

+++ The national economy

++ Spending less ... and a simpler, more resilient life

The Automobile Association says "A car is likely to be one of the most expensive things you'll ever have to pay for." Relieving young and poor of the need to own a car also reduces inequality. The Daily Mail reports that even in wealthy areas the young are "[fuelling decline in car ownership across Britain as they turn to bicycles and electric scooters instead](#)".

The 'developed' countries of the world are living beyond the means of the Earth to support life as we know it. For much of their population life is complicated and harassing. Where possible, technologies that support our lifestyles should be made simpler - and cheaper. Cheaper would mean that we need to strive less, working harder and harder to pay for our complex lifestyles.

For example, mass personal transport with motor cars has created daily movement patterns with long daily distances, contributing to climate change to the disadvantage the car less. For those with cars, it has changed the spatial pattern of where people live making travel even more complicated. Mass car transport has brought complication and expense.

For families on lower incomes, high rise living makes life more complicated and expensive. (Although the high rise tower blocks were heavily subsidised by government. See "at an extra cost per flat of around 40 per cent" in Appendix, Prefabrication.)

The lengthy supply chains of delivering food to our supermarkets may make consumption more varied and convenient. It may not a resilient system. By growing more food on our doorsteps systemic risks could be lessened.

The UK is a rich country we should spend less ... and have a simpler, pleasanter lives.

++ Cheap housing and the economy

A few years ago I asked Andy Haldane, the Chief Economist at the Bank of England, what would happen if there were an increased supply of cheap housing. He kindly replied

If additional housing supply was to cause sharp declines in house prices, this might raise concerns about the adequacy of mortgage lenders' capital positions and hence raise financial stability concerns.

Letter from Andy Haldane, May 2014

It should be obvious that the breakdown of the Earth's climate system brought about by carbon intense lifestyles is worse than damage to the UK's finances. However, in the short term, mass cheap housing could damage the country's financial system by causing a sharp fall in house prices. It would be resisted by Government. However, developments where cars were banned would mean cheaper housing for those willing to avoid car use but should not immediately affect the house prices of those that (in the short term at least) retained car ownership rights.

At this time of writing, in summer 2023, there is great concern about the effect of the Bank of England's official bank rate on the effect on people with large mortgages on their houses. The base rate has risen from 0.1% in December 2021 to 5.25% in August 2023 - and slated to go higher. The media has many hardship stories about recent house buyers that cannot pay the increased payments and will be forced to sell their homes.

The Bank has raised its rates because it has a mandate to keep inflation low and its main tool for this is its control over the bank rate. The Bank uses higher rates to squeeze demand out of the economy to cut inflation. House owners will need to spend more on mortgage payments and less on other things like food, travel and entertainment, cutting national demand. That's de-growth, and de-growth is necessary to save the climate.

Creating mortgage martyrs may reduce demand but it seems unfair that a minority of the population should bear a disproportionate part of reducing demand. An alternative would be to cut the consumption of polluting activities such as flying, car driving and eating high carbon foods like beef. That could be done taxing these activities with the benefits of cutting inflation and cutting greenhouse emissions.

To reduce inflation, the government can increase taxes (such as income tax and VAT) and cut spending. This improves the government's budget situation and helps to reduce demand in the economy. Both these policies reduce inflation by reducing the growth of aggregate demand.

Methods to Control Inflation, Economics Help

A policy of limiting new housing to be car free would enable the construction of many new homes without necessarily destroying the value of existing ones. As existing homes would, in the short to medium term, retain the right to have car access, this would make them more desirable to the wealthier section of the population than This policy could be a political boon: the provision of low cost homes without immediately crashing the existing housing market - even if these car free homes were built in large numbers.

The other advantage of this policy is to buck the trend of falling house building.

New housing starts are forecast to drop 40% in 2023 – the biggest fall since the 2008 financial crisis, new figures have revealed.

UK housing starts expected to drop significantly in 2023, report finds

As shown above car free housing will be much cheaper because the value of planning gain is greatly reduced, particularly if enforced by legislation. e.g. Using [development corporation legislation](#).

According to Samuel Watling and Anthony Breach, the UK is missing 4 million homes. The proposal here is that these could be built to expand existing settlements. Locations should avoid places that are less than 10 metres above sea level. (See *Appendix Sea Level Rise and Bigger Storms*.) Places like Swindon, Maidstone, Cumbernauld come to mind.

++ Paying for New development

Some will be asking ask who is to pay for the Greater York Plan? Of course, it is daft to count the cost of avoiding the looming climate catastrophe. The extinction as life as we know it should not have a price tag.

But if we are counting, one of the minor effects of climate change is to drown most of the world's major cities : Moving Westminster, Canary Warf and the City of London to Watford, Potters Bar and Borehamwood won't be cheap. However, to answer these critics, particularly in the UK, the cost of re-engineering the way we live could easily come from a modest proportion of the value of Property Location Rights.

Although part of the reasons for greener, car free housing is to reduce planning gain and the price of houses but the value of Property Location Rights will not immediately vanish. Giving planning permission for car-free housing will still be valuable. Hopefully, the uplift from planning permission will fall drastically but if a proportion of what's left could be captured, it would pay for subsidising the shops, market gardens and public transport to the new development.