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Spatial Economics Research Centre

Thursday, 16 February 2012

Inexpensive Progress: Two steps forward, one step back ...

I have been reading that National Trust '[Inexpensive Progress](#)' report on the planning system.

It's a little hard to know what to make of it (for reasons discussed below). But let me be generous and suggest that overall I think it represents two step forward, one step back.

I summarised my overall position on the planning system in a [post on the proposed reforms](#) in March 2011: "Planning delivers many benefits, but it is also costly (in terms of resources to implement, the way in which it affects costs of living, its negative impact on economic growth). Many would argue, myself included, that we need a serious debate about whether these costs now outweigh the benefits and whether reform is needed. Depressingly, I am deeply skeptical about whether or not we are going to get that serious debate."

This scepticism was well placed. As the debate has proceeded people continue to imply that we have no evidence on the costs of the planning system. This is simply not true as Max Nathan and I explained in our policy paper on '[What we know \(and don't know\) about the links between planning and economic performance](#)'. The National Trust's 'inexpensive progress' report considers a number of these costs in detail and doesn't strongly refute the evidence that we suggested underpinned them. Overall, then, I take the report as recognising many of the costs that we argued were being ignored in the debate. This feels like progress - hence two steps forward.

So, what's not to like about the report? Let's set aside the fact that it underplays some of these costs (for example in the discussion about the benefits bigger places which focuses on static benefits to existing residents). The much bigger problem is that while the report acknowledges all of these costs the National Trust continues to suggest that the many benefits of the planning system likely outweigh them. Note, by the way, that I don't have a problem with the idea that the planning system delivers benefits and that these could outweigh the costs. Campaigners are perfectly entitled to argue that these are prices worth paying to 'protect the countryside' or achieve other policy objectives.

So, it's not claims about the existence of these benefits that troubles me. Rather, it is the assertion that we don't have much evidence on them and that therefore we shouldn't reform the planning system until we have such evidence. Just as with costs, we have plenty of evidence on the benefits of the planning system. For example, economists have performed many 'hedonic studies' using house prices to figure out the value of many things delivered by the planning system. Further to this, the government has just spent many millions of pounds on the National Ecosystem Assessment that tries to get at the non-economic value of undeveloped land.

So, in terms of the aspect of the planning system in which the National Trust is most interested - the non-economic value of undeveloped land - we have a significant body of evidence (collected at far greater expense than the evidence on costs). The National Trust report does mention these studies, but downplays their significance in terms of informing us about the cost and benefit tradeoff of building on more undeveloped land. Why is that, I wonder? Could it be because for a lot of undeveloped land those measured non-economic costs are just [way too small to justify the decision to prevent development](#)?

I am all for a planning system which compares the broad social value of preserving undeveloped land to the broad social value of building on that land and makes decisions accordingly. On the balance of the evidence that we have available that would lead to lots more development on low social value agricultural land at the fringes of our cities. It would also preserve lots of beautiful English countryside that has high social value.

There is certainly an argument to be had on whether or not the government's planning reforms achieve that balance. But the case for the reform remains compelling when the evidence (on both costs *and* benefits) suggests that the current system is too restrictive to achieve that balance.

Posted by [Prof Henry G. Overman](#) on [Thursday, February 16, 2012](#)



1 comment:



[Ben Cowell](#) said...

Henry

Many thanks for taking the trouble to read the report and offer these views. I hope you agree that the report is a useful contribution to the debate – even though I recognise that you have reached slightly different conclusions from essentially the same evidence. Clearly there is much to discuss here as we go forward, looking to how the new planning policy framework will operate.

I ought to just gently point out that the National Trust can't claim credit for the report. It's been produced by Vivid Economics, who were commissioned by a consortium of CPRE, National Trust and RSPB.

Best wishes

Ben

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