
Paul Knight reports

Major problem with Tory strategy for cities

PREMIER John Major strolled through an ailing east London council estate on April 25. He wanted to see the state in which low-income families lived. He branded the soulless blocks of apartments as "monuments to the failed history of socialist planning" - ignoring the fact that he was chairman of Lambeth housing committee in 1970 which decided to construct one such estate in south London.

Mr Major was harangued by one woman, who insisted on pointing out that there were no jobs for young people. What was his solution? The Prime Minister offered no answer, but he did tell the media that there was no alternative to the one that he was proposing - deploying resources through a partnership between the public and private sectors.

Mr. Major is on the campaign trail. With his party far behind Labour in the opinion polls, many Press pundits have already written off his chances of winning the election which must take place within two years.

But Mr Major's rhetoric is no more than another layer of futility on top of the failures of the past 15 years. For during Margaret Thatcher's premiership, urban regeneration was all the rage: development corporations were created to revive the nation's derelict inner cities, Labour's heartlands which Mrs Thatcher wished to reclaim for the Tories. But the problems deepened. Industries were closed down, leaving whole communities marooned in a turbulent sea of despair. Big profits were there to be made, by the land speculators who sold out before the crash came at the end of the 1980s.

Mrs. Thatcher's urban regeneration programme failed. And now Mr Major's half-and-half "partnership" strategy is no more than a confession of ideological bewilderment.

WHAT WENT wrong under Mrs Thatcher? Part of the answer lies in the problems that face the groups that are trying to exercise initiative by rescuing their communities by themselves.

People are creating enterprises in which the primary motivation is the general benefit to the local community, rather than profit. These enterprises are owned by the community, not just by those employed by them.

Scattered around Britain are operations ranging from the small-scale (such as launderettes, cafes or shops), to larger activities such as training centres. These enterprises are viewed as part of a global revival in community-based activism. The motivation, now, is self-help: of not relying on outsiders - and least of all governments! - for salvation.

What are the lessons to be learnt from these community-based enterprises? The first one is that, without access to property, they do not stand a chance. Before they can get started, they need access to premises. Rents, however, are not pitched at competitive rates - even in derelict parts of a city where there is generally a large amount of vacant property. Many owners would rather keep those properties boarded up than let out at affordable rates.

ADVOCATES of the community-based enterprise are now pointing to the success of a Manchester scheme as evidence that the self-help philosophy can work.

Homes For Change is rebuilding part of the city in an effort to re-create the traditional community that was levelled during the postwar years by the slum-clearing policies of Manchester Council.

This enterprise is providing apartments and 20,000 sq. ft of workshops. How did they do it? With

large dollops of money from the Housing Corporation and the European Union. And its property holdings give it the kind of headstart that is not generally available to unemployed people who altruistically wish to wash away the despair that is smothering so many of their communities.

Champions of the self-help strategy argue that one way in which to assist people is for the State to allow them to register their activities as charities. This brings us to the next lesson. What does charitable status mean? Tax exemption! And so they would become financially viable.

It is the tax burden that prices the activities offered by unemployed people beyond what is affordable to the people who live in their neighbourhoods. These people are marginalised out of employment by the tax system. They are penalised for working! It is the structure of public finance that forces them into dependency on State handouts.

The confusion over the source of the economic problem that afflicts the inner cities serves the interest of the State (for now); for this confusion enables politicians like John Major to appear to be actively concerned, without the need to adopt radical solutions.

The radical solution - the way to emancipate people, and enable them to recreate healthy communities - is a simple one. Public finance ought to be restructured so that owners who hold their land vacant and over-priced are penalised.

Without that one reform, young unemployed people will continue to hang around street corners where they will plot forays into anti-social behaviour for want of something better to do.

But this reform would not attract John Major, for it threatens the traditional powerbase of his party. The landowners would not allow him to adopt it.