

IT IS encouraging that "land economics" as a sub-subject of a very broad field of study is now developing more rapidly. The specialist needs of students studying for professional qualifications in estate management, town planning, building and architecture have given rise to a demand for text books in this particular branch of economics. For many years Prof. Litchfield's *The Economics of Planned Development* has been a standard work and this is now being joined by others. The latest to cross my desk¹ is certainly interesting, informative and quite comprehensive.

In ten chapters this volume of nearly 300 pages covers the basic ground of the market mechanism in relation to land, urban structure and growth, the property and investment markets, land values and town planning, and the economics of transportation, the environment, housing and the construction industry. It is well presented with helpful diagrams and tables.

Reference is made to the classical economists' definitions of both land and rent; these, however, are considered in relation to the lawyers' definition of land and the modern economists' definition of rent. I found the latter particularly abstract – "The payment for the use of land is known as *commercial rent*, but there are two constituents of commercial rent – *transfer earnings* and *economic rent*.... Economic rent is a payment reflecting the scarcity value of land in excess of its transfer earnings." (Page 7). The student is left to find a definition of transfer earnings elsewhere as one is not given in the book. Your persistent reviewer, however, came across this one:

"Transfer earnings are those of a factor of production which are just sufficient to keep it in its present employment. The excess is known as economic rent."²

I shall leave the reader to ponder on this concept for himself, but would point out in passing that under our existing system of land tenure, no rent of any kind is paid on land that is not in use. This land, however, still commands a potential rent (and sometimes a very high one) although nothing is paid to maintain it in its vacant use! Where are these transfer earnings? Rent, of course, is a surplus value and it is not until we reach page 123 that we find the definition of economic rent as an "unearned increment."

Leaving the theory of the book, I turn to what I can only describe as a gross distortion of fact. On page 124

Textbook Tutors & Prophetic Distortions

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we find "... and in California in the 1870's George (seeing that unparalleled growth was causing much poverty as pressure of demand was rapidly pushing up rents and land values) proposed a 100 per cent tax on *increased rents*" (my italics). George clearly set out in *Progress and Poverty* that he advocated a 100 per cent levy on all current economic rent irrespective of any previous value or whether the land was being used or not.

To misrepresent George in this way is to invite the strongest criticism. After all, if senior land economists of Thames Polytechnic cannot present accurately the theories of a writer who was one of the founders of land economics, how can students be expected to grasp the essentials of the subject? There should be a copy of George's great work in every university library – particularly specialist libraries dealing with land economics. It appears that the "Prophet of San Francisco" is not only misquoted (and this has happened before) but that his work is not available for consultation. This situation must be remedied.

Turning to more practical considerations I was pleased to find a couple of paragraphs on site-value rating. Citing experience in Australia and New Zealand, the authors carefully set out the long acknowledged arguments in favour of this method of raising municipal revenues. The Whitstable Surveys of 1964 and 1973 are mentioned with the following comments:

"The disadvantages of site-value rating are that it might bring about piecemeal development and some hardship; it might also be more expensive to collect."

A COMPETENCE

SOLITICOR Patrick Gee of Hatfield Broad Oak, Essex, who died last October, left £1,033,359 gross, £997,737 net. He stated: "If it should appear to some that I have made a competence this is not due to the practice of the law, which has always been ill-rewarded, but to the ownership and occupation of agricultural land."

As far as I am aware there is no evidence to support the first of these claims. Site-value rating in Sydney has assisted site amalgamation and consolidation for large scale comprehensive redevelopment. As to the occasional case of hardship which can arise (as indeed it does even under the present rating system) both Australia and New Zealand have overcome this problem.³ As far as the cost of collection is concerned I would suggest that under site-value rating there would be considerably fewer problems of assessment, appeal and arrears than we have now. This subject merits further study.

The authors then assert that "the majority of informed professional opinion in the United Kingdom rejects the view that site-value rating would be an improvement on the existing rating system and would be better comprehended by the average ratepayer." While superficially this might appear to be the case, I would argue that the subject has not really been given serious consideration by every member of the professions concerned. There is a vast work of education to be undertaken in this direction, and misquoting George does not help.

Concluding this section of their work, the authors state "There is no real evidence that substantial amounts of land have been withheld from the market in the United Kingdom." In response to this I refer to shortages of land alleged by builders and to the researching conducted by Alice Coleman, pointing out that in recent years in one area of South East England, the area of waste or derelict land close to towns has actually increased.

This book may well prove valuable to students studying for professional examinations. It would, however, have been a better book if more careful attention had been given to the points I have raised. Perhaps they will be corrected or modified in any further reprinting.

REFERENCES

1. *Urban Land Economics*, Paul N. Balchin & Jeffrey L. Kieve, London, Macmillan.
2. *Dictionary of Economics*, Harmondsworth: Penguin Books.
3. *Administrative Problems of Site Value Rating*, P. R. Hudson, Land & Liberty Press.