urban seats, even though between 25 and 30% of Conservative MPs hailed from metropolitan areas (Times Parliamentary Companion 1983-1992). Even on the Labour side members derived from predominantly non-metropolitan constituencies, in spite of these accounting for less than 30% of the parliamentary Labour Party (Times Guide to the House of Commons Companion 1983-1992).

The data in Table 5.5 demonstrates that between 1985 and 1995 there was consistently a 25-30% representation of active farmers on the agriculture committee and these typically accounted for at least half of the majority Conservative group. Given that farming interests are already over-represented in the House of Commons (12% of Conservative members), the data are consistent with the view that legislators self-select onto those committees which best reflect their economic or electoral fortunes (in this case economic). Similarly, metropolitan constituency representatives have never accounted for more than 30% of the committee membership and for the vast majority of the period numbered 10% or less, even though these constituencies account for over 40% of seats within parliament (Times Guide 1983-1995).

⁹ The addition of Roger Moate to the committee in 1995 gives further support to the self selection thesis. Moate is a consultant to the British Paper Federation which has a close connection to the Forestry Commission, a Quango attached to the MAFF.

With such a high proportion of members who were either active farmers or representatives of rural seats, there would appear relatively few incentives for committee members to provide a check on any expansionist tendencies in the domestic MAFF budget and to resist the continual transfer of resources to the farming sector. The only exception to this pattern was, until 1987 the position of Richard Body (Conservative), the member for Holland with Boston, himself a former farmer and NFU member who has long been a vitriolic critic of the CAP and agricultural support in general. In 1986, Body was elected as chairman of the committee, but lasted only one year following a campaign by back bench Conservatives who saw his views as antithetical to those of the NFU (Roth 1996).

Giddings (1985, p.66-67) study of the behaviour of the agriculture committee, offers further support for the above analysis. Commenting on the committees inquiries into MAFF expenditure plans, he states,

" No one can be under any illusion that these committee inquiries amount to in-depth investigations of this block of public expenditure. In particular, it is disappointing that outside evidence has not been taken either on the priorities within the agricultural programme or on the value for money obtained."

Robinson (1985) proceeds to note that apart from the MAFF itself, almost all the evidence presented to the committee, comes from groups which have a direct interest in maintaining and enhancing the level of state support for agriculture. This penetration of the committee by rural interests has in turn ensured that its published reports almost invariably involve recommendations to increase spending. Not surprisingly following lobbying by the NFU, CLA and the CPRE, the agriculture committee was at the forefront of moves to introduce conservation subsidies to farmers on top of production support, which were confirmed in the provisions of the 1986 Agriculture Act (Winter 1996).

If the agriculture committee offers support for the public choice/ self-selection thesis it is rather more difficult to decipher the precise nature of representation on the environment committee. In part this relates to the wide range of issues covered under the DoE remit. Unlike MAFF, which has a relatively narrow focus centred around the administration of agricultural support, the DoE has a much wider policy scope than environmental protection, including matters such as local government finance. With so many policies encompassed within this jurisdiction it is difficult to detect any systematic trend towards the self selection of particular economic or electoral interests.

Table 5.6 Membership of the House of Commons Environment Committee : 1985-1995

1985	1987	1989
Rossi (C) <u>M</u>	Rossi (C) <u>M</u>	Rossi (C) <u>M</u>
Alexander (C)	Bellingham (C) *	Bellingham (C)*
Chapman (C) <u>M</u>	Holt (C)	Holt (C)
Jones (C)	Jones (C)	Jones (C)
Mackay (C)	Hunter (C)*	Hunter (C)*
Miscampbell (C)	Mans (C)	Mans (C)
Pike (C)	Squire (C)	Squire (C)
Roberts (L)	Pendry (L) <u>M</u>	Pendry (L) <u>M</u>
Mark-Taylor (L)	Pike (L)	Pike (L)
Smith (L) <u>M</u>	Cummings (L)	Cummings (L)
	Boateng (L) <u>M</u>	Boateng (L) <u>M</u>
1991	1993	1995
Rossi (C) <u>M</u>	Jones (C)	Ainsworth (C)
Bellingham (C)*	Clifton-Browne (C)*	Clifton-Browne (C)*
Holt (C)	Field (C)	Dover (C)
Hunter (C)*	Streeter (C)	Elletson (C)
Mans (C)	Pickles (C)	Patnick (C)
Steen (C)	Thomason (C)	Thomason (C)
Pendry (L) <u>M</u>	Raynsford (L) <u>M</u>	Stephen (L)
Lewis (L) <u>M</u>	Jackson (L) <u>M</u>	Gerrard (L) <u>M</u>
Pike (L)	Barron (L) <u>M</u>	Olnier (L)
Howells (L)	Bennet (L) <u>M</u>	Taylor (LD)
Summerson (L) <u>M</u>		

Key : C = Conservative, L = Labour, LD = Liberal Democrat

* = Active Farmer, M = Metropolitan Seat

Source : Dods/Times/Vachers Parliamentary Companions.

Nonetheless, a general bias in favour of non-metropolitan or rural constituencies is detectable in Table 5.6, which is of particular significance with respect to the committees position in terms of urban containment and the planning system and the earlier argument concerning the voting influence of the nimby/local amenity lobby.

The data presented in Table 5.6 indicates that MPs representing English metropolitan constituencies - defined by the Times Parliamentary Companion as those seats falling within the boundaries of the old metropolitan authorities - accounted for an average 28% of members on the environment committee throughout the period in question,

ranging from a high point of 36% in 1991 and 1993, to a low of 10% in 1995. This compares with a 41% (213 out of 523) representation of metropolitan constituencies in the House of Commons as a whole, the remaining 59% being non-metropolitan, shire county seats.¹⁰ Thus, at no point in the decade 1985-1995 were the metropolitan areas accorded a degree of representation in line with their parliamentary numbers.

The same pattern was discernible on both sides of the party divide. With the exception of 1985, when two Conservative members were drawn from metropolitan seats, Conservative representation in terms of these constituencies has been below the average for the parliamentary party as a whole. Metropolitan representation was 16.6%, 14.2%, 14.2%, 0 % and 0 % for the years 1987, 1989, 1991, 1993 and 1995 respectively, whilst the percentage of the Conservative parliamentary party accounted for by such seats in the equivalent years was 28%, 26%, 26%, 21% and 21% . On the Labour side metropolitan seats accounted for over 70% of the parliamentary party throughout the period, but only in 1993 was a comparable level of representation achieved (when all Labour members were from metropolitan seats). In short, the membership of the environment select committee appears to have exhibited a distinct bias towards the non-metropolitan shire counties.

In turn, this bias offers some additional, if rather crude support for the theory advanced earlier in this chapter - that politicians have been differentially sensitive to the nimby oriented section of the environmental lobby. If indeed legislative action has been driven largely by the general electoral significance of the environment as an issue then one might have expected a more even pattern of representation on the committee between urban and rural areas - urban areas in particular suffering from problems such as air pollution. That non-metropolitan interests have tended to be over-represented is consistent with the view that politicians are more sensitive to rural nimby groups, whose members have a higher and geographically more concentrated per capita stake than the members of non-nimby environmental groups and the populace at large.

Farming interests have also been well represented on the environment committee, though predictably not to the same extent as on the agricultural equivalent. In 1989 and 1991 for example 2 of the 7 Conservatives were active farmers one of which, Andrew Hunter, (an NFU/CLA member) was previously on the agriculture committee. In 1995 meanwhile, Geoffrey Clifton Browne, the member for Cirencester and Tewkesbury and also an active farmer was in receipt of over £60 000

¹¹ Scottish members are not represented on this committee, because environmental affairs in Scotland are dealt with through the Scottish Office. Welsh members are rarely represented because of the role played by the Welsh Office - although there is occasionally some overlap with the DoE.

in agricultural Set Aside payments to restrain production on his 900 acre holdings.

As with the agriculture committee, the membership structure of the environment select committee does not appear to offer incentives for the checking of expansionist tendencies within the system of land use regulation. Non-metropolitan areas, where anti-development interests are strongest have consistently been over-represented on the committee. Thus, recommendations for increased spending and regulatory controls from conservation quangos, planning bureaucrats and anti-development interest groups would concentrate benefits on key groups within members constituencies and thinly disperse costs across under-represented urban taxpayers and consumers. Indeed, far from seeking to restrain regulatory expansion, the membership structure would point to this body acting as a pressure group lobbying for still greater controls. This appears to have been what the select committee has done, lobbying for increased conservation subsidies on the one hand (NCC 1990, EN 1991, CC 1993, Winter 1996), in response to bodies such as English Nature and the Countryside Commission and following pressure from the CPRE, arguing for stricter urban containment on the other. In the latter case, the recommendations in the committee report on 'Out of Town Development' (HMSO 1994), mirroring the sentiments of an earlier report in defence of green belts (HC 275 1984) are closely reflected in a raft of DoE PPGs which argue for the concentration of new development within existing urban centres (chapter 2). Similarly it appears far from coincidental that government policy on housing location seeks to confine the majority of new residential units to 'recycled' urban sites, minimizing development in green-field zones (DoE 1996). If the structure of the parliamentary select committees is anything like a representation of pressures in the legislative system as a whole then parliamentary incentives would appear to complete an 'iron triangle' of interest groups, bureaucrats and politicians, restricting the rate of new development and the transfer of land from rural to urban uses.

5.5 Conclusion

This chapter has sought to use a public choice account of legislative behaviour to understand the pattern of land use legislation in the United Kingdom over recent years. Given the inherent difficulty of separating out the importance of rent seeking pressures from those reflecting the general electoral significance of environmental issues, the analysis cannot be taken as proof that politicians have responded to the electoral and patronage benefits associated with the support of rent seeking interest groups. Nonetheless, there is sufficient evidence to treat this theory as a serious working hypothesis. In particular, although macro-political calculations have been an

important factor the speed with which politicians have acted on the containment issue - in relation to their relative inaction in other areas of environmental concern - and the over-representation of rural areas on the House of Commons committees, suggests that they have been differentially sensitive to the power of the nimby/local amenity lobby, because of the higher per capita stake held by the members of these groups. Similarly, that subsidies to the farm sector (both domestic and european) have continually increased and that agricultural operations have remained largely immune from regulatory control is suggestive of the patronage power exerted by the agricultural lobby and the lesser vote swinging potential of environmentalists in this regard. Politicians appear to have responded to the demands of their constituents, but these demands have been affected by concentrated interests and have been supplied at the expense of a diffuse, unorganized mass of taxpayers and consumers.

6. Public Choice and the Political Economy of Urban Containment in Chester

6.0 Introduction

The previous three chapters have presented a public choice analysis of institutional incentives within the British land use planning system. The evidence adduced offers support for the view that adherence to stringent urban containment policies results from a combination of incentives favouring the continual growth of restrictive planning regulation. The principal winners from planning controls are interest groups who are more able to overcome collective action problems than the principal losers, a bureaucracy with an economic interest linked to the growth of regulation and a legislature whose members electoral and in some cases financial interests are also associated with urban containment. In this sense the evidence on land use planning is supportive of the wider institutional public choice approach to the operation of representative government as a whole.

Suggestive though these chapters are, the analysis remains open to a charge often levied at work emanating from the public choice tradition; that in the search for empirical confirmation of public choice models there is a tendency for many theorists to examine only that evidence which is supportive of their conclusions rather than to explain that which is not. As Hodgson (1988) argues, the true test of a theory is its ability to provide convincing explanations to account for the those empirical facts which are not in accord with its initial suppositions. This chapter attempts to address this issue by examining the history of an individual planning dispute, chosen specifically because it appears to differ from the overall account of decision-making incentives presented thus far.

The chapter adopts a case study approach focusing on the land use planning system in Chester and the decision-making process involved in the proposal to release land for residential and commercial purposes between the late 1980s and the beginning of the new millennium. The introductory section sets out the contextual background to this dispute, a chronology of the main decision-making events and an outline of the key differences distinguishing the case from the broader pattern presented in the earlier chapters. The case study material is divided into two parts; the first examines 'demand side' factors in Chester focusing on the mobilization of interest groups whilst the

second considers the role of bureaucratic organizations and politicians on the 'supply side'. Both sections consider the empirical anomalies demonstrated by the Chester case and attempt to reconcile these with the public choice models presented earlier in the thesis.

Given the difficulties of deriving general conclusions from case studies the chapter should be viewed as an attempt to grapple with a particular anomalous case for the public choice approach and as an opportunity to generate new research questions which might be analysed on a more comprehensive scale in the future.

6.1 Urban Containment in Chester : Contextual Background and Chronology of Events

Case Study Rationale

The Chester location was chosen for the purposes of this study because its recent planning history appears to have differed in a significant way from the overall characterization of land use planning in Britain presented in this thesis. The three empirical chapters in particular, suggested a combination of institutional incentives favouring strict urban containment policies in non-metropolitan England. Thus, chapter 3 argued that the commitment to containment reflects an asymmetric distribution of costs and benefits between the winners and losers in the planning system. In particular, nimby/conservation groups and the agricultural lobby campaigning for a reduction in urban development and an increase in rural subsidies, are better able to overcome the problems of collective action than consumers, taxpayers and non-nimby environmental groups who lose out as a result.

Chapter 4 suggested that the anti-development bias is reinforced by institutional incentives within planning agencies on the 'supply side' which lead bureaucrats towards a strategy of budget maximization. Although the degree of anti-development bias may vary according to the political visibility of the relevant decisions, being particularly strong in designated areas -, in general bureaucratic interests are opposed to greater levels of urban development because budget maximization, especially in non-metropolitan areas is synonymous with a policy of regulatory maximization.

Chapter 5 provided the final link in the 'iron-triangle' against urban development, focusing on the electoral and patronage incentives associated with containment. The chapter argued that due to the electoral clout of the conservation lobby and the patronage stake of agricultural interests in parliament, political incentives on the supply side compound those within the bureaucracy pushing for a still stronger emphasis on urban containment.

Decision-making in Chester however, appears to have departed fundamentally from this characterization of incentives within the planning system as the chronology of events in Table 6.1 shows. In the autumn of 1987 a consortium of private housing developers joined with other business interests in seeking the release of three large sites for a combination of housing and industrial developments and a new road bypass. These sites, Upton By Chester (to the north of the city), Wrexham Road (to the south west) and Mannings Lane (to the east), if developed, would have resulted in the removal of 400 ha from the Greater Chester Green Belt.

On the demand side the proposals generated strong opposition from nimby interests as one would expect from the previous analysis. On the supply side however, bureaucrats and politicians far from supporting the anti-development camp, actively campaigned on behalf of the proposals to release green belt land. In this case a set of non-metropolitan planning bureaucrats appear to have acted against their budgetary interests in urban containment as depicted in this thesis and a set of non-metropolitan politicians acted against their electoral stake in the same way.

When using non-random case studies for comparative purposes in political science, care must be taken to ensure that the research does indeed examine observable phenomena which are distinctive to the case study and are not simply a reflection of underlying processes which may also occur elsewhere, but have yet to be picked up because of inadequate research coverage (Dunleavy & O'Leary 1987, p.347). In order to confirm that Chester had indeed exhibited significant differences two steps were taken in this regard : first, a comprehensive literature search of existing case studies; and second, a media scan using the Financial Times Media Database.

The results of these examinations do indeed appear to confirm the distinctiveness of the Chester case. All empirical studies of major planning disputes in non-metropolitan areas - Connell (1972) in Surrey, Lowe (1977) and Buller & Lowe (1982) in East Anglia, Short et al (1986) in Berkshire, Shucksmith (1990) in the Lake District, Adams (1995) in Cambridgeshire and Murdoch and Marsden (1995) in

Table 6.1 Land Use Planning in Chester - Chronology of Decisions : 1987-1997

Date	Key Planning Decisions
<i>November 1987</i>	Chester City Council publishes Draft Revised Local Plan. Proposes release of land for 7800 new dwellings and 210 ha of employment land. Proposed removal of 400 ha from the Green Belt around the Countess of Chester Hospital, Wrexham Road and Mannings Lane.
<i>November-December 1988</i>	Public Inquiry on Greater Chester Local Plan.
<i>March 1989</i>	Inspectors Report on Greater Chester Local Plan rejects proposals to release Green Belt land except a reduced amount at the Countess of Chester Hospital.
<i>October 1989</i>	Chester City Council rejects Inspectors Report and attempts to adopt plan without modifications.
<i>February 1990</i>	Cheshire 2001 draft replacement Structure Plan published. Supports Chester City Council in its proposal to release 320 ha of Green Belt.
<i>March 1990</i>	Department of the Environment imposes Statutory Holding Order on the Greater Chester Local Plan forbidding the release of Green Belt land until the completion of the new Cheshire Structure Plan in 1991.
<i>October 1990</i>	Examination In Public (EIP) of the Cheshire 2001 Revised Structure Plan.
<i>February 1991</i>	Report of the EIP Panel reduces the amount of land to be released from the Green Belt from 320 ha to 100 ha, situated around the Countess of Chester Hospital and at Wrexham Road.
<i>July 1991</i>	Secretary of State refuses to affirm Cheshire 2001 and the Greater Chester Local Plan unless all Green Belt developments are withdrawn.
<i>March 1992</i>	Secretary of State forces the adoption of Cheshire 2001 without the proposed removal of Green Belt land.
<i>Summer 1992</i>	Developer Consortium instigates legal proceedings against the Secretary of State.
<i>November 1994</i>	Developer Consortium takes Secretary of State to the High Court, but loses the case.
<i>January 1997</i>	Chester City Council publishes new local plan confirming support for the green belt as part of a 'sustainable development' agenda.

Buckinghamshire, have found local councillors and planners to oppose the relaxation of containment policies, or at the very least have been reluctant to see them relaxed. Similarly, Elson et al's (1993) report for the DoE on the effectiveness of Green Belts indicated in its case studies that none of the other relevant authorities had proposed the release of designated land on the scale witnessed in Chester. This research confirms the earlier work of Wood (1982) in Buckinghamshire, which found that 85% of planning applications were refused within Green Belts, rising to 100% in AONBs. Likewise, it is significant that of over 200 proposals put forward by developers for 'new settlements' in the 1980s and early 1990s, only 7 were granted with planning permission (Interviews 17& 18, Pennington 1996). Although some empirical work has suggested that urban districts within the non-metropolitan counties have on occasion sought to allow more development as a way of expanding their jurisdiction into surrounding rural districts (Simmie 1981, Herington 1984), there is little evidence in the published literature to suggest that planners and bureaucrats in non-metropolitan authorities and especially rural districts have actively lobbied for the release of designated land on the scale proposed in Chester. Although Chester is itself a city, its jurisdictional boundaries already encompass a substantial rural hinterland, especially to the south, so it is unlikely that the option of expanding jurisdictional reach was a major factor at play.

The evidence from the literature review was also confirmed by a scan of the national media using the Financial Times Media Database (FT Profile). The Profile system contains a computerised catalogue containing continually updated full text from the major UK newspapers and allows any word in the text or key word to be searched in the entire file. The Profile data should be treated with some caution because it is only since 1991 that universal coverage has been established, the coverage for earlier years being somewhat patchy.

A scan of the years 1988 (the beginning of the Chester dispute) to 1995 found only one other case where the release of designated land on a similar scale to Chester, appeared to have been supported by local planners. This involved the dispute surrounding the preparation of the Newcastle Upon Tyne Unitary Development Plan, which proposed the release of over 450ha of green belt land (10% of the designated area) - proposals which were referred to the Department of the Environment. Newcastle is however, a metropolitan planning authority and is unusual in relation to other such authorities in having a substantial green belt within the metropolitan boundary.

Figure 6.1 The Research Location : Chester

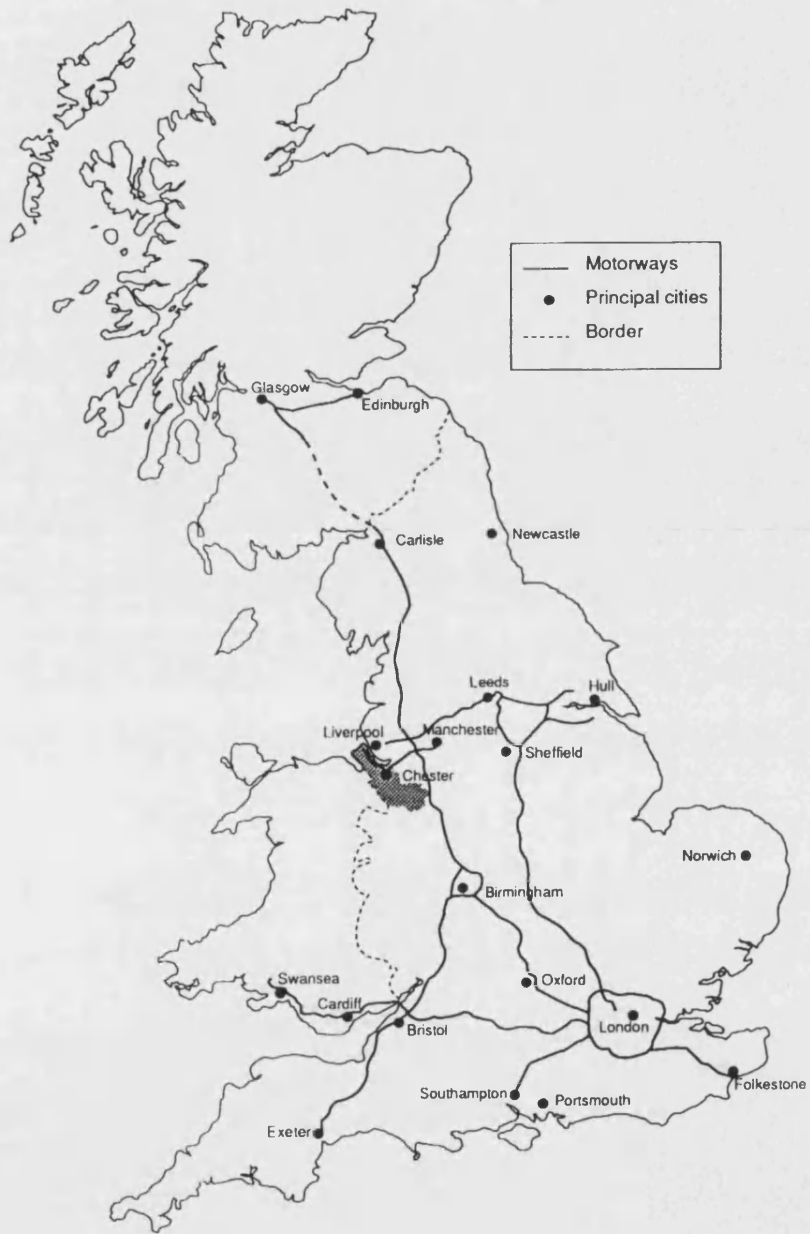
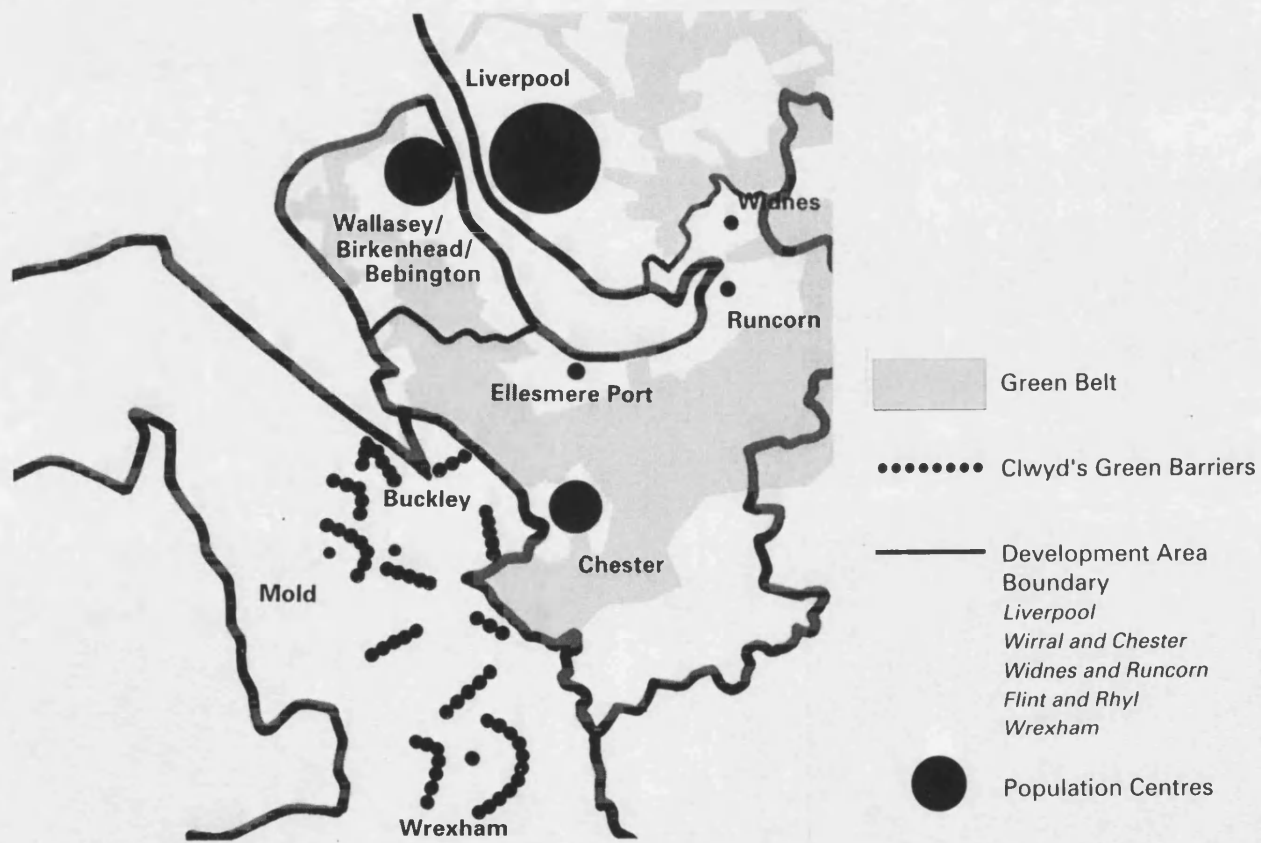


Figure 6.2 Chester and the Green Belt



To summarize, the evidence from the literature review and from the media scan appears to confirm the distinctiveness of the Chester case and thus its appropriateness for purposes of comparative analysis.

The Research Location

The city of Chester is located in a bend of the River Dee just to the south of the Merseyside conurbation (Figure 6.1 & 6.2). As the administrative centre for the county of Cheshire and with a population of 117 000 within the greater Chester district, the city functions as a commercial and shopping focus for a large and prosperous rural hinterland, ranked as the fifth most profitable retail centre in the UK. The central core of the city is famed for its Roman/ medieval origins and attracts a great number of tourists. In 1990 Chester was the recipient of £47 million in tourist expenditures, making it the fourteenth most popular local authority district for tourism in the country (Cheshire County Council 1992).

Throughout the 1980s commercial and industrial development was attracted to the area, in particular to the Chester Business Park located on the southern fringe of the city. Shell UK and Marks & Spencers relocated their headquarters from London and following the completion of the business park in 1987 a number of high technology firms and foreign banks (for example Citi Bank) located their activities in Chester. The financial services sector of the economy grew substantially throughout the period with employment in banking and finance up by over 20% between 1987 and 1992.

The above indicators suggest that Chester is subject to economic trends affecting many areas throughout non-metropolitan England. Pressure for development is intense and the operation of the land use planning system in the greater Chester area reflects many of the political conflicts concerning urban containment which are to be found in comparable areas. The city is surrounded by a green belt formally designated in 1962, which together with other green belts in the county accounts for over 40 % of the Cheshire countryside. Opportunities for urban development within the greater Chester area are severely constrained with the green belt drawn tightly around the central core of the city and extending to an area of 14 000 hectares which includes almost 100% of the rural area within the district. Designations within Chester are particularly restrictive given the city's official status as an historic town (alongside others such as Bath, Oxford, Cambridge and York) and the presence of various archaeological designations with additional statutory protection.

Table 6.2 Average House Prices in Chester : 1981-1991 (1991 Prices)

Year	£000 3 bedroom Semi-Detached
1981	42 000
1982	42 000
1983	44 000
1984	48 000
1985	48 000
1986	50 000
1987	55 000
1988	52 000
1989	60 000
1990	70 000
1991	75 000

Source : Estimates from Local Estate Agents and Cheshire County Council 1992.

To the north and west of the city the Chester green belt joins with the western flank of the Greater Manchester and the southern flank of the Merseyside green belts. These designations merge to form an uninterrupted swathe of land which extends across the entire northern boundary of Cheshire. The situation is no less restrained to the west, with the close proximity of the Welsh border and protective designations in the county of Clwyd adding to the physical limits to expansion provided by the Welsh hills. Within the county as a whole planning designations confine opportunities for green-field development to a relatively small tranche of land in the south and around Crewe.

The analysis in chapter 2 suggested that restrictive planning controls combined with high demand conditions throughout the 1980s were responsible at least in part for the explosive growth in house prices. These forces appear also to have been present within the greater Chester area such that by 1991 real house prices were 78% higher than a decade earlier (Table 6.2). These increases were not as great as those witnessed in South East England, but were in line with the national average increase and substantially above the average for the rest of the North West region (40%), thus confirming Chester's status as a high demand district.

Given the apparent similarities between Chester and much of non-metropolitan England, one would expect the pattern of decision-making within the planning system to conform with that outlined in the previous chapters.

What are the implications of the Chester case for the public choice account of decision-making incentives presented thus far ? Two possibilities appear worthy of particular

note. The first would posit that since this case departs from the public choice framework, the earlier analysis is flawed and cannot be generalized to account for the pattern of decision-making in the planning system as a whole. The second would posit that the analytical framework remains valid and that the Chester case represents a peculiar set of institutional circumstances which happened to produce a different set of results from those characteristic of the rest of the planning system.

In what follows each of these alternative explanations is considered within the context of the demand and supply sides of the political market in Chester. The first section examines the mobilization of interest groups and the pattern of rent seeking in terms of Olson's 'logic of collective action' framework. The second analyses the behaviour of planning bureaucrats on the supply side using the Niskanen/ Dunleavy model of bureaucratic action. The analysis suggests that the Chester case does lend support to the public choice framework. In particular, that supply side actors in Chester supported a substantial incursion into the green belt was a product of a particular set of institutional circumstances not found in comparable areas of non-metropolitan England, where substantial increases in development were of benefit to bureaucratic budgets. In so doing, the focus on identifiable institutional variations distinguishing the case study from the earlier analysis, explicitly avoids the risk of untestable and tautological explanation.

6.2 The Demand Side : Rent Seeking and Collective Action in Chester

Chapter 3 presented a public choice account of interest group behaviour with the respect to urban containment policy and in particular adopted the logic of collective action model to account for the differential rates of organization within the planning system. At the core of this conceptual framework lies a set of incentives which affect the relative rates of mobilization between different sets of interests. This framework can be summarized formally so that for a rational individual to join an interest group the conditions given in the following inequality must be met in full ;

$$(G_i * P/N) + I_i > C_i$$

Where G is the net gain to the individual if the group realizes collective benefits; P is the probability of the group achieving its objectives - ie. the chance of influencing the political authorities; N is the potential membership of the group, I is the private benefits of group membership to the individual and C is the cost of group membership.

The analysis presented in the inequality can be modified beyond the individual's decision to join an interest group to account for the pattern of lobbying/rent seeking behaviour exhibited once the group is mobilized. In these circumstances the terms of the inequality represent the decision structure facing group leaders when deciding how to allocate resources between different lobbying alternatives.

$$(G_i * P) - C_i > A_i$$

Where G is the expected group benefit; P is the probability of additional political pressure affecting the ability of the group to achieve its objectives ; C is the cost of applying political pressure and A is the value of alternative strategies.

The Olson model predicts that groups with a relatively small potential membership and a concentrated membership stake will be relatively more organized and exert greater political influence than large interests with a diffuse stake. The model does not predict that no individuals will join large groups, but that ceteris paribus, it will be more difficult to mobilize larger than smaller groups. The same conceptual framework can be used to assess the validity of the public choice framework for the pattern of decision-making in Chester.

The Conservation Lobby

The principal source of opposition to the proposed release of green belt land around Chester came from the conservation lobby, representing an amalgam of groups ranging from local residents, to the Cheshire Conservation Trust, to the national CPRE. For the purposes of this analysis it is appropriate to separate these groups into two categories; the nimby conservationists and the general environmentalists.

Throughout the period in question, the nimby conservation lobby in Chester consisted of three groups; the Upton Green Belt Preservation Society, representing 223 members in the north of the city around the Countess of Chester Hospital; the Westminster Park Community Association, representing 200 members to the south west of the city around the Wrexham Road site and the Chester district branch of the Council for the Protection of Rural England, with almost 200 members. The public choice analysis presented in chapter 3 argues that 'nimby' interests are motivated by self interest and are able to overcome the 'logic of collective action', at least in part, because their members possess a concentrated stake in the maintenance of site specific

property values. The evidence of interest group mobilization in Chester is broadly supportive of this interpretation.

The Upton Green Belt Preservation Society (UGBPS) was formed in November 1987, following the publication of the draft revised local plan which proposed the release of green belt land in Upton by Chester around the Countess of Chester Hospital. The founder/leader of the group - a retired nurse - occupied a property immediately opposite a field allocated as housing land in the draft local plan and together with a further 8 individuals living on the same estate, helped to form the UGBPS action committee. The committee subsequently mobilized 223 individuals in the wider Upton area by the time of the local plan inquiry (Chester Local Plan Inspectors Report 1989, Interview 22, UGBPS Leader). An additional 320 individuals in the Upton Anglers Association, which used a large pond within the site for fishing were also included in the group. UGBPS also liaised with the Wirral Green Belt Council, a grouping of 50 local amenity societies centred around Ellesmere Port and concerned about the erosion of the 4 mile strip of green belt separating the town from the northern fringe of Chester. In 1988 the UGBPS joined the national CPRE in order to obtain advice on the conduct of the campaign and to attract wider attention to the Chester situation (Interview 22).

The bulk of the rent seeking costs for the UGBPS were borne by the nine members of the committee living within the immediate vicinity of the proposed housing site. The committee members organized the hiring out of a local hall for the purposes of a public meeting, compiled a petition and were also responsible for the printing and postal costs involved in the dissemination of leaflets publicizing the likely impact of the development within the rest of Upton. Costs of group membership were split unevenly with no membership fees or donations solicited from the wider public. Instead, the UGBPS committee requested that individuals write formal letters of objection to the city council, in exchange for representation by the committee members at the local plan inquiry (Interview 22). The costs of participation in the anti-development campaign for the 223 individuals mobilized by the committee were thus relatively small, stretching only to the completion and posting of a letter.

That the major costs of group mobilization should be borne by the those with the largest stake is fully in accord with the public choice account of political entrepreneurship. According to this perspective, individuals expecting to gain disproportionately from the political activities of a group will devote proportionately more time and effort to its organization than those with a less direct interest. In the specific case of UGBPS the organizational committee derived exclusively from an

estate immediately adjacent to the proposed site, whereas the remaining members of the group were drawn from the rest of the Upton area.

Similarly, the rapid mobilization of a previously latent interest, stimulated by a development proposal also corroborates the public choice account of nimby interests presented in chapter 3. In cases such as this, the potential gains from collective action (ie. maintenance of property values) are concentrated on a relatively small and spatially defined group (ie, residents in the vicinity). A good indication of this incentive structure can be seen in the spatial concentration of the objections received by the city council for the plans to develop the Countess of Chester site. Of the 307 objections to the plan, 223 derived from local residents represented by the UGBPS, plus the Upton Anglers Association - an amenity interest with a concentrated stake in the consumption of the site. A further 37 residents were represented by a local Liberal Democrat councillor who was also a CPRE member, leaving a maximum of only 47 objections from individuals living in other parts of Chester and representing general environmental concerns (Chester Local Plan Inspectors Report 1989). The 260 objections from local residents accounted for approximately 1 in 10 of the eligible voting population (2 600) in Upton (Interview 22). Thus, although the UGBPS did not mobilize the entire population with a potential stake in the dispute, the collective action problem was overcome to an extent which did create a relatively concentrated block of opposition to the development proposals.

The Westminster Park Community Association (WPCA) was not formed as an immediate response to the green belt dispute. In contrast to UGBPS, WPCA is a long standing residents group representing 200 members in Westminster Park, a large suburban estate consisting of interwar semi-detached and detached houses, adjacent to the proposed housing and business park development in the Wrexham Road area. The group was formed in the late 1970s to supervise a children's play area and more recently has been involved in the Neighbourhood Watch crime prevention scheme (Interview 23, WPCA ex Secretary). Prior to the preparation of the district local plan and the county structure plan, the association had not engaged in formal lobbying with the authorities. However because the marginal cost of applying political pressure for existing community organizations is relatively small, it is not surprising that WPCA transformed into a nimby lobby. Following the proposals to develop the Wrexham Road site, the leaders of WPCA launched a joint campaign with the UGBPS. Through a combination of public meetings, leafleting and by obtaining group membership of the CPRE, WPCA mobilized opposition within the association and from other individuals in the south west of the city. Between 1987 and 1993 lobbying

expenditure on the anti-development campaign amounted to approximately £1 000 or approximately £3.30 per member (Interview 23).

The third group mobilized against the green belt proposals was the Chester District Society of the CPRE. This group originated in the early 1950s and with an individual membership of just under 200 in 1994, had grown to become the largest of the six district societies under the umbrella of the Cheshire County branch (Interview 24 Secretary District CPRE). As noted in chapter 3, individual membership figures tend to underestimate CPRE mobilization because the bulk of its support derives from residents associations and local amenity societies. These societies form the local backbone of the organization's support and can rapidly transform into nimby lobbies under the CPRE label. This is especially the case in Chester where four local amenity societies (including UGBPS and WPCA) are members, alongside all parish councils in the greater Chester area, the local branch of the National Farmers Union and the Chester Civic Trust. Thus, the total affiliated membership is well over 1 000 (Interview 24).

The district branch makes frequent representations to the Chester City planning authority and following the instigation of the green belt proposals in 1987, launched a campaign which more than tripled the individual membership from 50 to 170. The society has an annual income of £3 000, including grants provided by the County Branch (annual income £15 000 with 700 individual members) and by the London based organization. In the period 1988 to 1992 approximately 25% of the groups' income was spent on the campaign against the proposed development of the green belt sites (Interview 24)

The Chester district branch represents the base of the pyramid structure which characterises the organization of CPRE nation-wide. Typically, district branches consist of a relatively small core of activists - not dissimilar to the UGBPS committee, who organize site specific campaigns in conjunction with amenity interests. Indeed, at the time of interview, the leader of UGBPS was herself chairperson of Chester CPRE (Interviews 22 & 24). Above this level, the county branch co-ordinates the activities of the district societies, often providing help with specific campaigns and reflecting the views of the district societies when county wide planning decisions are made in the structure plan procedure. At the top of the pyramid is the national CPRE which lobbies Westminster and offers media and campaign related advice to local groups. Thus, the national organization is in effect the central co-ordinating body for a host of spatially concentrated local amenity lobbies.

Although it frequently offers advice to the local branches, the London based CPRE is rarely if ever involved directly in specific planning disputes because the opportunity cost of staff time lobbying locally is relatively high (Interview 3, Head of Planning Policy CPRE,). In most cases there is little point diverting staff away from Westminster lobbying when there are already local CPRE groups, often backed by planners who are likely to defeat development proposals. In the case of Chester however, CPRE London launched a full scale campaign against the plans for the green belt, the biggest site specific campaign the organization has ever pursued. National representatives such as Tony Burton appeared at the local plan inquiry and later at the structure plan EIP. Combined with a saturation leaflet drop in the affected areas of Chester, the total cost to the national organization amounted to approximately £15 000 (Interview 3).

That the national CPRE became involved in this dispute appears to have been a response to the unusually high stakes associated with political action in Chester. In this case, the scale of the green belt release proposed by Chester City Council was so great as to threaten the status of green belt policy nation-wide. In particular, the Chester dispute opened the prospect of speculative planning applications around other designated historic towns, such as York, Cambridge, Oxford, Bath and Norwich, where green belt restraints were also very tight. If the proposals had been approved then national planning guidance in PPG2, which states one of the primary purposes of green belts as preserving the appearance of historic towns, would have been ripe for revision. This would have encouraged many more speculative applications by developers which would in turn have damaged the credibility of CPRE with its members, not to mention the additional costs of fighting still further green belt campaigns.

In contrast to the level of lobbying from CPRE interests, general environmental groups appear to have been relatively under-represented in the planning process. The only group to make repeated representations to both the city and county councils throughout the period was the Cheshire Conservation Trust (CCT) - a natural history society with a county wide membership of 4 000 individuals, 200 of which were situated in Chester (Interview 25, Leader CCT).

In some respects the CCT is similar to the CPRE in terms of its objectives and organizational form. The group, like the other county wildlife trusts, focuses on the conservation of specific sites, usually local woodland or meadow land. The Chester CCT for example, had previously fought a campaign to save meadow land to the north east of the city from a proposed equestrian site identified in the Manchester bid to host

the Olympic Games (Interview 24). There is a distinct element of amenity value, such as rambling or fishing in these areas and hence a relatively clear focus for membership amongst users of the sites. However, in general these interests are not specifically associated with individuals actually living adjacent to a proposed development and the stake is correspondingly less. Significantly, unlike the CPRE, the CCT did not record any increase in membership throughout the period of the green belt dispute.

The Chester branch of Friends of the Earth, with only 50 members was the least mobilized of all the recognized environmental interests (Interview 26 FoE Local Organizer). The group did make a written representation in response to the county structure plan, but unlike the UGBPS, WCPA and the district CPRE, it did not lobby the council directly by making representations to councillors or by organizing anti-development petitions. Similarly Chester FoE did not increase its membership during the dispute unlike FoE UK, which doubled in numbers (75 000 to 150 000) over the same period.

A possible explanation for this relative undermobilization, would point to the lack of selective incentives provided by the local FoE group, given the diffuse nature of the costs and benefits associated with the issues on which it campaigns. At the national level, FoE UK - which is itself relatively undermobilized, provides a range of selective incentives to individual members in the form of environmental merchandise and information, but there was no evidence of similar operations in Chester. According to public choice, groups campaigning on diffuse issues need to offer relatively more selective incentives to encourage participation than nimby groups where the concentration of prospective benefits is greater.

Overall, the pattern of mobilization in Chester appears to corroborate the public choice account of group-joining. The conservation lobby in Chester is dominated by spatially concentrated interests. If public choice processes were not in operation, one would expect a much more even participation rate from environmental interests mobilized on the basis of shared values. Groups would mobilize and make representations, irrespective of whether their members have a concentrated stake in a particular planning decision. It might be argued that where development proposals do affect a concentrated group, general environmental interests will guess that these individuals are already involved and that time would be better spent dealing with other matters. However, far from refuting the public choice framework, this analysis confirms that individuals will not join in a political campaign if their additional contribution is unlikely to increase its probability of success. Similarly, the public choice approach provides a convincing explanation of why total affiliated membership of local amenity

Table 6.3 Rent Seeking Costs for the CPRE in Chester : 1991

Costs	UGBPS	WPCA	CPRE (District)	Total
Printing	200	150	600	950
Post & Telephone	250	150	400	800
Hiring of Rooms	50	50	100	200
Travel	100	na	300	400+
Other	400	150	300	850
Total	1500	500	1700	3200
Time Cost (leaders)	300 hrs	200hrs	350hrs	850hrs

Source : Estimates based on Interviews 22, 23 & 24.

Table 6.4 Rent Seeking Costs for the Cheshire CPRE : 1992 - 1993

	1993	1992
Wages	5670	5491
Rent & Rates	891	653
Printing	1345	1353
Postage & Telephone	1727	1362
Insurance	300	153
Annual Report	271	358
Annual General Meeting	202	191
Hire of Rooms	216	272
Audit Fee	309	294
Training	380	476
Various Charges	1174	323
Travel	988	906
Depreciation of Fixed Assets	427	907
Contribution to Trafford Green Belt Action Fund	215	-
District Plan	255	-
Total	14420	12947

Source: Cheshire CPRE Annual Reports.

interests in Chester, focused on the conservation of specific sites, was at least twenty times that of FoE, lobbying across the full range of environmental concerns.

Although the general pattern supports the public choice approach, the Chester example does call into question the specific motives which lie behind the formation of groups such as the CPRE. In the account presented in chapter 3 it was argued that groups mobilize in order to achieve monetary transfers of wealth and in the rent seeking account of nimbyism, it was argued that the driving force behind mobilization is the desire to inflate property values by restricting the level of new development within a particular area (see also Frieden 1978, Fischel 1985, 1995).

Consideration of the data presented in Tables 6.3 and 6.4, which contain estimates of total lobbying costs for environmental interests in Chester and in the county as a whole, requires modification of this specific interpretation. It can be seen from the table that total monetary lobbying costs throughout the period of the planning dispute amounted to no more than £19 000 of which £15 000 came from the national CPRE. It is not possible to estimate the exact 'consumer surplus' derived from such an investment because this is subjective and known only to the individuals concerned, but on the assumption that groups will allocate resources in proportion to the expected gain from political success, it may be concluded that the prospective monetary gain from restricting development is rather small.

On reflection, this is not a particularly surprising finding, for whilst it is true that the overall effect of the planning system nation-wide is to reduce the supply of new development and thereby to raise the price of existing units (especially housing), it is far from clear that the granting of planning permission in one particular area would serve to reduce local property values significantly. Indeed, in some cases where high status development is proposed, for example executive housing or a business park, property values might actually increase as the market profile of the area is raised (Benson 1984). Rather it would take a much more general relaxation of controls to have any significant impact on property values. At the most therefore, it would seem that nimby groups seek to maintain property prices at their current level rather than inflate them significantly.

That pecuniary incentives are not the dominant factor in the mobilization of nimby groups, is given further weight when considering the scale of the non-monetary costs involved in lobbying and the personal characteristics of the group leaders concerned. The major lobbying cost for most of these groups is not the direct monetary cost, for example in publishing leaflets, hiring out rooms for public meetings and telephone

calls to bureaucrats and politicians, but the sheer amount of time required to conduct the anti-development campaign. Group leaders in nimby lobbies do not pay private consultants to conduct a high profile campaign on their behalf, because they do not have the resources for such investment and presumably the financial gain from a successful campaign is insufficient to warrant borrowing money to risk on such a venture.

This interpretation is strengthened by the total absence of younger age groups in the profile of group leaders. All leaders of environmental interests in Chester were over 55 years of age and all were retired professionals. If money was the dominant motive then younger interests - who would need to take time off work in order to attend public inquiries and at the very least sacrifice a large amount of a relatively limited leisure time, would be more likely involved. That older individuals dominate the profile of groups such as CPRE (see Lowe and Goyder 1983 for confirmation) is not at all surprising. These individuals have relatively more spare time to conduct campaigns and to organize group activities, ie. the opportunity cost of time applying political pressure for retired individuals is probably quite low compared to those still in work.

Pecuniary motives associated with increasing property values would appear not to be the prime motivation of nimby lobbies, suggesting that non-pecuniary sources of satisfaction or welfare are more likely to be the objective of these interest groups. In the case of CPRE, perhaps the conservative desire to keep a place as it is, irrespective of the effect on property prices. Again, such motives provide a plausible rational choice explanation for the absence of younger age groups in the membership profile. *Ceteris paribus*, younger individuals will have many more opportunities to move house, should new development alter the character of a particular area. By contrast, older people have relatively fewer options to move and as a consequence the stake in maintaining the character of the area in which they currently live is that much greater. Older individuals may also derive considerable personal utility from neighbourhood ties and social networks which might be lost should they move, again increasing the size of the stake.

It should be noted that the relative absence of pecuniary incentives behind the mobilization of nimby interests, does not in itself undermine the public choice account of group joining. In the specific case of CPRE, it remains the case that the non-pecuniary benefits at stake are spatially concentrated and confined to a relatively small identity set of individuals. It is this spatial concentration which raises the significance of individual participation above the level characteristic of more diffuse interests and

which allows nimby lobbies in large part to overcome the logic of collective action where other environmentalists do not. In turn, it is the ability of nimby groups to organize and to resist development which contributes to the restrictiveness of the planning system overall and which raises property values significantly on a much wider national scale.

The Development Lobby

Support for the development proposals in the Chester green belt derived from a mix of private sector interests, including a consortium of private house builders, the House Builders Federation, local landowners and the local chamber of commerce.

The principal source of support came from a private consortium consisting of three major house building firms, all of which owned land on the Wrexham Road site. The three companies; Wainhomes Ltd - a large regionally based company and Redrow Homes North West Ltd and MacAlpine Northern Ltd - both regional branches of national corporations, first approached the city council in early 1986, prior to the purchase of the site (Interview 27, Managing Director Wainhomes, Interview 28, Head of Planning Redrow North West). A year later the consortium, alongside representatives from the North West branch of the House Builders Federation, participated in a joint housing study with the city council and the Wrexham Road area was subsequently identified for land release in the draft revised local plan published in November 1987.

House building interests in Chester were largely immune from the logic of collective action, with only three firms in the consortium the collective stake was highly concentrated on the members, all of whom would be assured an extremely powerful position within the Chester housing market, should the proposals be approved. The draft local plan proposed the development of 900 houses on 38 ha at Wrexham Road, which in a single planning permission would have given the consortium approximately 11% of the new build homes market in the Greater Chester area (each of the individual firms also had other sites under consideration).

In a sense, developers pursuing planning applications do not actually face a genuine collective action problem, because they lobby for planning permissions which convey private benefits confined to the successful firms. Nonetheless, the development of consortia seeking large block allocations of development land as in Chester and in many other areas in the late 1980s, may be seen as a collective strategy on behalf of

Table 6.5 Rent Seeking Expenses for House building Consortium in Chester : 1987 - 1994

Consultancy/Surveyors Chester Local Plan Inquiry	£ 80 000
Consultancy/Surveyors Cheshire Structure Plan EIP	£ 40 000
Legal Costs - QC and Court Costs	£ 70 000
Other Costs (Promotion etc.)	£ 50 000
Total Costs	£240 000

Source : Interviews 27 & 28.

Notes : These figures are estimates based on interviews with member firms in the consortium. Precise figures are not available because the companies concerned were not prepared to allow detailed analysis of their accounts.

the larger property companies to cartelize local markets for new housing by ensuring that only land collectively owned by the consortia would be released for development, rather than have competition between firms for planning permissions.

Given the tight constraints on development within Chester, it should come as no surprise that the estimated value of the Wrexham Road site for house building was far in excess of its agricultural value. In 1994 local estate agents judged that the site with planning permission for housing would sell for in excess of £2.5 million or 40 times its agricultural price. The figure of £2.5 million represents an approximation of the present value of expected profits of house construction, net of construction costs to the house builders and so one would expect a substantial investment in rent-seeking costs given these prospective gains. The data presented in Table 6.5, which contain estimates of expenditure by the housing consortium between 1987 and 1994 on a combination of planning expenses and legal costs would appear to confirm the presence of such large scale rent seeking. That the consortium was willing to take the Secretary of State for the Environment to the High Court, in response to his overturning of both the local plan and the structure plan, is in itself an indication of the potential gains to be derived from the release of green belt land at Wrexham Road.

The rent seeking costs displayed in the table refer only to the Wrexham Road site, but each of the individual firms in the consortium also reported substantial lobbying costs for other sites within the greater Chester area. Wainhomes for example, spent £100 000 trying to obtain planning permission for a site it owned in the Blacon Meadows area and a further £100 000 on another site in the Sealand Basin (Interview 27).

In addition to the developer consortium itself, house building interests were also represented at the local plan inquiry and the structure plan EIP by the North West branch of the House Builders Federation (Interview 29, Director HBF North West). That the HBF chose to be involved actively in the Chester case is again a reflection of the size of the potential gains at stake. Under normal circumstances HBF do not involve themselves in site specific planning disputes, because this might be seen to be favouring particular firms in the membership over their potential competitors, thus undermining the claim of the HBF to represent the interests of the house building lobby as a whole. However, as was the case with the national CPRE, in this instance the proposed release of green belt land was on such a scale as to challenge the basis of green belt policy with respect to historic towns nation-wide. Thus, the opportunity cost to the HBF of its more general lobbying was likely to be lower than normal in comparison to the potential gains from site specific lobbying in Chester.

The coalition of private sector development interests also included 7 individual landowners and property companies with assets close to the allocated sites. Of these interests only three, including the estate of the Duke of Westminster (which owns land adjacent to the Wrexham Road site), employed consultants and surveyors to press the case for still greater land release, in particular for more housing and the provision of additional business parks (Interview 30, Cheshire Senior Planning Officer; Interview 31, Cheshire Chief Planning Officer; Interview 32, Chester City Chief Planning Officer, Chester Local Plan Inspectors Report, 1988; Interview 33 Head of Planning, Regional DoE; Cheshire 2001 Inspectors Report, 1991).

Actual estimates of lobbying costs for these interests were not obtainable, but on the basis of the fees quoted by house builders in the area, these would probably have amounted to about £30 000. That these interests devoted relatively less expenditure on consultancy than the housing consortium is not surprising. Whereas the house builders land had already been identified in the draft local plan for release, other land owning interests sought additional releases, over and above that proposed and given the likely opposition to these proposals, probably estimated a lower chance of achieving success.

The same logic may also be applied to explain the relatively low rent seeking expenses from the Chester Chamber of Trade, the least organized of all the pro-development interests in the city. This group consisting of approximately 200 small business owners did not employ specialist planning consultants as representatives at either the local plan inquiry or the structure plan EIP and probably spent no more than £5 000

overall by way of involvement in the dispute (Interview 34, Chairman Chester Chamber of Trade). In part this may be explained by the diffuse nature of the gains - in the form of increased trade - from the development proposals. Gains from more development would have been spread widely across all businesses in the city and the chance of the chamber of trade itself influencing the decision of the authorities as opposed to the major development consortium were probably rather slight.

Summary

The pattern of interest group mobilization and rent seeking expenses, summarized in Table 6.6 is broadly supportive of the public choice analysis of interest groups presented earlier in this thesis. The most highly mobilized interest and that with the greatest rent seeking expenditures was the house building lobby, followed by the landowners. According to public choice theory, this is to be expected because these were the groups with the largest potential gains to be derived from the allocation of planning permissions and the smallest groups in terms of potential membership.

Table 6.6 Interest Group Mobilization and Rent Seeking in Chester

Interest Group	Per Capita Stake	Members	Rate of Mobilization	Rent Seeking £'s
House builders	1	3	1	£240 000+
Landowners	1	7	1	£ 30 000
CPRE/NIMBY	3	1 000	2	£ 20 000
Other Business	4	200	3	£ 5 000
Other Environmental	5	50	4	£ 100
Housing Consumers	5	0	5	£ 0

Notes 1 = High, 5 = Low.

The second most mobilized group was the UGBPS/WPCA/CPRE, organized around predominantly nimby concerns. These groups were not able completely to overcome the logic of collective action because the potential membership was much greater than for pro-development interests. Nonetheless, because of the site specific nature of nimby campaigns, the CPRE was able to mobilize a significant number of individuals with a relatively concentrated stake in the preservation of amenity interests and thus to form a powerful anti-development force.

General environmental interests were relatively undermobilized as would be expected given the diffuse nature of the issues concerned. However, the least mobilized of all the potential winners and losers in Chester was the interest as yet unmentioned. As public choice predicts, housing consumers remained totally unrepresented in the political process - excluding the house builders not a single representation at either the local plan inquiry or the structure plan stage was heard from an individual consumer campaigning for the provision of additional housing development.

6.3 The Supply Side : Bureaucrats and Politicians in Chester

Confirmation of public choice incentives on the demand side of the political market, makes the actions of supply side actors in Chester all the more surprising in their departure from the pattern of decision-making presented in earlier chapters. In that account it was argued that the bureaucratic interest of land use planners lies in the expansion of their budgets which in turn requires an expansion of regulations restricting development and which imposes substantial cost and time delays via a complicated administrative process. Although the growth of regulation does not imply that planners will rule against all new building proposals, the highly visible nature of many large scale planning decisions, combined with the political clout of the nimby lobby means that planners are at the very most ambivalent to development interests.

In Chester however, far from being reluctant to permit additional growth, local planning bureaucrats in both the city and county councils actively promoted the proposed release of green belt land in a concerted campaign with the building lobby. Thus, the experience of Chester contradicts the evidence of all the major planning disputes throughout the 1980s in non-metropolitan England. In none of the attempts by private developers to obtain planning permission for the large scale release of green belt or other designated land, did local planning bureaucrats support these proposals.

The plans to develop new settlements at Foxley Wood, Tillingham Hall and Stone Basset were all opposed by planners (Ehrman 1990) and out of a total of 200 similar schemes in the late 1980s, a mere seven were finally granted with planning permission. Most empirical studies of major planning disputes in non-metropolitan areas summarized at the beginning of this chapter, suggest that planners are extremely reluctant to relax controls, especially in politically contentious designated zones.

Similarly, local politicians in Chester far from courting the anti-development vote, offered their backing for the rolling back of the green belt and the eventual defeat of the city council's proposals resulted from intervention by national level bureaucrats and politicians via the DoE. The analysis of electoral incentives in chapter 5 focused on the potential clout of the conservation lobby at the Westminster level, but if anything from a public choice perspective, one would expect local politicians to be even more susceptible to the power of the nimby vote because local councils are subject to annual elections and are correspondingly closer to the political fall-out which might result from the adoption of a pro-development stance. Again, most empirical studies in non-metropolitan areas have found local councillors to be opposed to relaxation of containment policies.

On the face of it, supply side decision-making in Chester appears to contradict the public choice account. Both bureaucrats and politicians in promoting development, appear to have acted in a way that the public choice analysis suggests they should not. If this is indeed the case then the account presented in earlier chapters is called into doubt. It will be argued below however, that far from refuting the public choice perspective, closer analysis of bureaucratic and political incentives in Chester actually offers additional support for the analytical framework. What makes the Chester case stand out is a peculiar set of institutional incentives, where public sector interests were linked to a relatively more pro-growth rather than an anti-growth stance. Public sector action in Chester can be reconciled with economic and political self interest, but given peculiar institutional conditions this interest was manifested in a different way to that found in most of non-metropolitan England.

Local Bureaucrats and Politicians

Bureaucratic control of land use change in Chester is divided between two agencies - the Chester City Council planning department and the Cheshire County Council

Table 6.7 Land Use Planning in Chester - Budget Classification

	Percentage of Budget		
	Staff and Admin.	Transfers to Private Sector	Transfers to Public Sector
	CB	BB	PB
City Council	88	12	0
Other English Districts	98	2	0
County Council	92	8	0
Other English Counties	98	2	0

Source : Chester City Council/Chartered Institute for Public Finance 1992.

planning department. The city council is responsible for the day to day administration of the planning system through the granting and refusal of planning permissions, whereas the upper tier of local government focuses on strategic planning issues through the structure plan system, laying out the general guidelines under which the district authority implements its own local development plan.

In terms of the bureaucratic agency types outlined in chapter 4, both the city and county planning departments may be classified as regulatory bureaux, though as may be seen in Table 6.7, the city council has a somewhat higher bureau budget percentage, consisting of transfers to private sector firms, than is the case in most English district planning authorities. These transfer payments consist mostly of Regional Development Grants administered through the Assisted Areas Scheme (AAS).

The earlier analysis suggested that regulatory bureaux have a bureaucratic stake in the expansion of their regulatory activities and hence are biased against new development. First because their budgets are dependent on a complicated administrative process and second because of the high level of political flak associated with decisions to grant planning permissions in highly visible designated sites.

To some extent this view is supported by the pattern of bureaucratic activity in Chester. In 1983 the city council confirmed a substantial extension to the greater Chester green belt and during the 1980s the number of local conservation designations doubled to cover an area of 890 ha. Similarly, there was little evidence of any

substantial house building activity within designated zones. As in other areas the green belt has a strong deterrent effect, greatly reducing the proportion of medium and large scale planning applications made. On average about 75% of development applications in the Chester green belt relate to some aspect of housing, but these represent less than twenty applications per year, the majority of which are for extensions or alterations to existing dwellings. The city council has also adopted a strict line against small scale housing developments in the green belt such that in 1991, only 10 new units were granted planning permission (Interviews 30 - 33).

Why then did planning bureaux push for a relaxation of some of these constraints which one might think would run counter to their interests ? A plausible answer to this conundrum, which supports rather than refutes the validity of the public choice framework points to the particular institutional make-up of both the city and county planning departments, which distinguishes them very clearly from planning departments in other parts of non-metropolitan England.

Local authority planning departments in England perform five main functions, four of which ; planning policy, development control, enforcement and environment/conservation, may be described as regulatory activities. The planning policy remit involves staff in the drafting of local development plans (districts) and structure plans (counties) and also includes the public consultation and inquiry procedures before planning policies are given formal approval. Development control involves the day to day procedure of reviewing planning applications and the granting or refusal of particular development proposals. Enforcement, as its name suggests, is concerned with ensuring that development control decisions are complied with and includes demolition of buildings erected without statutory approval. The fourth regulatory activity, environment/conservation involves staff in the drafting of local conservation areas, tree preservation orders and the maintenance of local nature reserves within the jurisdiction, in consultation with other statutory bodies such as English Nature and the Countryside Commission.

According to the theory of bureaucratic behaviour presented in chapter 4, planning bureaucrats have an economic stake in the expansion of these activities, all of which are staff and administration intensive. As these activities expand, alongside planning budgets, there is a pronounced bias against new urban developments; in a direct sense with the case of environment /conservation, which specifically designates against development and more indirectly for planning policy and development control. In the the case of planning policy, bureaucrats have an economic incentive in the expansion of plan-making procedures, producing longer and more complex planning documents

and introducing regulatory requirements which discriminate against or delay development proposals. Through development control itself, planners can impose still further cost and time delays by elongating the period over which planning applications are evaluated. In addition the highly visible nature of planning applications, especially large scale applications in designated sites, reduces the incentive for planners to grant planning permission because of the unfavourable publicity and political flak emanating from organized nimby interests.

The incentive structure would appear rather different with respect to the fifth function performed by planning departments - economic development and promotion (a delivery function). Planning staff employed in this activity are responsible for the development of local authority owned land, land reclamation and site assembly, the collection of rents and charges from local authority owned industrial sites and factory units, the payment of grants and subsidies to encourage inward investment and the marketing and promotion of development opportunities within their jurisdiction. Clearly, the expansion of these activities does not discriminate against development but would appear to imply the active promotion of new building. If these bureaucrats are to expand their budgets this would imply that more local authority owned land is developed, more rents and charges are collected from firms locating in the areas concerned and additional marketing and promotion of potential development sites occurs.

If the public choice approach is appropriate one would expect that *ceteris paribus*, those local authorities with the highest proportion of staff employed in the economic development and promotion function would be more inclined towards a pro-development stance, whereas those with the lowest proportion of such staff would rely exclusively on the expansion of regulatory activities for their bureaucratic well being. This hypothesis would appear to correspond with the institutional regime in Chester.

Throughout the 1980s the economic development and promotion function in many English district planning departments was cut back as the Thatcher administration actively sought to curtail the role of the state in the economy. Regional development grants were removed from many areas and local planning authorities were severely limited in the extent to which they could play an active role in the development process. Regional development grants and Assisted Area Status became largely confined to the conurbations of the north and to Scotland and Wales (see Figure 6.3)

Figure 6.3 The Assisted Areas Scheme



Source : DTI (1990,p.10)

and responsibility for economic development was transferred to the county level, but this role was confined to the provision of general strategic planning guidance rather than an active role in the development process itself (Cullingworth & Nadin 1994).

In Chester by contrast, the role of the district and county planning departments in the economic development and promotion function actually expanded, largely due to the granting of Development Area Status (DAS) in 1984 under the Assisted Areas Scheme (AAS), which made the city eligible for a range of central government and European regional development grants aimed at marketing and promotion of development opportunities. For example in 1987, Chester City Council, supported by the European Regional Development Funds, spent a total of £4.5 million on reclaiming and servicing of the Chester West Employment Park, a site which the council also owned (Adams et al 1994, Interviews 30 - 33).

That Chester was able to secure DAS is somewhat surprising given the relatively high demand conditions for housing and industrial land within the area. At 9.1% in 1989, the unemployment rate was below the average for the rest of the North West region (11.2%) and only 1% higher than the national average. However, according to the Regional Office of the DoE, city and county planning bureaucrats lobbied the Department of Trade & Industry (DTI) for DAS, on the basis that the greater Chester area should be included in the Wirral Travel to Work Area where the average unemployment rate was 15%. It was on this basis that DAS was eventually extended from the Wirral Peninsular to include Chester in 1984 (Interviews 30 - 33).

For planning bureaucrats to lobby for DAS status and hence to expand their remit is fully compatible with the public choice analysis of expansionist bureaucracy. In this sense Chester planners had a wider range of budgetary options than those which face planners in other non-metropolitan parts of the country. It is very difficult to say the least, for planners in most of non-metropolitan England and especially in the South to lobby for economic development and promotion budgets when demand conditions are already so high.

Confirmation of the relatively greater importance of the economic development and promotion function to the Chester City planning department is provided in Table 6.8 which compares the structure of staffing arrangements in 1991, i.e. at the height of the green belt dispute, with those of other district authorities in England. Table 6.9 presents some further statistics on staff structure for selected districts in southern England, known for pursuing a more anti-development stance.

Table 6.8 Budgeted Employees by Function in English District Planning Authorities : 1991

	Economic Development	Other Planning	Total	% Economic Development
Chester	8.0	24.0	32.0	25.0%
Non-Metro Districts	608.1	6602.8	7210.9	8.4%
Metro-Districts	696.5	2093.5	2790.0	33.0%

Source : CIPFA Planning and Development Statistics/ Chester City Council 1991.

The contrast between Chester and the other non-metropolitan English districts is very marked indeed. In 1991, 25% of budgeted staff time was allocated to the economic development and promotion function in Chester compared to an average of only 8.4% in the other non-metropolitan districts. The Chi Square Statistic comparing Chester to the rest of the non-metropolitan category (12.21, DF 1) is significant at the 0.1% level. Perhaps even more surprisingly, the 25% figure is comparable to that found in the metropolitan English districts (33%), where one would expect to find a higher proportion of staff engaged in urban regeneration type programmes.

The contrast is even more stark when comparing Chester to the southern districts listed in Table 6.9, with highly restrictive districts in counties such as East Sussex, Oxfordshire, Surrey and Hampshire on average all employing less than 5% of their staff in the growth related function. In part, this might appear to be a statement of the obvious - one would expect high demand areas to employ fewer staff in economic development and promotion activities. However, the data are significant because Chester is a relatively high demand district and yet still employs more staff in economic development than far less prosperous areas in metropolitan England. One has to reach depressed areas such as Barnsley (51%) and Rotherham (28.5%) to find districts with comparable levels of staffing in this activity (CIPFA 1991). The city of Chester would appear to be unique amongst English non-metropolitan authorities in being both a high demand area and at the same time employing a high proportion of staff in promotional functions.

A similar pattern emerges on examination of staffing structures at the county level. Table 6.10 presents data on staffing structures for all the English non-metropolitan county planning departments, where it may be seen that compared to Cheshire only two other counties (Durham and Shropshire), employ a higher proportion of their staff

Table 6.9 Budgeted Employees by Function - Selected English District Planning Authorities : 1991

	Economic Development	Other Planning	Total	% Economic Development
<u>Cambridgeshire</u>				
Cambridge	1.0	55.0	56.0	1.8%
East Cambs.	0.2	13.8	14.0	1.4%
Fenland	2.6	27.8	30.4	8.5%
Peterborough	5.0	51.0	56.0	8.9%
<u>Devon</u>				
East Devon	1.8	33.2	35.0	5.1%
South Hams	3.8	35.2	39.0	9.7%
Teignbridge	4.6	36.4	41.0	11.2%
Mid Devon	1.2	26.2	27.4	4.4%
Torridge	0.6	14.4	15.0	4.0%
Torbay	0.2	35.8	36.0	0.5%
West Devon	1.4	18.6	20.0	7.6%
<u>East Sussex</u>				
Eastbourne	1.5	17.5	19.0	7.9%
Hastings	0.2	29.8	30.0	0.6%
Hove	0.9	22.0	22.9	3.9%
Lewes	0.0	27.6	27.6	0.0%
Wealden	1.0	42.0	43.0	2.3%
<u>Hampshire</u>				
Basingstoke	0.3	50.7	51.0	0.6%
East Hants	0.0	34.0	34.0	0.0%
Eastleigh	2.6	33.4	36.0	7.2%
Fareham	3.0	30.0	33.0	9.0%
Gosport	2.5	15.6	18.1	13.8%
Hart	2.0	30.9	32.9	6.0%
New Forest	2.0	45.4	47.4	4.2%
Test Valley	1.0	43.4	44.4	2.3%
Winchester	0.1	46.4	47.5	0.2%
<u>Oxfordshire</u>				
Cherwell	2.9	34.1	37.0	7.8%
South Oxon	0.3	54.0	54.3	0.5%
V of White Horse	0.0	32.5	32.5	0.0%
West Oxon	1.0	29.0	30.0	3.3%
<u>Surrey</u>				
Reigate	0.8	34.2	35.0	2.3%
Runnymede	0.0	22.0	22.0	0.0%
Spelthorne	0.2	19.8	20.0	1.0%
Surrey Heath	1.4	18.6	20.0	7.0%
Tandridge	1.4	34.6	36.0	3.9%
Waverley	1.8	37.2	39.0	4.6%
Woking	1.5	17.5	19.0	7.9%

Source : Computed from CIPFA Planning and Development Statistics 1991.

Table 6.10 Budgeted Employees by Function in English County Planning Authorities : 1991

County	Economic Development	Other Planning	Total	% Economic Development
CHESHIRE	46.0	81.0	127.0	36.2% **
Durham	41.0	61.0	102.0	40.2%**
Nottinghamshire	40.7	98.0	138.7	29.3%
Lancashire	33.2	62.8	96.0	34.6%**
Humberside	31.6	55.9	87.5	36.1%**
Staffordshire	27.5	107.0	134.5	20.4%*
Leicestershire	26.6	50.6	77.2	34.4%**
Kent	26.6	110.4	137.0	19.4%
Cleveland	24.9	55.5	80.4	30.9%**
Essex	23.0	157.0	180.0	12.7%
Cornwall	20.5	41.1	61.6	33.3%**
Warwickshire	18.6	38.3	56.3	33.0%*
Shropshire	17.0	28.8	45.8	37.1%*
Northumbria	16.8	46.2	63.0	26.6%
Cumbria	13.5	52.5	66.0	20.4%**
Devon	11.2	66.9	78.1	14.3%
E. Sussex	11.0	56.0	67.0	16.4%
Lincolnshire	9.0	26.0	25.0	36.0%**
Bedfordshire	9.0	69.0	78.0	11.5%
Gloucestershire	8.3	41.3	49.6	16.7%
North Yorks	8.0	46.5	54.5	14.7%
Hereford	8.0	38.0	46.0	17.4%
Derbyshire	7.6	89.4	96.0	7.9%
Northants	7.4	30.7	38.1	19.4%
Somerset	7.0	45.0	52.0	13.5%
Wiltshire	6.0	22.5	28.5	21.0%
Suffolk	5.8	39.8	45.6	12.7%
Norfolk	5.5	52.5	58.0	9.5%
Surrey	4.6	86.4	91.0	5.0%
Cambridgeshire	4.0	30.0	34.0	11.8%
W.Sussex	4.0	50.0	54.0	7.4%
Hampshire	1.1	125.9	127.0	0.9%
Isle of Wight	1.0	10.5	11.5	8.7%
Hertfordshire	0.5	80.0	80.5	0.6%
Berkshire	0.3	59.7	60.0	0.5%
Dorset	0.3	54.2	54.5	0.5%
Oxfordshire	0.0	18.5	18.5	0.0%
Buckinghamshire	0.0	33.0	33.0	0.0%
All Counties	526	2208.0	2734.0	19.2%

** = DAS within county * = IAS within county

Source : Computed from CIPFA Planning and Development Statistics 1991.

Notes : Figures for Berkshire and Buckinghamshire are 1992.

in the economic development and promotion function and in absolute terms the Cheshire figure is the highest in the country. The figure 36.2% of budgeted staff time allocated to this activity is at least three times the average for most of the counties in southern England and almost double the average for all the non-metropolitan counties combined (19.2%). Comparing the difference between Cheshire and the non-metropolitan counties as a whole the Chi square statistic (25.78, DF 1) is significant at the 0.1% level. Judging from Table 6.10, it would also appear that the proportion of staff employed in the economic function is related to the presence of DAS or the lesser Intermediate Area Status (IAS). Thus, all of the authorities with at least 30% of staff employed in economic development and promotion had an element of DAS within their county boundaries.

Once again, those counties known for pursuing a particularly restrictive planning regime also appear to be the authorities with the lowest proportion of staff in economic development. Indeed, the figures for counties such as Buckinghamshire, Berkshire, Hertfordshire, Hampshire and Surrey, which have repeatedly come into opposition with central government for setting overly restrictive development targets, are massively lower - 0.0, 0.5, 0.6, 0.9, and 5.0 respectively.

The implications of this analysis for the apparently anomalous case of supply-side decision-making in Chester would appear clear. Put simply, a significantly high proportion of bureaucratic interests at both the district and county levels in Chester had an economic stake in the expansion of the economic development and promotion function, which in turn required the release of green belt land. Access to DAS funds and grants from the European Union were dependent on the promotion of additional growth within the greater Chester area. The provision of new business parks, large scale housing development and a new transport link would complete a large package deal ensuring the continual growth of the economic development function within both the city and county planning departments, an option for bureaucratic expansion which is absent from most other non-metropolitan district or county planning departments in the rest of the country.

It might be argued that the importance of the economic development function in promoting a pro-growth stance is overemphasised in this account, because even in Chester/ Cheshire, the economic function did not employ the majority of staff in planning bureaux and as a result one would still have expected anti-development sentiment amongst the regulatory staff to have prevailed. Such an analysis however, would miss the significance of key arguments presented in this chapter and in chapter 4.

It was noted in chapter 4 that planners' budgetary interests in non-metropolitan authorities correspond with the growth of a complicated administrative system and an expansion of regulation. It was also noted, however, that although these processes lead to a general anti-development bias, opting for a more pro-development stance by granting more planning permissions need not reduce the overall level of expenditure on the regulatory process. It is conceivable that planners could increase the overall level of regulation through the lengthening of the planning process and elongation of development control procedures, but still at the end of the day rule in favour of developers. That most planners are reluctant to allow development proposals and especially large scale development is rather a product of the high profile nimby opposition they would face, especially in designated zones such as Green Belts.

In the case of Chester, there need not have been a direct budgetary trade off between expanding the economic function and maintaining regulation. Increasing the budget of the economic development and promotion function as a result of DAS status, did not imply a reduction in the level of expenditure on regulatory functions. On the contrary, budgetary increases due to the expansion of the economic function were likely to be on top of the existing regulatory budget and implied no reduction in the overall level of regulatory activity in Chester. In these circumstances, the total budget of the agency would have been enlarged, improving job security for all its members. It seems likely that in the Chester case, bureaucrats had an incentive to overcome the political flak from the nimby lobby because the existence of DAS status gave them an additional option for bureaux expansion on top of their regulatory functions. That such processes do not appear to occur in most other parts of non-metropolitan England is due in part to the absence of DAS status. In these areas, there is little if any scope to expand the agency budget through economic development and promotion and there is consequently less incentive to overcome the political opposition from organized nimby lobbies.

However, a note of caution is appropriate, relating to the aggregate nature of the data presented in the earlier tables and the focus of previous empirical work suggesting an anti-development bias in non-metropolitan authorities. Many previous case studies suggesting a restrictive planning stance have focused on rural districts, but there is some evidence to suggest that urban districts, even within the non-metropolitan group might on occasion opt for a more pro-development stance (Simmie 1981, Herington 1984). A primary reason for this is that urban districts can, by allowing development to threaten expansion into neighbouring rural districts, make a case for the redrawing of urban boundaries in order to expand the geographical scope of their remit and hence

expand revenues and budgets. As a result, some commentators have noted periodic conflicts between rural districts seeking to maintain a strict anti-development stance and their neighbouring urban districts opting for a more pro-development position (Simmie 1981, Herington 1984). In this case a rural /urban divide within the non-metropolitan authorities - not picked up in the earlier tables - might open up another possible cause of difference in the degrees of planning restraint operated by different institutional types of authority, in addition to the relative significance of the economic function. The contrast drawn here between Chester and the general tendency for non-metropolitan authorities to be biased against development does not pick up on the possibility of a rural /urban divide. Thus, although Chester is a city the actual district boundary includes a substantial rural hinterland into which it might expand, without the possibility of conflict with neighbouring rural authorities.

Overall, the evidence of bureaucratic behaviour in Chester is consistent with the theory already hinted at in chapter 4. That is, when public sector budgets are linked to the expansion of development, as was the case with state provided housing in the 1960s and 1970s and still to this day in the provision of state owned roads, regulatory controls on urban growth are more likely to be relaxed.

In order to offer conclusive support for this theory, it would be necessary to develop a fully specified empirical test correlating the budget structure of planning departments and rural district/urban district differences, to relative degrees of planning restraint. The published data sources are not however amenable to this form of quantitative analysis. The major source of nation-wide data on development control - the Development Control Statistics published by the DoE, does not provide a reliable measure of planning restraint. In particular, published figures on the percentage of planning applications granted do not take into account the deterrent effect which a restrictive planning stance may have on the number and location of applications received and may produce perverse results. Thus, local planning authorities pursuing the most restrictive regimes may actually approve a very high percentage of the planning applications which they do actually receive. In these circumstances, the aggregate data conceal the fact that restrictive authorities may receive relatively fewer applications or may see their applications concentrated into existing urban areas where they may be more likely to grant planning permissions. Controlling for such factors would require a special enquiry through individual local authorities in order to obtain a large enough sample of planning agencies, a task in terms of time and financial cost which is beyond the scope of this thesis.

Setting aside the problems associated with the development control statistics, other sources of evidence do however indicate additional support for the theory presented in this chapter. Thus, in Chester itself, the presence of other pro-development public sector interests, in addition to the city and county planning departments offers further evidence in accord with the analytical framework. Both the Mersey Regional Health Authority and the Cheshire County Highways department lobbied vigorously for the relaxation of the greater Chester green belt. From a public choice perspective, the interests of these agencies in securing the release of land for development were quite clear.

In the case of the regional health authority, bureaucratic interests were linked directly to the release of land at Upton by Chester and around the Countess of Chester hospital, because the health authority itself was the owner of the land. The estimated value of the site with planning permission was around £1.3 million and the authority lobbied at both the local and structure plan enquiries, on the grounds that release of the site for housing development would pay for a major expansion in local health services (Interview 35, Mersey Regional Health Representative).

In terms of the agency types outlined in chapter 4, the health authority is a delivery bureau with powerful incentives to push for budgetary growth. Increases in budgets are concentrated on the recruitment of more staff and on administrative expenses. It should not be surprising therefore, that during a period of relatively tight public expenditure control, the health authority should seek to expand its budget by selling off landed assets in order to reap a substantial capital gain.

Similar incentives appear also to have been present with respect to the county highways department. In this instance, the proposals to release green belt land around the Wrexham Road site were tied in with plans for a new road bypass scheme to the west of the city. The scheme was to be financed in part by a budget appropriation from the county council and by planning gain contributions from the developers of the Wrexham Road site (Interview 36, Senior Officer, Cheshire County Highways). Once again, prospective increases in bureaucratic budgets would appear to have been linked to the release of green belt land.

Still further support for the theory emanates from the most recent actions of the city council itself in publishing its new local plan. Contrary to the proposal to release green belt sites pursued in the late 1980s and early 1990s which has been the focus of this chapter, at the time of writing the new local plan sets out a much more restrictive approach, affirming commitment to the green belt as part of a 'sustainable

development' agenda. At first sight, this policy appears to contradict the argument concerning the institutional effect of DAS and the economic development and promotion function within the planning department. It now transpires however, that the DTI has down-graded the DAS in Chester and Wirral to that of Intermediate Area Status with a corresponding reduction in the level of regional grants which are now available (DTI 1997). Due to the actions of the DTI, the institutional conditions in Chester appear to have changed and in particular the ability of the planning authority to expand its budget through economic development and promotion has been reduced. Thus, relatively speaking budgetary options point towards the planning authority adopting a more restrictive urban containment stance, in particular there is now less incentive for planners in Chester to withstand the highly visible political opposition from organized nimby lobbies.

Additional evidence for the theory is found in recent events surrounding the preparation of the Newcastle Upon Tyne Unitary Development Plan, which proposed the release of over 450 ha of green belt land (10% of the designated area) for a combination of residential and commercial developments similar to that proposed in Chester (CPRE 1993, *The Planner*, 13th October 1994). The media scan with FT Profile revealed Newcastle to be the only other example in recent years where such large scale development in a designated site had been supported by a local authority, indeed the case is reported by the CPRE (1993) as being the biggest single incursion ever proposed in a green belt. Unlike most other metropolitan authorities, Newcastle has a substantial green belt fringe within the metropolitan boundary, a fringe which local planners have wanted to release for development. As in Chester, the plans to relax the green belt provoked strong opposition from residents groups and were blocked by the DoE. Again, contrary to the experience throughout non-metropolitan England, local planning bureaucrats have actively lobbied for large scale development proposals on a green-field site. In confirmation of the institutional regime found in Chester, the CIPFA Planning and Development Statistics also reveal Newcastle Upon Tyne to have had a far higher proportion of its budget which has been devoted to the economic development and promotion function and as in Chester, Newcastle has also enjoyed DAS status. Thus, 53 staff out of a total 124, or 42.7% were employed in promotional activities, compared to an average of only 8.4% for the non-metropolitan English districts CIPFA (1992).

A note of qualification is, however, required with respect to the Newcastle case. In particular, whilst the institutional effect of DAS status may have been a key factor influencing the local authority stance, it is also possible that these incentives were compounded by the fact of Newcastle being an urban district which might have

wanted to expand its jurisdiction and hence its revenues by stretching its boundaries into neighbouring rural authorities. As noted above, there has on occasion been a tendency for urban and rural districts to be in conflict over proposals to extend city boundaries with the rural districts taking a much tougher anti-development stance, in part because of fears of institutional take-over by their urban neighbours. Thus, there is some indication that Newcastle's neighbouring rural authorities in Northumberland have been strongly opposed to the stance adopted by Newcastle City Council (CPRE 1993). Again, this is perhaps suggestive that an urban district/rural district divide may provide a further institutional variable affecting the stance taken by planning authorities in addition to the effect of DAS status and the proportion of the budget devoted to economic development and promotion.

Further and somewhat unlikely support for the theory advanced in this chapter can be found in Dunleavy's (1981) classic study of post-war housing policy in the UK. Although working from a neo-Marxist frame of reference, Dunleavy's account of the behaviour of local authority housing, planning and architects departments can easily be squared with a public choice approach. In *"The Politics of Mass Housing"*, Dunleavy argues that the pursuit of large scale redevelopment projects based on the construction of high rise public sector housing was the product of a closed relationship between bureaucrats and private sector construction and design professionals who pushed the schemes through at highly inflated costs, at the expense of taxpayers and local authority tenants. In these circumstances, the relevant local authority agencies were in a delivery or contract bureau format and bureaucrats stood to gain from the resultant increase in budgets either directly in terms of staffing or from the potential kickbacks derived from the big construction firms in exchange for the granting of large monopoly contracts. Again, where public sector budgets have been linked to the provision of new development, then such projects appear to have been far more likely to go ahead.

The theory of bureaucratic behaviour presented in this section is clearly in need of additional empirical investigation. In particular, more rigorous statistical analysis of variables linking the budget structure of planning departments to relative rates of planning restraint is required. Nonetheless, the available evidence from Chester does offer preliminary support for the view that the decisions of local authority planning departments are made on the basis of budgetary considerations. Throughout most of non-metropolitan England these decisions are based almost exclusively on the expansion of a regulatory process which restricts the rate of development. It is surely significant that those areas pursuing the most restrictive planning regimes are almost devoid of economic development related functions. By contrast, the city of Chester

has been unique amongst non-metropolitan areas in having a significant bureaucratic stake in the promotion of urban growth and hence has been unique in the relatively more liberal planning policies which it has attempted to pursue.

The above theory of bureaucratic incentives may also be modified to reconcile the apparently anomalous case of political behaviour in Chester with those of the wider public choice approach. It has been suggested thus far that non-metropolitan politicians, are biased against development because an anti-development policy is more likely to generate a concentrated block of electoral support than a pro-development stance. In Chester however, a coalition of politicians at both the city and county council levels supported developers and planning bureaucrats in the case for allowing development in the green belt. Taken at face value such behaviour would appear to contradict the public choice approach. Again however, closer analysis of the specific institutional circumstances allows an account fully compatible with public choice theory without running the risk of tautological explanation.

From a public choice perspective politicians must consider a number of potentially decisive arguments in their utility functions when deciding whether to side with pro or anti-development interests. Positive sources of utility in support of development may include campaign contributions, wining and dining and other perquisites derived from business interests. Alternatively politicians may grant applications in exchange for the support of these interests in other areas of policy formation where they themselves have less of a direct stake. Against these considerations must be weighed the potential votes lost by adopting a pro-development stance and the politicians own preference for conservation. Aside from the developers themselves there are no organized interests who lobby for more building, because of the collective action problem facing consumers and the fact that many potential consumers do not actually live and vote in the areas concerned. Organized nimby lobbies however may represent a substantial block of votes, the threatened loss of which may exert leverage over the politician. Loss of political support may be direct, as members of environmental interest groups withhold their votes from the party/politician concerned, or indirect, stemming from a wider appearance of unpopularity stirred up by a particular planning dispute.

In most cases local politicians appear more inclined to side with the anti-development camp, opting for the perceived electoral payoff rather than the potential perquisites from business interests. This is unsurprising, because planning applications especially those in designated sites are highly visible and usually stir up a concentrated block of nimby opposition. Allegations of political corruption in support of developers are easily made and the often high profile media coverage of such cases creates a political

climate largely unfavourable to pro-developer concerns. Faced with these circumstances the weighting of the utility function is likely to be heavily skewed towards the consideration of anti-development interests. If politicians are seen to rule in favour of development, one would expect to find evidence of institutional factors which might alter the relative weightings in the utility function. In Chester the presence of DAS provides a plausible explanation of why politicians were more sympathetic to developer concerns than is the case in similar non-metropolitan areas.

Faced with the presence of highly vocal amenity interests the only conceivable way for a politician to maintain support is to mobilize a pro-development constituency beyond the developer lobby itself. One such tactic is to promote proposals on the grounds of increasing local employment opportunities and benefits from the expansion of the local economy. In so doing, political entrepreneurs may attempt to counter the influence of the nimby lobby by stimulating wider public support for growth. One need only refer to the speed with which politicians have attempted to claim the credit for attracting high profile foreign investors to the UK in recent years, often at an enormous cost to the taxpayer - with subsidies up to £70 000 per job according to some estimates (The Economist, February 1st 1997). However, just as it is difficult for planning bureaucrats to lobby for economic development budgets where demand conditions are already high, so politicians in high demand areas face a similar institutional constraint in attempting to market development in terms of the benefits from additional employment.

In Chester however, the presence of DAS may again have been responsible for producing a somewhat different pattern of incentives. Throughout the entire dispute over the future of the greater Chester green belt, local politicians on both the Conservative and Labour sides repeatedly used the DAS of the city and the need to create employment opportunities implied by the designation as justification for the release of green belt land. Politicians stressed the importance of a pro-growth stance if the city was to continue in receipt of European and DTI regional development grants and other employment related subsidies (Cheshire County Council 1992). The opportunity to receive such grants would itself raise the patronage benefits of supporting development as politicians have the potential to use their discretion not only to grant planning applications, but also to influence the flow of subsidies and grants into the coffers of business interests. It is reasonable to assume that it was partly the prospect of augmenting such patronage powers which led local politicians to support planning bureaucrats in lobbying the DTI for the extension of DAS in the first place.

In addition to these factors, the political composition of the city council would also indicate a possible lowering of the vote motive and hence the incentive to adopt a more anti-development stance. At the commencement of the dispute in 1987 the Chester City Council was controlled by the Conservative Party, though following the district elections in 1990 the position changed to no overall control, with the Conservatives the largest single party, Labour second and the Liberal Democrats third. Of the three sites chosen for development, one (Wrexham Road) was a safe Conservative area represented by two councillors, and the others (Countess of Chester and Mannings Lane) were safe Liberal Democrat wards (Interview 37, Head of the Conservative Group Chester City Council, Interview 38, Head of the Labour Group).

Under these circumstances Labour councillors had relatively little incentive to vote against the proposals given that the affected areas offered little prospect of immediate electoral gain. Significantly however, Labour support was partly conditional on assurances that land release would not be extended to include the Blacon Meadows site (owned by Wainhomes) and the Sealand Basin, both in Labour held wards - a typical example of logrolling. Similarly, that the majority of Conservatives supported the proposals is unremarkable, given that two of the sites were in Liberal wards, though again one Conservative councillor representing an affected area (Wrexham Road) voted against. The most concerted opposition came from the Liberal Democrats representing affected areas in Upton and Mannings Lane and in particular from one member in the Upton area who was also a member of the local CPRE. Not surprisingly the prospective Conservative parliamentary candidate for Chester (Gyles Brandreth), sitting on a Westminster majority of only 4 500, was also opposed to the scheme.

It seems highly unlikely that the composition of the council would have changed as a result of the ramifications from the green belt dispute. Thus, from the assumption of the self interested political actor it is not surprising that the potential increase in patronage benefits from a pro-growth policy was able to secure a majority coalition between Conservatives and Labour on the council. It is equally unsurprising that the major source of opposition came from councillors in wards directly affected by the plans and likely to receive the greatest flak from nimby opposition.

From a public choice perspective, it is plausible to suggest that the pro-growth stance of Chester politicians stemmed at least in part from a set of institutional circumstances which increased the value of benefits and reduced the political costs of development. On the one hand, the presence of DAS raised the prospect of additional patronage power for local politicians and at the same time afforded a propaganda opportunity to

deflect opposition from the nimby lobby. On the other, the political makeup of the city council may have lowered the potential significance of anti-development votes. Combined with the relatively greater economic stake of planning bureaucrats in supporting growth, the institutional conditions in Chester would appear to have been far more conducive to the development of a public sector growth coalition than in comparable areas in non-metropolitan England.

National Bureaucrats and Politicians

The proposals to release green belt land in Chester were eventually defeated following repeated intervention by bureaucrats and politicians at the national level. This intervention culminated in the decision in March 1992, by the then Secretary of State for the Environment Michael Heseltine, to force the adoption of the Cheshire 2001 Structure Plan, without the removal of green belt land in Chester.

The action of DoE bureaucrats in this regard seems most likely to accord with the visibility of decisions element of bureaucratic utility first discussed in chapter 4. In that chapter, it was argued that DoE officials having initially advanced a more pro-development stance than their local authority counterparts following pressure from the House Builders Federation, increasingly moved towards an equally restrictive stance given a political context which significantly raised the visibility and hence the political costs of planning disputes on the national stage.

The late 1980s and early 1990s were marked by a number of attempts by large house building consortia to secure the release of green belt and other designated sites. In a number of highly publicized cases, national DoE bureaucrats and their political masters were faced with appeals by developers to release land against the wishes of both local planners and groups such as CPRE. Tillingham Hall in Essex, Stone Basset in Oxfordshire, Upper Donnington in Berkshire and Foxley Wood in Hampshire, to mention the most famous, achieved national media prominence, as test cases of central government commitment to maintaining the integrity of designated environmental sites. All of these applications proved highly contentious and placed bureaucrats and politicians on a tightrope political situation. In the case of Foxley Wood and Upper Donnington, the Secretary of State Nicholas Ridley originally granted the appeals, but following a storm of opposition organized by the CPRE and a number of Conservative MPs, these decisions were overturned by his replacement Chris Patten (Ehrman 1990, Pennington 1996).

The highly visible nature of the appeal cases significantly raised the costs to DoE bureaucrats of co-operating with the building lobby and as a result not a single one of the above proposals was granted with final approval. Moreover it was as a response to these disputes that DoE bureaucrats under pressure from the CPRE began drafting proposals which would culminate in the introduction of the plan-led development control system in the 1991 Planning and Compensation Act. As discussed previously, these proposals have placed increasing emphasis on the local plan process and have reduced the ability of developers to challenge local decisions through the appeals procedure. DoE participation in the planning system has thus shifted from one of high profile and controversial appeal rulings, to relatively low profile and clandestine consultation with local authorities in the preparation of their development plans. In this sense DoE bureaucrats have adopted a form of regulation which reduces their political visibility in the regulatory game.

Set in this context it is not difficult to see why DoE bureaucrats should have been so opposed to the Chester proposals, even though in this particular case, development had the active support of local planners. Put simply, if the DoE had allowed development of the Chester green belt, then this may have triggered a new wave of speculative applications around other historic towns, such as Bath, Oxford, Cambridge, York and Norwich, thus raising the profile of civil servants just at the time when their interests pointed to a reduction in their political visibility.

It is equally unsurprising that the Secretary of State, should adopt such a strong anti-development stance. The final decision to force the adoption of the Cheshire structure plan without modifications to the green belt, was made in March 1992, just one month before the general election. Significantly the Conservative majority in Chester (for the Westminster seat) prior to the election was only 4 500 and with similar green belt historic towns (Bath, Cambridge, Norwich and York) having Conservative majorities of less than 2 000 (in York as low as 100) the implications of rejecting such high profile development could only be of benefit to the national electoral interests of the Conservative Party.

6.4 Conclusion

This chapter has sought to examine an example of decision-making in the British land use planning system which on the 'supply side' in particular, appears to contradict the public choice models of political behaviour presented in earlier chapters. Far from

refuting this approach however, the analysis presented here offers additional, if tentative support for the framework of reference provided by public choice theory. In particular, it can be argued that the policy of planners and councillors in Chester to allow substantial incursions into the green belt, stemmed from an unusual set of institutional circumstances where increases in development were of benefit to bureaucratic budgets and where the political costs of allowing such development were relatively lower than is often the case in other non-metropolitan and especially rural districts in England.

Inevitably, the conclusions derived from a single non-random case study can provide only tentative indications of support for a theory. Nonetheless, given the available evidence, the analytical framework set out here provides a useful set of working hypotheses which might in the future form the basis of more rigorous empirical investigation. In particular, multivariate regression analysis, correlating the budget structure of planning departments and rural/urban district distinctions, to differing degrees of planning restraint might be conducted. Additional case studies using the budget categorizations set out here as a framework of reference could also be employed to analyse on a more qualitative level the effect of institutional variations on the decision-structure which land use planners face. Most, if not all previous work on urban containment which has picked up an anti-development stance, has been conducted in non-metropolitan areas in the South East or in other areas where DAS has not been in evidence. Future research needs to be conducted in additional areas where DAS might alter the structure of incentives facing planners. A particularly useful line of inquiry might attempt to provide more detailed information on the nature of the budgeting process within planning departments in an attempt to pick up variations in inter-bureaux dynamics depending on the budget structure of the agency. These are questions for future research, the particular attraction of which is their potential to avoid the intellectual trap of untestable and tautological explanation. Thus, the focus on identifiable institutional variations which may affect the relative costs and benefits of political action, might help avoid the tendency in some public choice work to explain away empirical anomalies by way of indiscriminate addition to the content of utility functions.

7. Conclusion : Land Use Planning - Public or Private Choice ?

7.0 Introduction

The previous pages have sought to examine whether the external costs imposed by the British land use planning system and its commitment to urban containment, are a product of institutional incentives inherent to state-regulated property rights. In so doing, the thesis has represented the first attempt to examine the dynamics of the planning system from a public choice perspective. This framework is crucially necessary for any examination of public policy designed to improve on the workings of the market system, the importance of which cannot be overstated given current trends towards still greater levels of government regulation in response to the emerging environmental agenda. Through an in depth analysis of urban containment the present thesis has attempted to assess the theoretical^a and empirical^b contributions of public choice theory with respect to a key aspect of British environmental policy.

a .

The theoretical framework set out in this thesis suggested a focus on the importance of transactions costs and decision making incentives in the private and public sectors. The environmental failures of private markets, often used to justify land use planning, are a product of high transactions costs which prevent individuals making agreements with one another and prevent the effective monitoring of individual behaviour. However, as public choice theory suggests, the mere existence of 'market failures' should not necessarily be considered a prima facie justification for government intervention. The alternative to markets is not a costless world where all externalities are internalized, but the reality of an institutional setting where transactions costs may pose an equal threat to successful environmental management. It is to commit the 'nirvana fallacy' to suggest that the alternative to markets is a government immune from institutional failure.

b There is now a considerable body of empirical research, examining the consequences of the British land use planning system and its commitment to urban containment, which suggests that planning may itself be responsible for the creation of unintended externalities. In particular, planning has contributed to an increase in the relative cost of housing and therefore a transfer of wealth from consumers to property owners; has increased dwelling densities and urban congestion; has lengthened commuting distances; and has ensured a continued context for subsidized, environmentally damaging farming practices. The presence of these

external costs does not prove that they outweigh the potential benefits of land use planning - principally the maintenance of open countryside - but what it does suggest, is the need to avoid the 'nirvana fallacy' when considering the case for government intervention in the market for land. In particular, the public choice framework suggests an examination of whether the commitment to urban containment is a reflection of underlying incentives within the policy-making process itself. If institutional defects within the planning system allow costs to be passed on to others, if wealth is not dependent on the quality of the decisions made and if there is a chronic lack of information, then it is possible to question the commitment to urban containment on the grounds of institutional failure.

Based on this framework, three general hypotheses provided the focus for empirical investigation : that the commitment to urban containment reflects i) an asymmetric distribution of costs and benefits between different actors on the 'demand' side of the political process; ii) the economic interests of the administrative bureaucracy on the 'supply' side; and iii) the electoral and economic interests of politicians on the 'supply' side. If indeed the external costs associated with containment are attributable to institutional defects within the state, then far from seeking a further extension of controls perhaps it is time to question the existing level of public intervention.

Within this context, this final chapter reviews the main research conclusions in light of the central hypotheses. The first half of the chapter sketches out the main empirical findings, examining the strengths and possible weaknesses of the public choice approach in relation to alternative analyses of the planning system. It then goes on to consider the primary limitations of the current work and the implications for future research in this regard. The second half of the chapter examines some of the normative implications for the planning system which might be derived from the public choice approach. In particular, how might a private property rights alternative help to avoid the external effects produced by the contemporary British planning system?

7.1 Positive Analysis : Urban Containment and the Power of Public Choice

Empirical Findings

The empirical analysis which formed the core of this thesis commenced with an account of interest group behaviour on the 'demand' side of the political system. Following Olson (1965) and the contributions of the Virginia school (Buchanan & Tullock 1982, Tullock 1989, 1993), public choice theory suggests that the organizational success of interest groups tends to depend inversely on group size and that policies whose costs are hidden or dispersed are more likely to be adopted than ones whose costs are conspicuous or concentrated. The analysis of interest group representation in the British planning system (chapter 3) was shown to offer broad support for this analytical framework. All the groups which have benefited from the commitment to urban containment are examples of concentrated interest groups. The farm lobby has been protected by the planning system and has achieved concentrated benefits through the growth in subsidies at both the domestic and European level, without regard to the cost in terms of habitat destruction; the nimby/conservation lobby has benefited from the enhancement of amenity values in locally specific sites; the house building lobby and especially the large developers have received concentrated benefits from the reduction in competition as a result of regulatory growth; and the professional lobby has benefited in terms of the increased demand for consultancies resulting from an ever more extended bureaucratic process.

P.C. theory

By contrast, the interests which bear the costs of containment policies; the marginal consumers of housing who are no longer able to afford the rent or purchase price of residential units; existing consumers who must accept smaller and more cramped living conditions; the commuters faced with longer journeys to work; and the taxpayers who must continue to fund a subsidy-dependent and environmentally destructive rural economy, provide the archetypal case of a large and diffuse set of interests, largely absent from the realm of organized politics and with little incentive to become so organized.

The public choice analysis summarized above, is not the first theoretical stance to highlight the importance of interest group pressures in the land use planning system. As chapter 2 indicated, four alternative perspectives ; structural political economy, pluralist political economy, elite theory and Weberian sociology - have also attempted to explain the development of urban containment policy. It is, however,

one of the over-riding arguments of this thesis that the public choice approach appears better placed, in both theoretical and empirical terms, to explain the pattern of interest group representation.

With respect to structuralist approaches, the apparent willingness of politicians to allow the continued growth of land use regulation, indicated by the rapid retreat from a de-regulation strategy by the Thatcher government, questions the foundations of these analyses, whether they are neo-Marxist or corporatist in origin. In general, these approaches suggest that politics will be dominated by the demands of corporate business interests resulting in a fragile commitment to urban containment (Ball 1983). As the analysis presented in this thesis has suggested, however, regulation on urban development has continually increased and although, as the occasional corporatist theorist (Rydin 1986) has recognized, business interests such as house builders may gain from this process (through the reduction in competition), it appears that regulatory growth in recent years has been inspired, at least in part, by non-business interests and in particular rural homeowner groups organized around predominantly 'nimby' concerns. Thus, the tightened regulatory regime introduced following the 1991 Planning and Compensation Act appeared to owe much to the lobbying activities of the CPRE, in spite of opposition from the building lobby. That the CPRE should exercise this degree of influence on the legislative processes of the central state tends to contradict the structuralist analysis, including its more sophisticated 'dual state' variant which allows for a more pluralist decision-making process at the local level only (Short et al 1986). It should be recognized that some variants of neo-Marxism and corporatism have suggested that the state may allow periodic concessions to non-business interests in an attempt to maintain the political legitimacy of capitalism in the longer term and might thus be reconciled with the available evidence (Ambrose 1986). In so doing, however, the structuralist position tends towards tautological argument, claiming that whatever the state does must somehow serve the interests of the corporate sector.

With its emphasis on a competitive political system, allowing access not only to powerful business interests, the approach of pluralism seems to offer a more empirically accurate account than the structuralist alternative (Healey 1990). As argued in chapter 2, however, a difficulty with pluralism is its tendency to focus on organized interests and its neglect of the possibility, highlighted by public choice theory, that some interests may face structural disincentives to mobilization and as a result may be excluded from the political process. A similar critique applies to much Weberian sociology (Shucksmith (1990), which tends to observe the groups which have exercised political power without examining any of the organizational

advantages which allow these particular interests to achieve such a position. With respect to urban containment policy this is a potentially serious theoretical failing, because the principal losers from the planning system - housing consumers, taxpayers and those environmental interests not focused on 'nimby' concerns - are indeed groups which may face substantial collective action problems. The number of individuals concerned is so large and diffuse and the per capita stake so low that these groups have often remained absent from the planning system and as a result their interests appear not to have been a focus of political concern.

Public choice theory appears to offer a plausible explanation for the absence of consumer and taxpaying interests in the planning system and the tendency for broader environmental movement to be less well mobilized than nimby interests. However, the approach is on weaker ground in relation to pluralism, when explaining the wider context of collective action and the effect this may have on the actual rate of mobilization observed. In particular, as chapter 3 suggested, the substantial mobilization of the broader environmental lobby which occurred in the late 1980s, although still below the level experienced by nimby groups, cannot simply be explained with reference to selective incentives as public choice theory would imply. Rather, macro-movements in public opinion, open to pluralistic pressures from the media and external organizations, may also affect the ability of groups to mobilize by altering public perceptions of the groups' political viability and creating new opportunities for group leaders to encourage higher levels of membership than a conventional Virginia public choice account would suggest. Thus, collective action problems on the demand side of the political process are an important explanatory variable, but they sometimes need to be considered against a macro-political background where more pluralistic pressures may also be at play.

A further perspective on interest groups - elite theory - has also attempted to overcome the neglect of latent interests within pluralism, which public choice theory has exposed. Theorists in this tradition stress the ability of groups who have seized control of the state to suppress the ability of latent interests to mobilize and therefore to induce 'non-decision-making' (Bachratz and Baratz 1962, 1970). The difficulty with elite theory, however, is that many cases of undermobilization appear not to be the result of interests being actively squashed, but are a more a product of the structure of incentives faced by the potential members of latent groups (Dowding et al 1993). Thus, the fact that housing consumers and taxpayers have been excluded from the land use planning system, does not appear to have resulted from the actions of the principal winners in the system, but has rather been the product of the

elite

substantial disincentive to collective action and the phenomena of concentrated benefits and dispersed costs which disadvantage these particular groups.

In general, the analysis of demand side pressures put forward by public choice theory appears to offer a theoretically sound and empirically accurate account of interest group processes in the British planning system. In particular, it is able to explain the continued commitment to urban containment and the distribution of gains and losses resulting from it, as a product of collective action problems and fundamental asymmetries in costs and benefits to the different actors concerned. Public choice theory is not, however, without its weaknesses and may need to be supplemented with more pluralist accounts which may better explain the general movements of public opinion at the macro-political scale which in turn provide the context in which collective action occurs.

Collective action problems may indeed be an important factor affecting the ability of interest groups to wield political power, but the capacity to overcome these constraints may be worthless unless there are political actors willing to respond to an interest groups' demands. Within this context, a further strength of public choice theory is its ability to specify the economic incentives which may drive the actions of 'supply-side' actors such as bureaucrats and politicians, the importance of which has tended to be underemphasized in existing interpretations of the planning system. Thus, chapter 4 presented a public choice analysis of bureaucratic incentives, focusing on the role of regulatory agencies in the management of land use change.

Following Niskanen (1971), public choice theory argues that public sector bureaucrats are predominantly self interested actors who seek the benefits of job security, power and patronage and that in order to pursue these goals may seek to maximize their agency budget. Chapter 4 identified three variables in particular, which have been shown to influence incentives towards budget maximization; i) the extent to which budgetary increments are spent within a bureaux or are destined for lobby groups able to supply perquisites to civil servants; ii) the degree of professionalization within an agency; and iii) the extent to which an agency is populated by ideologically motivated staff. Those agencies which score highly in terms of these variables have been shown to be more inclined towards bureaucratic growth. Applying this framework to the planning system it was argued that institutional, professional and ideological incentives with planning bureaux tend to be skewed towards budget maximization and to a greater extent than in comparable agencies across the rest of the public sector.

The above theory was examined in the light of comparative time series data on expenditure and staffing. The analysis suggested that the growth rate in the planning budget over the last thirty years has consistently outstripped that of other government bureaux. In turn, this theory was shown to be of particular relevance to urban containment because the process of budget maximization in planning agencies may be synonymous with regulatory maximization and the adoption, especially in non-metropolitan areas of a strong anti-development stance. Planners tend to be biased against development because their budgets are linked to the growth of a complex administrative system and there may often be little incentive to rule in favour of new building because of the high level of political hostility attached to such decisions.

In order to consider some potential counter-evidence to the analysis in chapter 4, chapter 6 presented a case study of decision-making in a major non-metropolitan authority which appeared to contradict the earlier account and the many previous studies of the planning system which have suggested a general anti-development bias. Far from refuting the account of institutional incentives however, the analysis offered additional, if tentative support for the public choice approach. Thus, it was suggested that the policy of local planners in Chester to allow substantial incursions into the Green Belt, resulted from an unusual set of institutional incentives within a non-metropolitan authority, where increases in development were of benefit to bureaucratic budgets. Whereas most other non-metropolitan planning authorities are almost devoid of pro-growth functions, the presence of Development Area Status (DAS) in Chester, raised the relative benefits to bureaucrats from allowing development above the level to be found in otherwise comparable areas of non-metropolitan England. In these circumstances, planning bureaucrats had a greater incentive to resist demand side pressures from the nimby lobby in order to widen their options for bureaucratic expansion.

By specifying the pursuit of clear objectives and their association with budget maximizing strategies, the public choice approach summarized above, offers a plausible explanatory link between the interests of land use planners and the growth of the policies which these individuals have tended to support. In so doing, public choice theory appears in a rather better position than alternative theoretical analyses which have tended to neglect the role of supply side agents in the planning system. Structuralist and pluralist perspectives have, for example, tended not to specify what the individual interests of planning bureaucrats actually are. In the former case, planners are often seen as part of a state machine which is functionally programmed to preserve the political legitimacy of capitalism and to act in the long term interests

of the corporate sector (Ambrose 1986). In the latter case, planners are viewed as neutral arbiters of public preferences acting as an impartial referee over the claims of competing interest groups (Healey 1990). Both of these perspectives seem somewhat out of tune with the empirical evidence on urban containment policy, which suggests that planners actively lobby for policies which reflect their own bureaucratic self interest, and in particular the growth of controls on urban development.

One perspective which has emphasized an independent role for planning bureaucrats is Weberian sociology and some related versions of elite theory (Reade 1987, Shucksmith 1990). These approaches, unlike structuralism and pluralism, have stressed the importance of bureaucrats' professional values and ideology and have argued that planners offer differential support for those policies which are in accord with these values. Thus, metropolitan planners committed to a welfarist ideology associated with economic growth, have tended to be more sympathetic to developers than those in non-metropolitan and especially rural districts who are often associated with a conservationist ethos and a commitment to urban containment. Such an approach is not dissimilar to the public choice analysis presented in this thesis, which includes professional ideology as a key component in bureaucratic utility functions.

Where Weberian theories do differ from public choice, however, is in the attribution of political power to planners. For most Weberians, the actions of planners are fundamentally constrained by the prevailing economic and political context in which they operate (Pahl 1979). Public choice theory, by contrast, whilst recognizing that bureaucrats operate within economic constraints, stresses the relatively privileged position of planners in the political process in relation to other groups such as taxpayers and consumers. In turn, this privileged monopoly position may help explain the apparent ability of planning bureaucrats to enlarge their budgets and to fuel the process of regulatory growth and urban containment. Public choice is, however, on rather weaker ground when explaining how the wider economic and political context may have structured or even created the institutional environments in which bureaucrats attempt to maximize their budgets. Thus, the possible difference in bureaucratic incentive structures between areas with and without DAS, highlighted in chapter 6, seems unlikely itself to have been created by the actions of land use planners. Rather, the creation of these different institutional regimes seems more likely to have been a product of broader political and economic forces operating at the macro-scale and in particular the actions of the Thatcher government in confining DAS to predominantly metropolitan authorities, with notable exceptions such as Chester. Similarly, the heightened significance of the

environment in public opinion in the late 1980s, may have created a more favourable political context for non-metropolitan planners to push for regulatory maximization. Planners themselves, however, cannot be held responsible for the creation of this particular context. Consequently, a Weberian sociological approach, which recognizes the importance of broader economic and political factors, without the rigid functionalism of structural political economy, may provide a useful supplement to the public choice analysis.

Just as alternative explanations of urban containment policy have neglected the interests of bureaucratic actors on the supply side, so too they have tended to neglect the personal incentives facing politicians. Public choice, on the other hand, suggests that politicians are self-interested actors who seek the benefits of income, power and patronage which are afforded by a position in elected office and that they attempt to win elections by a process of log-rolling or vote-trading in order to secure political support.

Using evidence of voting significance, parliamentary patronage and an analysis of the select committee system, chapter 5 suggested that although the macro-electoral shift towards environmental concern in the late 1980s was a key factor in the government's decision to reinforce urban containment regulations, politicians were particularly quick to adopt such measures (compared to their relative inaction in other areas of environmental policy), because the nimby/conservation lobby represented a more concentrated set of environmental interests which may have exercised an increasing degree of electoral clout; directly in terms of a growing number of marginal constituencies which might theoretically have changed hands on the strength of the nimby/conservationist vote; and indirectly through the ability of this lobby to threaten the party identification strategies of the major parties. The analysis also revealed the potential for the exercise of patronage relationships within the House of Commons, especially on behalf of the agricultural lobby and suggested a coalition of interests in favour of containment regulation between the agricultural and conservation lobbies. On the one hand these groups have joined in a campaign for additional wealth transfers to the farming sector through the expansion of domestic conservation subsidies - discouraging the transfer of land into urban uses - and on the other have argued for the continuation of strict containment based regulations.

The case study material from Chester was again used to explore some possible counter evidence to the public choice approach. Although chapter 5 focused on electoral pressures at the national level, from a public choice perspective one would

have expected non-metropolitan politicians at the local level to be even more susceptible to the electoral pressure from the nimby lobby, because of their greater proximity to the planning process and the greater frequency of local authority elections - an analysis confirmed by most previous research. In Chester, by contrast, local councillors lobbied alongside planners and developers for a substantial release of green belt land. Again, however, it was suggested from the perspective of public choice theory that the presence of Development Area Status - absent from most other non-metropolitan authorities - may have been responsible for raising the potential benefits to politicians of a more pro-development stance and providing sufficient incentive to counteract the influence of the nimby lobby.

As in understanding the bureaucracy, one of the strengths of public choice theory is its ability to specify clear motivational links between the self-interested actions of politicians - ie. the pursuit of votes and patronage power, and developments in urban containment policy. Alternative theoretical analyses have tended to lack a fully specified account of why individual politicians should offer their support for a given set of economic and social institutions. In the case of neo-Marxism and corporatism, for example, it is not at all clear what the individual interests of politicians in urban containment policy are and why in particular politicians should seek to maintain the legitimacy of capitalism as opposed to any other set of social arrangements. Similarly, Weberian and elite theory accounts have tended to view politicians as captive agents of whichever particular interest has seized control of the state. In the case of urban containment policy there is little indication that politicians might have independent objectives such as the pursuit of re-election.

Again, however, a possible area where Weberian sociology might provide a useful supplement to public choice theory concerns the importance of the broader economic context which structures the environment in which politicians attempt to secure votes. In the specific case of urban containment, for example, the growth of middle class owner occupation has been a key element in the economic context against which nimby collective action and the vote seeking response of politicians has occurred (Marsden et al 1993). Similarly, the presence of DAS in Chester, which may have altered the structure of incentives facing these politicians in relation to those in other non-meropolitan areas, owed much to the broader context of the economy in the 1980s and the actions of the Thatcher administration. Public choice theory itself, because of its reductionist approach, tends to say very little about such socio-economic trends and may well benefit from some of these broader insights.

Of all the alternative explanations of politicians behaviour on the supply side, pluralism appears to offer the approach which has the greatest potential to rival the explanatory power of public choice analysis. In particular, with its emphasis on an impartial state responding to societal preferences, a pluralist account is compatible with the empirical evidence on the more recent growth in containment regulation, explaining this as a response to the macro-shift in public opinion towards increased environmental concern. As noted in chapter 5, this is a powerful explanation and there can be little doubt that movements in public opinion have been an important factor influencing the moves towards regulatory growth. A key limitation of public choice analysis is its tendency to underemphasize the more pluralistic processes which may affect the content of public opinion at the macro scale. Although some public choice accounts stress the ability of politicians to shape the contours of public opinion (Dunleavy & Ward 1981), even these approaches do not sufficiently account for the relevance of more pluralistic processes operating through the mass media and the pressure of daily events. Thus, much of the shift in public concern which has occurred in recent years may be attributed to the effect of environmental disasters highlighted by the mass media and external pressure from bodies such as the European Union and the United Nations (McCormick 1991, Robinson 1992).

Where the public choice approach does maintain an advantage, however, is by stressing the importance of collective action problems and asymmetries in the structure of costs and benefits to different actors in the political process and the likely impact of these on legislative incentives. In the specific case of urban containment, politicians may have been especially willing to propose the growth of containment regulation, compared to their relative failure to regulate in others areas of environmental concern, because the greater concentration of benefits involved may have been more likely to secure additional sets of votes. Similarly, unlike pluralism the public choice approach can also account for the continued lack of legislative attention paid towards consumer and taxpayer interests, with particular reference to the collective action problem and the phenomena of concentrated benefits/ dispersed costs which disadvantage these particular groups.

Given the limitations of both pluralism and public choice theory, a better approach might, as in chapter 5, seek to combine a pluralist account of the macro-electoral context, with a public choice analysis of the special interest processes which operate underneath. In turn, elements of Weberian sociology which emphasize the importance of the economic context as a constraining variable on political action might also be integrated with public choice theory to provide a less reductionist and more comprehensive account.

To conclude, the over-riding strength of the public choice approach is its ability to highlight underlying institutional incentives in the political process which can be linked to observed policy outputs in the British planning system. On the demand side, the public choice account of urban containment stresses the differential ability of those actors demanding additional controls over urban development to overcome the collective action problem. On the supply side, public choice emphasizes the economic imperative of budget maximization in planning bureaucracies and its association with an expansion of the regulatory regime. Similarly, on the supply side, public choice highlights the lack of incentives for politicians to constrain regulatory growth because the benefits of regulation are concentrated on key constituent groups with costs invisibly dispersed across the mass of the urban population. In turn, this transactions costs approach provides a plausible explanation which may account, at least in part, for the continued expansion of restrictive urban containment regulation in the British planning system.

Public choice theory is not, however, without its weaknesses and cannot provide an all encompassing account of the policy making process. In particular, its reductionist approach offers insufficient attention to the broader political and economic context in which self-interested political action occurs. Thus, at the macro-political level, the general climate of public opinion may affect the ability of interest groups to overcome collective action problems, of bureaucrats to maximize their budgets and the ability of politicians to respond to the demands of concentrated groups of rent seekers. Given the tendency for public choice theory to neglect such forces, more pluralistic accounts focusing on the role of the mass media and of external political pressures in the formation of public opinion, may be required to supplement the underlying public choice analysis. Similarly, public choice theory has relatively little to say with regard to the political and economic forces which often shape the actual institutional arrangements in which self-interested behaviour occurs. Aspects of Weberian sociology which lay emphasis on the importance of the constraints imposed by broader socio-economic processes, without resorting to the crude functionalism of structuralist approaches might provide a useful supplement in this regard. In turn, the synthesis of pluralist and Weberian insights, with an underlying public choice account of institutional forces in representative democracy, might allow a still better understanding of urban containment policy to be achieved.

Data Limitations and Implications for Future Research

The summary of empirical findings presented above suggests broad support for the view that the development of urban containment policy within the British planning system is a product, at least in part, of the institutional incentives identified by public choice theory. It is important to recognize, however, that because the public choice account can be reconciled with the available evidence, does not of itself establish a causal link between public choice processes and the pattern of policy development observed.

The problem of confusing correlations in social science with causal processes is of particular relevance to arguments internal to public choice theory itself and in particular the inherent difficulty of distinguishing the precise role played by 'demand' and 'supply' factors in the 'political market'. If, for example, the argument is based on the assertion that incentives facing all the key actors lead to an increase in regulation (interest groups, bureaucrats and politicians), is it actually possible to distinguish specific public choice processes operating independently on each side of the 'political market'? Could not, for example, the increase in regulation be explained solely by 'demand' side factors without reference to the operation of self-interest within the bureaucracy and the legislature?

In these circumstances, the extent to which it is possible to identify causal relationships is dependent on the quality of the available data. The evidence presented in this thesis does suggest the significance of public choice processes operating on each side of the political market, but the data are not without significant weaknesses which would need to be addressed in future research if the public choice approach is to move beyond the status of a working hypothesis. In what follows the nature and quality of the empirical evidence presented in this thesis is considered and implications for future research design are outlined.

The empirical material presented in chapter 3 suggested an independent role for public choice processes on the demand side. In particular, that the logic of collective action was in operation was evidenced by the differing degrees of mobilization within the environmental lobby. Using a combination of primary interview material and secondary data sources the analysis suggested that nimby groups are better able to overcome the collective action problem than other environmental interests and taxpayers/consumers because of the higher per capita stake involved in the preservation of amenity and property values. The evidence on relative rates of

mobilization within the environmental lobby and in particular evidence that local amenity societies were able to mobilize much earlier than other environmental groups was supportive of this interpretation. A principal weakness of this data, was however, its rather aggregate quality. Thus, although it is possible to reconcile the differing degrees of mobilization within the environmental lobby with the public choice approach, in the absence of more localized studies along the lines of the Chester material (chapter 6), it is not possible to say conclusively that nimby incentives are the crucial variable at play. There is a paucity of UK literature examining participation/mobilization rates for environmental issues such as air pollution and water quality (ie. non-nimby concerns) at the local level to form a comprehensive base for more rigorous comparative purposes. Future research would need to develop a typology of environmental issues according to the expected relevance of nimby incentives and then examine mobilization rates and participation in the political process across a representative group of case studies. If indeed non-nimby issues could be shown to exhibit lesser degrees of mobilization/participation then this would provide additional confirmation of the public choice analysis. Until this data is available then the public choice explanation must remain as a working hypothesis.

Turning to the evidence on the role of bureaucrats, one of the strengths of the data presented in chapter 4 was the actual attempt to quantify the level of expenditure growth in planning departments. A substantial body of work on the land use planning system has built up over recent years, but until now few if any authors have presented any empirical data on the level of resources available to planners. The presentation of expenditure data over a thirty year period displays with a degree of clarity the trend in the finances available to planning departments and highlights the inadequacies in previous work (see for example Thornley 1991), which has often claimed that resources have been cut (especially under the Thatcher administration) without any recourse to the actual expenditure figures.

In turn, the material in chapter 4 did point to the independent role of the planning bureaucracy in the growth of expenditure. In particular, the sheer scale of the difference in the growth rate of the planning budget over the last thirty years, which has consistently ran at three times the level of real growth in other areas of the public sector, offered a possible indication of the role played by the peculiar incentives within planning bureaux. Similarly, there was some evidence of a tendency towards cost escalation in the evaluation of planning applications, with the 600% real increase in expenditure between the early 1960s and early 1990s far outstripping the growth in the number of applications. A significant weakness of the data in chapter 4

however, resulted from its' lack of a more precise indication of demand side pressures and in particular those derived from the building industry. The material on planning applications in particular, can at most give only a general indication of the growth of demand and in the absence of measures which can account more rigorously for the effects of the size and complexity of development proposals the contention that planners were responsible for bureaucratic expansion may only be viewed as a working hypothesis. In order to offer conclusive support for the public choice account, future research needs to develop a more reliable measure of demand in relation to expenditure. In particular an index of planning applications, weighted to account for the size of applications would be most valuable in this regard. The national Development Control Statistics published by the DoE are, however, notoriously difficult to weight successfully (Rydin 1989). Given the inadequacies of the published data sources, a more fruitful approach might be to select a representative group of case studies and to access the relevant local authorities own databases which are more detailed in their documentation of applications in terms of size/complexity criteria. If it can be shown that the growth in spending continues to outstrip demand then this would indicate additional support for the public choice explanation.

Alternatively, a more qualitative approach using participant observation techniques within planning departments, might glean additional insights on the extent to which planners attempt to inflate costs in the process of development control and are as a result, responsible for bureaucratic expansion. Such methods might be particularly useful given the tendency in public choice analysis, in spite of its individualistic basis, to examine rather aggregate general trends, without due regard to the actual behavioural patterns of individuals operating in particular institutional environments at the micro scale (Friedman 1995).

The case study material presented in chapter 6 was also used to illustrate the independent role of the planning bureaucracy on the supply side. In particular, the apparently anomalous case of a non-metropolitan authority lobbying for the substantial release of green belt land was explained in terms of the effect on bureaucratic incentives provided by the designation of Development Area Status. Thus, a major strength of the empirical material in this chapter was its ability to locate a quantitative difference in the relative importance of the economic development function as a variable which might account for the observed difference in behaviour. The principal weakness of this material however, resulted from its status as a single, non-random case study. When using such studies for comparative purposes care must be taken to ensure that the research does indeed examine

phenomena which are distinctive to the case study. Although the Chester case fulfilled these criteria it is still possible that further case studies might locate other variables in addition to the presence of Development Area Status which may also affect the degree to which planning bureaucrats are sympathetic/unsympathetic to development proposals. Thus, it was noted that there is some indication that urban districts within the non-metropolitan group may be more likely to allow development than their rural neighbours, as part of an attempt to expand their jurisdictional boundaries and hence revenues.

In order to judge the relative significance of these factors a more rigorous empirical investigation is required. Multi-variate regression analysis, correlating budget structures of planning departments and rural/urban distinctions to a measure of planning restraint might prove an appropriate technique in this regard. If an adequate measure of planning restraint can be devised, statistically significant correlations would yield additional support for the public choice approach. Such techniques are not, however, without problems and in particular there is often a serious question of data reliability when comparing the aggregate figures derived from planning agencies. Different planning departments in different authorities do not always collect the relevant data on planning applications and budget structures on a consistent and reliable basis, reducing the value of a quantitative approach. Alternatively, a comparative methodology using additional case studies conducted in both DAS/ non-DAS authorities and in rural/urban authorities within the non-metropolitan category, might be employed to analyse on a more qualitative level the relative significance of the institutional variables identified in this thesis. Again, if these studies were to identify policy differences according to authority types then this might indicate strong support for the public choice explanation.

With respect to the evidence on legislative incentives one of the strengths of chapter 5 was its provision of empirical examples indicating the possible incentives which politicians might face. Previous studies of the planning system have, for example, simply stated the potential electoral importance of the nimby lobby without ever producing sufficient evidence to examine the potential significance of this phenomenon (see for example Marsden et al 1993). The material indicating the potential significance of green belt marginals, agricultural patronage in parliament and the membership structure of the select committees, at least helps to provide some indication of the underlying incentives which may be at play. The data suggested that although macro-political processes were an important factor in the development of urban containment policy, special interest forces and in particular those of nimbyism and agricultural protectionism were also in operation. In order to

support the argument that the macro-significance of the environment alone did not fully account for recent developments in the planning system, the growth of containment regulation was contrasted with legislative inaction in other areas of environmental concern. The principal weakness of this evidence, however, relates to the still rather inadequate coverage of the full range of environmental policy areas in the existing literature which was used as a base for comparative analysis. In order to remedy this defect, comparative research needs to be conducted on a much wider range of environmental issues (as with chapter 3 above). In particular, a typology of environmental policies could be developed, with issues categorised according to the asymmetries in costs and benefits which might be associated with particular environmental concerns. The development of such a typology for comparative policy analysis would allow for more rigorous evaluation of the extent to which the concentration of the prospective benefits is a key determinant of regulatory growth.

Overall, the limitations of the data presented in this thesis are such that it is not possible to say conclusively that the institutional incentives identified in the public choice framework are causally linked to developments in the British planning system. Nonetheless, given the weaknesses of the alternative theoretical perspectives there is sufficient evidence to treat the contention that public choice theory explains the continued commitment to urban containment as a serious working hypothesis. As such, the normative implications which might be derived from the public choice framework are due equally serious consideration and it is to these implications which attention now turns.

7.2 Normative Analysis : A Private Property Rights Alternative

The public choice analysis presented in this thesis suggested that policy failures within the British planning system may be attributable to defects within the very process of decision making itself. If this is indeed the case, then the external effects resulting from the commitment to urban containment should not be dismissed as an unfortunate example of ad hoc policy bungling, but instead may be viewed as a product of institutional failures which have been the focus of more general public choice critiques of the regulatory state. In turn, the normative implications of this analysis, at a time when still greater levels of government regulation are being proposed, merit serious consideration.

In recent years and in particular following the Earth Summit in Rio de Janeiro (1992), advocates of land use planning have coalesced around an environmental agenda (Healey 1992, Blowers 1994, Thornley 1994). According to these authors, the planning system should now act as a strategic device, integrating land use policies into a wider framework to provide an appropriate balance between the goals of development and conservation. Indeed, even many critics of the post-war planning system hold to the view that statutory regulation by the state is essential if the 'environmental failures' of the market system are to be avoided (Simmie 1993). These arguments appear well to the fore in government policy documents which speak freely of an important role for land use planning in the achievement of 'sustainable development' (DoE 1996).

In putting this case, however, defenders of the planning system appear to be committing an example of the nirvana fallacy. It is not clear, for example, why the planning system as presently constituted, should be capable of producing an 'integrated land use policy' now, when it has been unable to do so in the past? If, as the present thesis has suggested, the external effects resulting from urban containment are linked to political transactions costs, then the market failure justification for the planning system should be treated with greater circumspection. Thus, deciding the appropriate boundaries of the state requires a careful examination of the transactions costs question, considering the relative merits of market and government decision-making on a case by case basis. What makes the continued adherence to the nirvana fallacy all the more unfortunate is that there may be much greater scope for harnessing the positive aspects of markets than is commonly recognised. In particular, a private property rights alternative may be able to reduce many of the external effects resulting from urban containment, allowing additional, but environmentally sensitive development in rural areas and a pattern of development considerably closer to the original ideals of the town planning movement than the present system of bureaucratic administration. The market alternative to the planning system will not be 'perfect' and there may still remain a residual role for the state in some key areas of concern. At the very least, however, the insights of the property rights approach might be utilized to suggest appropriate institutional reforms within a rather slimmer public sector. Thus, as Bennett (1991) explains, the general objective of environmental policy should be to integrate more environmental goods with the market economy, relying on government intervention only where transactions costs are extreme and making the greatest possible use of market forces when designing remaining intervention mechanisms. This may require a degree of government action to establish the relevant markets, but thereafter the

actions of individuals , coordinated only by market forces, will deliver the policy outcomes.

In what follows, the potential contribution of a private property rights approach to the reduction of externalities associated with the British planning system is outlined. The first part sketches out the general theoretical basis of a property rights alternative, focusing in particular on the ability of private contractual arrangements in the market to internalize costs. The second and concluding part, examines the more specific contribution which such approaches might make to the reduction of the external effects associated with the continued commitment to urban containment.

Private Property Rights in Theory

The transactions costs framework set out at the beginning of this thesis, suggested that the presence of externality and collective/public goods problems which are the most frequently cited causes of market failure, are a product of the high cost of enforcing private property rights in certain resources. Examples of external benefits/costs mean that markets fail to reflect the true values attached to these resources by the members of society. It is these external costs which are often used as a theoretical justification for land use planning.

When considering the case for a property rights alternative to planning, it is important to recognize that the ability of individuals to capture the full benefits and to bear the full costs from resource use, is not a static phenomenon (Anderson & Leal 1991). Market failures are a product of high transactions costs, but the market process itself continually offers incentives for individuals to devise ways of reducing these costs and to internalize costs/benefits by developing new methods of converting what are currently collective/public goods into private marketable commodities. As Anderson & Leal (1991) note, any case of external benefits/costs provides fertile ground for an entrepreneur who can define new sets of property rights. Thus, a land owner or property developer who can devise ways of excluding non-payers from the benefits of a scenic view may reap a profit by attempting to define the appropriate set of rights. If there is no demand for scenic views or other environmental amenities then few will attempt to internalize their external effects, but if people are willing to pay for these goods, profits will reward those who are most successful at marketing the relevant environmental values. In other words, property rights will tend to be defined when the benefits of doing so exceed the costs (Demsetz 1967). Profits will tend to reward the most innovative property rights

entrepreneurs as the creative forces of competition lead to a diversity of environmental schemes to suit the desires of the consumers (Anderson & Leal 1991).

From a public choice perspective, the virtue of private property rights solutions is that they may encourage the development of institutions which can make individual actors bear the full opportunity costs of their actions by bringing decisions within the realm of the competitive market system. Under these circumstances, consumers pay directly for the resources they use and have an incentive to monitor alternative suppliers in order to make the best choice possible, whilst entrepreneurs who succeed in satisfying the desires of their fellows may reap the rewards of their actions. The political process by contrast, tends in its very nature to externalize costs through the mechanism of collective decision.

Working from this perspective, public choice theorists and their cousins in the Coasian/property rights tradition have presented numerous examples which demonstrate the ability of market institutions to overcome transactions costs and to supply many of the environmental goods which it is often thought should be the monopoly preserve of the state.¹ This approach is particularly appropriate to many of the questions which have been the focus of the land use planning system, given that there are a variety of relatively low cost transaction measures which can bring amenity values within the realm of the market.

One of the most frequently cited examples of the property rights approach is the use of private covenants and deed restrictions in contracts. In these circumstances, developers have an incentive to specify in contracts the particular activities which are to be permitted with respect to a set of properties for sale, in order to internalize external effects and capture the returns through higher asset prices (Ellickson 1973, Siegan 1974, Veljanowski 1988, Anderson & Leal 1991). Property rights entrepreneurship of this type facilitates trade in amenity values and may produce outcomes which are sensitive to individual preferences for environmental quality.

The case of restrictive covenants provides useful clarification of a key element in the property rights approach which is often misinterpreted by critics. Sagoff (1994) for

¹ Coase himself was one of the first authors to follow such an approach. In an article entitled 'The Lighthouse in Economics', Coase showed that Lighthouses - often considered a collective good by many welfare economists and therefore unlikely to be provided by the private sector, were actually supplied privately in Britain before nationalization. Neo-classical analysis assumed that vessels could benefit from the lighthouse facility irrespective of payment. In fact, lighthouses were provided by harbour companies with fees charged on entrance to harbour. Those refusing to pay were simply excluded from the port (Coase 1989).

example uses a famous illustration from Pigou. Suppose a firm wishes to build a factory in a quiet residential area; the residents will have to grin and bear the ugly face of the factory or pay the owners not to build in their neighbourhood. According to Sagoff (1994, p.225), a free market advocate would argue that the residents could express their wishes by compensating the factory owner for the marginal advantage between building in their neighbourhood and going to the next best location. Environmentalists he points out, would then see the possibility of a developer having received a 'bribe' not to build in one area, proceeding to extort payments from other communities by threatening to build there as well. Thus, Sagoff argues for statutory land use planning in order to eliminate similar 'market perversities'.

Sagoff's example, however, illustrates a failure to appreciate what the property rights approach would actually mean in practice. Under a market system there would be incentives for 'developers of quiet residential areas' to supply restrictive covenants in the initial terms of contract which forbid noxious land uses within particular neighbourhoods. In turn, these covenants would increase the sale prices of such developments, assuming that people would not purchase a house in an area where their neighbours could convert their property into a factory site. Those individuals choosing to live in an area where such controls were absent would already have expressed a preference for lower house prices and a higher level of environmental risk and so would not experience a breach of their property rights if the factory was built in the area. Where covenants exist, the factory developer would not be able to threaten the community because the residents would own the relevant rights. It is not the factory owner who receives compensation in this case, but the initial developer who marketed the covenants and hence defined the relevant set of property rights. There is no prospect of 'market perversities' under such a system because any breach of the restrictive covenant as any other breach of property rights (eg. theft) would be punishable through the courts.

In a more recent theoretical development, Foldvary (1994) advances the idea of the 'private proprietary community' as an effective way to deal with the problem of externalities and collective goods. According to this perspective, most countryside goods categorized as non-excludable are in practice 'territorial goods' and are thus excludable by definition. The benefits of a scenic view or of attractive woodlands are present within a site specific area and since most of these goods involve some form of leisure or recreation activity or are associated with residential environments, so long as the relevant area is privately owned individuals must reveal their preferences to access the territory in question and the free rider problem is resolved (see also Buchanan & Stubblebine 1962 and Demsetz 1964, for a similar approach).

The collective facilities provided by private shopping malls are another, smaller scale example of the 'tie-in' concept. Shopping centre merchants provide an array of collective goods through the market, such as malls, security forces, parking lots and a pleasant shopping environment, tied-in to the purchase of private merchandise. Welfare economists have typically objected that tie-ins of this genre are inadequate because competitors are able to enter the market offering comparable private goods at a lower price, by not bothering to tie-in a surcharge for the collective goods (Varian 1994). As Schmitz (1994) has argued, however, there are many goods whose value is contingent on being provided as part of a package deal. Thus, shopping centre merchants who do not provide car parking or a litter collection service might well be able to charge less for food - but they will also lose the custom of those who value these services (witness the trend from town-centre to 'out of town' shopping in Britain). Likewise, a housing developer who fails to provide a package of restrictive covenants to protect amenity values, will lose custom to those competitors who do. As Schmitz (1994) proceeds, "One does not have to be a visionary to realize that market forces can in theory provide shopping malls. But the point is that there is no a priori reason why similar structural tie-ins could not lead to the provision of a variety of other public goods as well,"(see also Brubaker 1975, Cowen 1985, 1988, Boudreaux 1993).

The private proprietary community model provides a relatively low cost transaction method of dealing with free rider problems in the provision of collective goods. So long as the relevant territorial area is owned by a single private agency or group of co-operating agencies able to charge for collective goods, free riding is not an option. Privately owned settlements provide the opportunity to capture amenity values through real market trades and to subject this provision to the discipline of competition on a range of territorial scales.

There are of course, clear similarities between the proprietary community approach and Tiebout's (1956) public goods theory of local taxation. Tiebout suggested that citizens could select the communities which best satisfied their preferences for collective goods by choosing in which areas to live on the basis of local service provision and that competition between local authorities for citizens would prevent the exercise of monopoly power. The fundamental difficulty with the Tiebout approach however, is that local authorities are not private, profit making entities and as result cannot go bankrupt if they fail to deliver the services which consumers desire. Thus, the trend in many Western democracies has been for local authorities which have lost revenues over time, to turn into 'demand side' interest groups

lobbying for central government transfer payments to make up for financial deficits and therefore to externalise costs. In the proprietary community model by contrast, all the rewards and penalties from community management accrue to the relevant developers removing the potential for such rent seeking behaviour (Foldvary 1994).

From the perspective of public choice analysis, each of these examples illustrates the potential for private property rights institutions to overcome transactions costs problems and to market environmental amenities. In each case, property rights are held privately and individual owners have an incentive to supply a level of environmental quality corresponding with consumer preferences in order to reap the rewards. By internalizing costs, the property rights approach allows individuals to make their own personal trade-offs between development and environmental amenity and to bear the full opportunity cost of their actions as the price system indicates the relative value placed on amenities by other individuals.

The private property rights approach suggests that entrepreneurial initiative within the market system provides an effective way of allocating environmental resources, but it does not however, imply the absence of all governmental activity. Rather, the property rights approach suggests that governments perform a radically different function to that envisaged in the welfare economics paradigm on which the advocates of land use planning draw. Thus, instead of acting in the role of central planner and regulator, government should confine itself to the provision of a stable legal system which can ensure the enforcement of contracts agreed to by private individuals. The former role implies that government concerns itself with discovering the wants and desires of the public in order to bring about central planning, an informational impossibility according to the Austrian school (Hayek 1948). The latter involves government merely as a facilitator of voluntary exchange, strengthening rather than supplanting the market system in its vital information generating role (Buchanan 1986, Kwong 1990, Anderson & Leal 1991, Shaw 1994).

The private property rights approach will not be perfect and there may remain a residual role for the state in some key areas of environmental concern. For example, it should be apparent from the above analysis, that the property rights approach is on the strongest ground where private property rights can be defined over a relatively localized area, as when a developer includes deed restrictions and covenants to market environmental amenities. The property rights analysis is much weaker where transactions costs are extremely high and where environmental externalities may occur over a much larger territorial scale, atmospheric pollution control and species diversity being perhaps the most obvious examples. Consequently, there may remain

a regulatory role for the state in seeking to limit the most serious externalities of this genre. In these circumstances, given the informational difficulties of central planning and the often inadequate incentives to efficiency in public sector agencies, attention should turn to the restructuring of institutional arrangements within the public sector in order to emulate the more positive aspects of markets. In particular, institutional reform should try to encompass an element of competition, in order to generate the maximum level of information and to limit the worst excesses of state monopoly control (Anderson & Leal 1991, Bennett 1991).

Private Property Rights and Urban Containment

The above analysis has sketched out in theoretical terms some examples of private property rights alternatives to the provision of goods which it is often thought may only be provided by the land use planning system. The final pages now examine more specifically how such an approach might help to reduce the main external costs which have been shown to result from the commitment to urban containment in the British planning system. Given the relative lack of actually existing property rights alternatives the analysis should not be seen as a comprehensive blueprint for policy change, but should rather be seen as a speculative exercise indicating the possible benefits of a property rights approach. In particular, how might such an approach contribute to a reduction in house prices, a reduction in dwelling densities, produce shorter commuting distances and contribute to a reduction in the environmental excesses of subsidized agriculture?

The key to understanding how a property rights approach might reduce the external costs associated with contemporary urban containment policy is to recognize that solutions such as restrictive covenants, private proprietary communities and other contractual devices, tend to ensure that costs are internalized to the greatest possible degree and as a result may allow individuals to make their own personal trade-offs with respect to greater levels of development and the protection of environmental amenity. Under these conditions individuals may be more likely to bear the full opportunity costs of their actions and as a result may be less likely to transfer costs to other sets of actors. The possible contribution of a property rights approach to a reduction in house prices provides a useful illustration in this regard.

Under the current British planning system, land use designations such as Green Belts and AONBs restrict the supply of land for housing and as a result contribute to increased prices. In turn, the interest groups which lobby for these controls and the bureaucrats who enforce them are not faced with the full opportunity cost of their actions in the political system. Thus, the members of local amenity societies who gain from the increase in property values and the preservation of amenities do not take into account the cost imposed on future consumers of housing. Similarly, planning bureaucrats who obtain additional job security through the growth of a complex administrative system, have little incentive to consider the costs imposed on consumers and on other groups such as small developers who lose out as a result. In short, because regulations are obtained through the political process they are supplied at a political 'price' which does not reflect their full opportunity cost. In the specific case of the British planning system, the demand for containment regulation may be artificially high because it is catered for through the political system at below its true opportunity cost.

Under a restrictive covenant or private communities model by contrast, individuals seeking to restrict development in order to preserve amenities may have to compete directly in the market for land with other individuals who value the land in alternative uses. Consumers of residential amenity may have to pay developers directly for the provision of land use controls via contracts and may be more likely to face the full and immediate cost of their actions. A key feature of such a system might be a reduction in the overall level of restriction, because individuals no longer able to obtain restrictions at a subsidized level through the state, might cease to demand the equivalent level of control (Fischel 1985). As a result, a more diverse and flexible pattern of land management may emerge. Covenanted developments or proprietary communities might prevail where individuals were still prepared to pay the price for preventing additional development, but a more permissive system may prevail elsewhere. Thus, Siegan's (1974) classic study of the land use system in Houston, Texas, the one American city which has operated without a comprehensive system of land use regulation, found that restrictive covenants tended to be less comprehensive in their coverage of the city than land use controls in comparable cities with statutory regulation.² According to Siegan, the increased flexibility of land use brought about by such a system facilitated greater levels of new residential

²It should be noted that the Houston system was not totally privatized - there were for example some minimum standards building regulations. What does make Houston distinctive and thus a good example of what might happen under a privatized system, is that unlike any other major American city there was no statutory planning/zoning ordinance. As late as the mid 1980s, the population of Houston voted down proposals to introduce zoning controls by way of referendums. I am not, however, aware of the precise situation at the present time.

development and substantially lower land and house prices than in comparable American cities.

Prior to the advent of land use planning, restrictive covenants had a long history of use in the United Kingdom. One of the earliest examples of these privatized planning arrangements was at Victoria Park near Manchester. Originally laid out by a private developer in 1837, the park was operated privately until 1954 and the sale of its lots carried with them 'certain conditions, the "laws" of the Park, which protected its open spaces' (Spiers 1976, p.13). Similarly, many of the most beautiful urban developments in Westminster, Bloomsbury, Chelsea, Hampstead, Oxford and Cambridge have been preserved through private restrictive covenants. These covenants have included restrictions on noise, chimney smoke and permitted alterations to exterior design in order to internalize external effects (West 1969).

It is important to note at this point that a property rights approach would not necessarily result in a sudden and dramatic fall in property prices, as might occur if all planning controls were removed overnight. Such an approach would not be at all desirable, wiping off billions of pounds from property and commercial investments (Evans 1988). The point of the property rights approach is not to remove all controls, but rather to have the level of restriction determined in the market, by way of covenants or contractual equivalents, rather than a system of administrative regulation. Covenants may exist in order to conserve areas where amenity and landscape values might be very high, but because individual consumers would have to pay directly for the preferred level of restriction, such a system may be more flexible than conventional land use planning with other areas operating free of controls. Siegan's (1974) analysis in particular, suggested a wide range of contractual arrangements which might emerge under restrictive covenant systems as the market responds to differing individual preferences for land use restriction. Thus, in some areas of Houston covenants were very strict with high levels of amenity provision and correspondingly higher asset prices. In other areas, however, covenants tended to be more relaxed and in some parts of the city there were no controls at all (see also Ellickson 1973, Foldvary 1994). Under British land use planning by contrast, statutory designations such as Green Belts and AONBs account for close on fifty per cent of the land area, but in addition those areas without formal designations are still subject to the full scope of urban planning controls. The principal effect of a covenant system may be to bring about a more flexible approach, allowing a greater level of development and a slow but steady fall in house prices and other property values over a longer period of time.

There is, of course a distributional issue here, where given the income elasticity of amenity goods, those 'expressing a preference for lower levels of amenity' are more likely to be the lower income groups. The public choice theorist would respond, however, that there is little evidence to support the view that government regulation reduces the propensity for less attractive land uses to be located within the poorest sections of the population. Motorway developments in most British cities have, for example, typically been routed through the poorest neighbourhoods (Goodman 1972, Lowe & Goyder 1983). Similarly, almost every study of the British planning system has concluded that urban containment has redistributed wealth from the poor to the higher income groups, in particular by reducing opportunities for low price housing development (Hall et al 1973, Simmie 1993).

From a public choice perspective the poor may be absent from the political market because of their particular vulnerability to the logic of collective action. In these circumstances, low income people are a large, diffuse and heterogeneous interest prone to the imperatives of free-riding and with little time to devote to organized politics given their immediate requirement to secure the basic essentials of life. Green Belts, AONBs and other planning controls are in effect subsidized restrictive covenants, obtained through the political process by organized nimby lobbies. Under a property rights alternative such individuals would have to pay the full opportunity cost of preserving amenity values and may be less likely to redistribute wealth from less mobilized sections of the population. This is a question which cannot properly be resolved here, but there is at least the possibility that a property rights approach may offer a more balanced consideration of the costs and benefits involved in the location of new developments and might as a result improve the relative position of low income people compared to the inequitable operations of land use regulation.

A second possible reason why low income groups may benefit from a property rights approach, even if new houses were to be built at the top end of the market, relates to the possible enhancement of the so called 'filtering effect'. As more houses are built and the total housing stock increases, prices may fall and there may be correspondingly more used housing available for low income people to occupy. Urban containment regulations may have slowed down the filtering process by which affluent homes reach the lower income groups.

Critics of filtering theory have often argued that it is an apology for assisting the better off (Short 1982,p.198-201), but as Fischel (1985) points out, there is sometimes a tendency to confuse a deliberate policy of subsidizing the construction of homes for the affluent - as has been the case in the USA and UK through

mortgage tax relief - with the beneficial process of filtering itself. Many empirical studies of filtering have suggested that the process does not actually work very effectively, with relatively few units of accommodation transferring to the lower income groups. It is possible, however, that the process has been inhibited by other institutional interventions in the housing market. The presence of rent control and security of tenure legislation, for example, over much of the post-war period, may have discouraged the process where previously owner-occupied homes are split up into smaller flats and let out to lower income people (Minford et al 1987). Given these uncertainties, it is not possible to say conclusively whether the filtering effect might work to a sufficient degree, but there is at least a possibility that a property rights approach, combined with the removal of other government interventions in the housing market, might enhance the filtering process and thus improve housing access for low income groups.

In addition to the reduction in prices brought about by the elimination of nimbby activities, there are other reasons to believe that a property rights alternative might result in lower prices. In particular, one of the key reasons why house prices in the UK have tended to rise is the costs of delay brought about by the complicated administrative procedures of the planning system. These delays prevent developers from responding to an increase in demand and so fuel the tendency toward price inflation. Moreover, the often substantial rent seeking costs which developers face in the administration of the system are eventually passed on to consumers by way of higher prices. Under the present system, planning bureaucrats have little incentive to minimize delays and costs because their job security and budgets are partly a function of the administrative load. Nor do the larger construction companies which dominate the housing market have sufficient incentives to seek a substantial reduction in the burden of regulatory costs, because it is these costs, together with the discretionary granting of planning permissions which discriminate against the smaller developers and add to the monopoly power of the larger corporate developers.

Under a property rights approach by contrast, such as a system of restrictive covenants, developers may be more likely to minimize administrative costs and delays because they would no longer be assured the monopoly profits associated with the discretionary granting of planning permission. In a land market free from statutory regulation market entry into the house building industry might be eased considerably and the ability of developers to make profits may be more a reflection of their ability to supply the types of housing development (with or without covenants or equivalents) which match the preferences of the consumers

(Veljanowski 1988). In turn, the possible increases in competitive forces brought about by an end to discretionary land use planning might contribute still further to a reduction in prices.

Critics of contractual approaches contend that these 'solutions' would simply transfer the incentive for over-elaboration and the expansion of costs associated with administrative regulation over to the legal professions and the courts, which would necessarily have to enforce the relevant contractual arrangements (Weale 1993). There have in actual fact been very few empirical studies examining the administrative costs associated with property rights solutions and there is insufficient evidence to provide a conclusive answer to this question. However, in so far as there is empirical evidence it does not tend to support the view that property rights alternatives encourage an escalation of legal costs and administrative expenses. Siegan's (1974) study of restrictive covenants in Houston, for example, found no evidence of cost escalation in the supervision of covenants. On the contrary, developers had an incentive to ensure that contractual obligations were laid out clearly in advance in order to minimize the costs of subsequent litigation and to avoid losing custom to rival developers who supplied better contractual provisions. The number of lawsuits and the associated costs of restrictive covenant disputes in Houston, were a fraction of those involved in the administration of statutory regulation in comparable cities across the United States (Siegan 1974, p.31). Similarly, Foldvary's (1994) case studies in Reston (Virginia), Fort Ellsworth (Virginia) and Arden (Delaware) suggested that proprietary communities would go so far as to market 'constitutional provisions' for the settlement of disputes within the terms of residential contracts, in order to minimize the administrative costs of legal wrangling and thus to make the communities more attractive to prospective customers. An additional study of the private resolution of land use disputes in North Eastern California (Ellickson 1991) also found that private individuals would seek to avoid recourse to the courts in the settlement of neighbourhood disputes.

Turning now to the question of densities, just as a private property rights approach might remove the price effects associated with British urban containment policies, so there is reason to believe that such an approach might contribute to a reduction in dwelling densities as well. The principal factor which points to a reduction in densities relates again to the downward pressure on land prices for development which may emerge under such a regime. As noted above, restrictive covenants and other contractual devices are unlikely to be as comprehensive in their coverage as state imposed controls and as a result the supply of land for development may increase, contributing to a reduction in prices. Falling land prices over time, may

allow developers to purchase more land for their money and so afford the opportunity to supply additional garden space and other amenities associated with a more low density living environment (Evans 1988).

A second factor which may point to a reduction in dwelling densities follows from the possible reduction in rent seeking and administrative costs which might result from a property rights alternative. As early as 1984, Evans (1988, p.35) estimated these costs to be over a billion pounds per year, which represents a substantial diversion of resources away from production and into rent seeking and bureaucratic activity. Under a property rights approach the reduction of the cumbersome administrative bureaucracy associated with land use planning might free up resources which could then be diverted to more productive activities, including a possible improvement in the architectural quality of the housing units for sale.

Similarly, the increased competition in the house building market which may result from a property rights approach might also encourage a lowering of residential densities and the improvement of residential amenities more generally. Under the current planning system, the artificially scarce supply of housing has meant that the profitability of obtaining a planning permission for developers, arising from land development gains, is far higher than the profits to be made from the design of attractive developments. Or, to put it another way, given the absolute shortage of development land due to planning, the value of a house, or any building per se is exceptionally high, but the marginal profitability of that building being well designed is very low. Increases in the total supply of housing which might be brought about by a property right alternative might increase the marginal profitability of well designed developments and might thus contribute to a lowering of densities and an improvement in amenity provision (Veljanowski 1988).

The private proprietary community model advanced by Foldvary (1994) provides an example of the low density, high quality developments which might emerge under a private property rights approach. Thus, the town of Reston, Virginia, provides an illustration of the private provision of territorial collective goods. The development of the town was modelled on the garden city concept, envisaged by the very founder of the town planning movement, Ebenezer Howard. The first settlements proposed by Howard were to be developed and owned entirely by a private corporation or co-operative, which would plan the design features of the town and then collect revenues for the associated collective goods in the form of ground rents (Howard 1902). Before the advent of land use planning and new towns nationalization, Letchworth, the first garden city in Britain was developed on precisely this basis. In

the specific case of Reston, the development of the town was financed entirely by the Reston Corporation, a private company which bought the site and financed the project including the provision of roads and country parks through the collection of rent (Foldvary 1994). The town has a population of 50 000, housed in 18 000 residential units, alongside some 2100 firms (34 000 jobs) on a 7400 acre site. The grounds are landscaped with thickly wooded areas separating the main residential districts, all of which are covered by restrictive covenants. A total of 1045 acres is left for open space, alongside four lakes and a 70 acre nature reserve. In stark contrast to government planned new towns in other parts of the United States and the failure of the nationalized new towns project in Britain, the Reston development has continually run at a profit in the absence of state subsidies (Foldvary 1994).

Moving on to the third external effect associated with urban containment, it is rather more difficult to see of how a property rights approach might help to reduce commuting distances. Nonetheless, some general speculation is appropriate in this regard.

Existing research on the effects of land use planning suggests that environmental designations and especially green belts are responsible, at least in part, for an increase in commuting distances. Green Belts in particular, by preventing development on the rural/urban fringe act to shift development pressure further out, which in turn increases the commuting distance to work and the demand for more roads and longer distance travel (Herington 1984, DoE 1993, Simmie 1993). It has already been established, that a property rights approach would not result in the same level of restrictive control and there is certainly no indication that such an approach would see controls equivalent of the Green Belts which surround major cities such as London. Thus, under a property rights alternative there may be a greater level of development on the edge of the major urban boundaries and relatively less of the 'leap-frog' development which tends to result from Green Belts and other controls. In so far as these developments may reduce the tendency for people to live further and further away from their place of work they might also contribute to a reduction, however marginal, in the demand for commuting.

Alternatively, there is some indication of the potential for the proprietary communities model to make a more significant contribution to a reduction in commuting distances. In particular, the case studies examined by Foldvary (1994) such as Reston, Virginia were often mixed developments, with businesses, shopping and leisure facilities situated within the community boundary and with many of the residents living and working within the same town. In this sense, the proprietary

communities model may have the potential to put into practice the original idea of the self contained town, originally formulated by Ebenezer Howard. A principal theme behind the idea of such towns, which still appeals to many academic planners today, is the notion of combining living, working and recreational environments within one site and thus reducing the need for travel between different locations (Blowers 1994). Under a free market property rights model, one of the ways which developers might seek to provide a competitive edge, might be to market the advantages of proprietary communities in terms of their reducing transport costs and in particular those associated with excessive car use.

Ultimately however, the property rights approach to land use management alone, seems unlikely to provide a sufficient remedy to the problem of excessive commuting. In order to deal with this problem, a still more radical application of private property rights may be required and in particular the privatization of the trunk road network itself. In addition to the problems created by green belts, perhaps the major cause of excessive commuting is the continued provision of state owned roads - 'free at the point of delivery' (ASI 1988). Under these conditions, consumers of the road network and in particular car users, do not pay directly for the use of road space and do not face the full opportunity cost of their actions. Because the provision of road space is not priced in the market, consumers have no incentive to reduce their consumption rates or to search for other less costly forms of travel. Subsidized road use, combined with green belts shifting development pressure out beyond the rural/urban fringe is a recipe for transport chaos. The property rights solution to this problem would be to privatize the trunk road network itself and thus to allow road owning companies to charge for the use of road space through tolls or similar devices and thus to discourage over-use (Anderson & Leal 1991). Combined with the possible benefits of the private communities model such an approach might well result in the reduction of commuting distances.³ In these circumstances, it is ironic that many environmentalists blame excessive commuting on the operation of the free market when roads are supplied by the public sector, railways have until recently been nationalized and the entire pattern of land use has been distorted to

³The environmental economist Herman Daly (1993 p.175) has criticized the proposal by Anderson & Leal (1991) that highways should be privatized. "More important, one might have expected 'free market' economists to be a bit more sensitive to the problems of monopoly ownership - or are we to envision many parallel highways competing for the motorist." In so doing Daly exhibits little appreciation for the Hayekian approach to competition outlined in chapter 1. Thus, the fact there may be only one supplier of roads between two places on a map does not mean that the competitive market process has ceased. If there is only sufficient demand for one road to exist then it makes no sense to speak of 'monopoly power'. All that is required for rivalrous competition to be effective is freedom of entry into the relevant market. In addition, Daly commits another common fallacy - the principal source of competition in road travel need not come from 'parallel highways', but from other modes of transport such as rail.

increase commuting distances by one of the most comprehensive systems of land use regulation anywhere in the western world.

Turning finally to the question of subsidized agriculture and its environmental consequences, again it is rather more difficult to see how a property rights alternative might solve this problem directly. The land use planning system has not itself been directly responsible for the environmental side effects associated with modern farming, but has rather provided a context for the continued protection of the agricultural sector, by preventing the transfer of land out of agricultural uses. Agriculture has itself remained exempt from planning controls through what appears to have been a classic example of 'regulatory capture'. It might thus be argued that the imposition of statutory regulation on agriculture, combined with the abolition of the CAP might provide the best solution. This argument deserves examination.

The abolition of farm subsidies may indeed be the most environmentally beneficial course of action, as the recent experience of New Zealand's farm policy has suggested (Ridley 1996). It is less clear, however, that the imposition of statutory regulation on the farming sector would necessarily be all that beneficial. In particular, it seems possible that agricultural regulations might be manipulated in much the way that urban planning controls have been by the larger developers, in order to reduce competition. In this case, external costs might be pushed onto consumers in much the way that occurs under the CAP by way of direct subsidies. Similarly, even if an appropriate form of agricultural regulation could be devised, this would still imply that a reasonable level of environmental protection in the countryside is dependent on maintaining agricultural land uses and that other and especially urban developments such as housing, however badly needed, should not be considered over the agricultural alternative.

It is possible that under a property rights approach, however, there may be a greater number of ways of combining new developments in rural areas with high levels of environmental quality. In particular, the lower land prices which may result from a property rights alternative may, as indicated earlier, allow developers to purchase more land for their money and provide a lower density form of development including more garden space and the provision of other amenities associated with open space. Low density developments of the sort documented by Foldvary (1994), which included the provision of country parks, thickly wooded zones separating residential districts and the provision of nature reserves, might provide an environmentally acceptable way of accommodating much needed housing development in rural areas by allowing the transfer of land out of agricultural uses.

Nor would the property rights approach necessarily result in a diminution of the aesthetic qualities of the countryside. Thus, as property prices fall and as incomes rise with economic growth, the demand for environmental amenity may rise and with it the incentives for developers to devise all manner of contractual devices to maintain aesthetic quality. Foldvary (1994) cites numerous examples of private condominium developments which specify an array of contractual restrictions to ensure the provision of amenities and open spaces. In parts of the Rocky Mountains and the Appalachian chain, developers have supplied contractual arrangements to preserve the appearance of scenic views. Stroup (1990, p.176), for example, notes that at Big Sky Valley in Montana, developers bought up an entire valley, which they then subdivided, selling tracts with restrictive covenants allowing only aesthetically acceptable development. Under a property rights alternative there may be considerable potential for such schemes which might combine high environmental quality with much needed housing development.

In addition, there are many other alternative uses of land which may flourish under a private property rights alternative and which may improve environmental quality in response to consumer demand. Thus, in the case of recreational developments Foldvary (1994) cites the example of the Disney Corporation as a further illustration of the private, territorial provision of collective goods. The Corporation owns a 28 000 acre site in South East Florida, including 8 200 acres devoted to open space and wildlife conservation. In so doing, the Corporation maximizes the number of positive externalities within the site in order to maximize the rents it receives from residents and entrance fees from visitors. Consider also the successful tourist developments of Center Parcs in the UK, where a wide range of leisure and recreational facilities are provided in thickly wooded sites. The bird reserves of the Wildfowl Trust, provide a further demonstration of Foldvary's (1994) theory of territorial provision. At places such as Martin Mere (Lancashire) and Slimbridge (Gloucestershire), the Trust holds large tracts of land which are a haven for migrant ducks and geese. Birdwatchers and other recreationists are charged entrance fees through a turnstile system and a wide range of visitor facilities is provided. Similarly, the Royal Society for the Protection of Birds (RSPB) acts in a commercial capacity charging entrance fees for visits to its 118 nature reserves. In the United States meanwhile, the North Maine Woods, a private company formed through an association of 20 landowners manages recreational activities in a 2.8 million acre park - an area half the size of Wales. Entrance to the park is controlled through 17

checkpoints and access roads situated around the perimeter with fees charged according to the length of stay (Anderson & Leal 1991).⁴

Each of these examples illustrates the potential for the developments which might flourish much more widely under a property rights approach, encouraging the transfer of land out of the agricultural uses which prevail in Britain today. As with all the other examples presented in this chapter, the advantage of property rights solutions is that they encourage the internalization of external costs and may result in a more balanced consideration of the costs and benefits associated with different types of development in the countryside.

7.3 Conclusion

The private property rights approach outlined in this chapter has presented a positive alternative to the institutional provisions of the British land use planning system. In particular, it suggests that a market system of land use control may help overcome many of the externalities associated with urban containment, by providing incentives to internalize costs through an ongoing process of property rights entrepreneurship. Markets are, however, far from perfect institutions and there may remain a residual role for the state in certain key areas of environmental concern. The private property rights approach is best suited to internalize externalities which occur over a relatively local scale and in site specific territorial areas, where transactions costs are relatively low or may be overcome in response to rising environmental demand. In other cases, however, where transactions costs are likely to remain prohibitive for the foreseeable future, the private property approach may be less appropriate. In these circumstances, there may remain a residual role for a slimmer land use planning system, confining its activities to the regulation of those external costs associated with urban development, such as the emission of airborne pollutants, which are unlikely to be captured by a property rights alternative. Similarly, there may be a role for the state in helping to lower transactions costs in the private sector through the development of land recording systems, strict liability rules and the adjudication of property rights disputes in courts, all of which would be required for a market system to operate smoothly.

⁴ Contrary to welfare analysis, the charging of entrance fees where consumption is potentially non-rival does not detract from efficiency. When deciding how to use a resource, the relevant cost is its value in alternative uses and not the marginal cost of admitting additional consumers. Thus, the only way to discover whether consumers prefer the preservation of a country park to a new housing development is to charge a fee for entrance to the park (Baden & Leal 1990, Anderson & Leal 1991).

The private property rights approach does not imply that there is no role for the state in the management of land use change, but rather that this role should be minimized in order to reduce the instances of government failure. Where it is not possible to have a properly functioning market then attempts should be made to restructure public sector institutions in order to encourage the internalization of costs to the greatest possible degree. In the case of the land use planning system, for example, the contracting out of the regulatory function and the introduction of compulsory competitive tendering might help to reduce the tendency towards bureaucratic expansionism and regulatory growth.

Ultimately, perhaps the greatest obstacle to the private property rights approach, is likely to be the political opposition to institutional change generated by those who benefit most from the present regime. In any programme of political change there are always losers, as well as winners and since the former are rarely compensated by the latter, the route to institutional reform is never clear (North 1990). Under these circumstances, the best option is to try to change the macro-climate of public opinion which sustains the existing regime. In the case of land use planning, this is the widespread belief that only a system of state regulation can ensure a balance between development and environmental conservation. If people become more aware of the deficiencies in the land use planning system and realize that there are viable alternatives to it, then there may be some hope for constructive institutional reform. For too long, land use planning has been based on nirvana economics. Perhaps this thesis has gone some way to redress this imbalance.

Appendices

Appendix 1 : *List of Persons Interviewed*

The following is a list of individuals interviewed during the 'fieldwork'. Unless otherwise stated, interviews took on an in-depth, semi-structured format and were conducted on a face to face basis. Interviewing was carried out between September 1994 and March 1996. For the Chester case study, officials in the City and County planning departments were interviewed at first and the names of other key actors were subsequently obtained through a snowballing technique.

Interview

- 1 : B. McCloughlin : National Farmers Union.
- 2 : R. John : Country Landowners Association
- 3 : T. Burton : Council for the Protection of Rural England
- 4 : T. Juniper : Friends of the Earth (Personal Communication)
- 5 : D. Coates : House Builders Federation
- 6 : L. Bennam : House Builders Federation
- 7 : C. Cole : Federation of Master Builders (Telephone)
- 8 : J. Griffiths : Royal Town Planning Institute
- 9 : M. Chambers : Royal Institution of Chartered Surveyors
- 10 : T. Boxall : Royal Institution of Chartered Surveyors
- 11 : J. Colby : District Planning Officers Society
- 12 : M. Ashley : Metropolitan Planning Officers Society
- 13 : D. Hall : Town and Country Planning Association
- 14 : Anon. : Hillier Parker Planning Consultants
- 15 : R. Goodchild : Gerald Eve Planning Consultants
- 16 : J. Edge : Weatherall, Green & Smith Planning Consultants
- 17 : K. Evans : Department of the Environment
- 18 : M. Quinn : Department of the Environment
- 19 : Anon. : Department of the Environment
- 20 : Anon. : Ministry of Agriculture, Fisheries and Food
- 21 : S. Onjeri : Housing Corporation
- 22 : A. Jones : Upton Green Belt Preservation Society
- 23 : M. Woodward : Westminster Park Community Association (Telephone)
- 24 : M. Renner : Chester Branch, Council for the Protection of Rural England

- 25 : M. Pairslow : Cheshire Conservation Trust
- 26 : Anon. : Chester Friends of the Earth (Telephone)
- 27 : G. Harrop : Wainhomes
- 28 : S. Milligan : Redrow Homes
- 29 : J. Findley : North West Branch, House Builders Federation
- 30 : B. Lloyd : Cheshire County Council Planning Department
- 31 : N. Elliot : Cheshire County Council Planning Department
- 32 : A. Wright : Chester City Council Planning Department
- 33 : K. Birchall : North West Regional Office : Department of the Environment
- 34 : B. Clough-Parker : Chester Chamber of Trade (Telephone)
- 35 : Anon. : Mersey Regional Health Authority Estates Representative
- 36 : Anon. : Cheshire County Highways Department
- 37 : R. Short : Leader Conservative Group Chester City Council
- 38 : C. Russell : Leader Labour Group Chester City Council

The following individuals not referred to in the text were also interviewed;

- 39 : D. Baize : Association of County Councils
- 40 : A. Benn : Confederation of British Industry
- 41 : C. Body : Chester Chronicle

Appendix 2 : *Statistical Data Sources*

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