
Land Economics

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ROUND TABLE DISCUSSIONS

LAND ECONOMICS

RICHARD T. ELY, *Chairman*

R. T. ELY.—By land we mean natural resources and land economics is the science that “deals with those human relationships among men which arise out of the utilization of land.” Old economic treatises have given less attention to land than to the other factors of production and even their treatment of land income under the term rent is far removed from reality.

Land economics gives a new approach to old questions. Take taxation, for example. Professor J. V. Van Sickle approaches the subject from the point of view of the land economist in his article in the *Quarterly Journal of Economics*, November, 1927, when he discusses taxation in the light of land classification. Other similar problems suggest themselves at once, such as the relation of taxation to the conservation of our forest resources, to the agricultural surplus, to our excessive urban expansion, to the housing question. The mere mention of these problems indicates the significance of the contribution that land economics has to make.

A still larger conception of its scope is to be had when we realize the close relationship existing between all industries and our natural resources. The railways serve as a conspicuous example; also the construction industry. Land economics is contributing to the development of the economic aspects of these and other industries, particularly as they relate to the ownership and utilization of natural resources and in so doing is enriching the whole field of economics of which it is a part.

R. M. HAIG.—City and regional planners today are genuinely concerned about the economic and financial soundness of their proposals. Their “plan” rests upon assumptions regarding land uses and consists largely of suggestions for public works designed to give each section of the area an equipment of transportation facilities, streets and boulevards, bridges and tunnels, parks and playgrounds, etc., appropriate to the uses to which the land is supposed to be best adapted. The construction of these public works involves large costs. The economic soundness of the proposals is to be measured by comparing these costs with all the benefits produced. The program of public works should be pushed to the point where the benefits no longer offset the costs. But to what extent can the benefits be identified and traced? To what extent do they attach to land? To what extent should the land be levied upon specifically to meet the costs of the public works? Can and should the method of financing the improvements be so arranged as to supply in itself a constant and accurate check upon the character of and the extent to which the program of improvements should be carried out? Can and should the financial plan adopted to meet the cost of the improvements be made to operate as a positive force making for rationality in the order and character of land utilization?

Three general methods of paying for public improvements are in com-

mon use: the pricing method, the special assessment method, and the general taxation method. Under the pricing method the services of the improvement are sold to the user virtually like so much merchandise, as when the cost of a system of water mains is financed by selling the water at so much per cubic foot or when the cost of a subway is met from fares.

It is a fact, observed and recorded many times, that the construction of a public improvement, such as a bridge, a subway, or a tunnel, is often accompanied by profound effects on the selling prices of land served by the improvement, even though the entire cost of the improvement is to be recovered through tolls or fares. What is the explanation of such behavior of land prices? The investigator, seeking to answer this question, may subdivide it into four or more specific questions.

First: Is the increase merely a flash of speculative fever? Doubtless in many cases a minor part of the explanation is to be found here.

Second: Is this increase caused by a shortage in the supply of such public works? If the bridges, tunnels, and subways, so priced as to meet their full costs, were liberally constructed whenever a sufficiently large group desired the improvement, would their construction be accompanied by any such increase of land values? If so, an increase of such improvements to the economically-sound limit would be expected to bring about the disappearance of a large portion of the new land values.

Third: Does the increase represent in part a redistribution of previously existing values, being compensated for by declines elsewhere in the area? One might, on abstract grounds, expect something of this sort with a fairly constant population and a constant demand for land but in New York City, with its rapid rate of growth, it is not easy to find convincing evidence of compensating decrements.

Fourth: To what extent does the increase in values represent purely neighborhood readjustments? It may be the general expectation, taken into account in the buying and selling of lots, that, at about a certain time, a subway line will be constructed through a certain section of the city. But until the route is definitely decided and the points for the stations are definitely established, the local pattern of values cannot be arranged. The elimination of the uncertainty might increase the sum total of land values. These decisions are more or less arbitrary and their mere announcement undoubtedly inaugurates a process of precipitation of values which drops unearned increments into the laps of those who chance to be fortunately situated with reference to the stations.

The discussion thus far has assumed the adoption of a simple pricing policy of meeting the costs of the improvements. Tolls, fares or charges, it is assumed, will be fixed at a point which will exactly cover the operating costs and the debt service of the bridges and subways. This question, however, arises: In view of the behavior of land values, is the policy of pricing the services to cover the costs the sound and desirable one? Should the increase in the value of the land be considered to be caused by the improvement and should they be recouped and applied toward the cost of the improvement, reducing the price of the service by a like amount?

But there are still further complications. Is a pricing policy which charges five cents alike for a ride of thirty miles and for a ride of thirty rods conducive to a well-ordered and economically sound program of urban land utilization, or will it tend to subsidize the utilization of land which is economically unripe, at the expense of the land which is ready for utilization?

In view of the questions which have been raised regarding the character of the increases in land values which have accompanied the construction of public improvements, it must be clear that this is no simple matter. Its consideration involves a review of the other two methods of paying for public improvements; namely, special assessments and general taxation. When one searches the literature of public finance for aid in an attempt to analyze the behavior of land values when an area is being equipped with public works which are financed only partly or not at all by the method of pricing, one finds the cupboard practically bare. For example, special assessments, according to Rosewater, are the imposition laid upon property owners in order to defray the expenses "in those numerous cases where municipal improvements result in distinct and traceable advances in the value of adjacent real estate."¹ This definition, however, assumes an answer to the question which is here being propounded. What kinds of municipal improvements result in distinct and traceable advances in the value of land and under what circumstances? The books do not analyze this question.

If one compiles a list of the kinds of municipal improvements which are financed by special assessments, qualifying for the use of this special assessment method on the ground that they "result in distinct and traceable advances" in the value of real estate, one finds one has a strange assortment. These municipal improvements range from an asset as permanent as the road bed of a street to a service as ephemeral as the sprinkling of an asphalt pavement on a hot summer day. It may fairly be asked whether there is anything among the desires of civilized man which may conceivably result in distinct and traceable advances in the value of real estate if offered in conjunction with real estate and financed entirely by special assessments. To the extent that desired goods and services are prepaid by the owner of the plot, selling prices of land can be increased and these goods and services virtually resold as merchandise. By definition, the municipal improvement must be capable of being shifted. Apparently anything can be financed in this manner to whose utilization the ownership or lease of the land can be made a condition, provided that thing is in demand by the people seeking the land. Of course, they will not pay more for it than the amount they would be forced to pay if they selected some other plot in all other respects similar. But within these general limitations, it seems possible to build up the selling value of land indefinitely.

In analyzing the possibilities of increases in land values through this process of prepaying the costs of improvement and recouping by a markup of real estate prices, the discussion has been in terms of "advances" in values. "Advances" from what? From zero? From some previous level? What has determined the previous level? Do the various advances stand in

¹ *Special Assessment*, (New York, 1893), p. 9.

a causal relationship to the final level? May the construction of an improvement financed entirely by special assessments be accompanied by phenomena in the selling value of land similar to those suggested above in connection with improvements completely financed by pricing? May there be speculative fevers, scarcity premiums, redistributions of existing values, etc.?

In the case of urban land, it has been customary to note that fertility is an insignificant element and to assume that consequently the selling value of city lots is pure, or almost pure, site value. Is it not likely that this type of value is in many cases a relatively small element in the selling prices of land as compared with the other elements? It is customary, of course, to segregate the value of buildings from the value of land. The question raised is whether, in what is ordinarily described as land value, there are important elements which deserve to be classified with the buildings, rather than with the pure site value. Whatever the facts would show, if we had the facts, regarding the relative importance of pure site values in the selling prices of urban land, it seems clear that the level of such site values is determined by considerations quite apart from the improvements which are necessary to clear the land of obstacles.

Refraining from entering into a discussion of the determining causes of the theoretical level of pure site value, attention is directed to the behavior of land prices as the obstacles are removed under the special assessment plan. Let it be assumed that the special assessment technique is perfect and that each lot's true share of the costs of obstacle removal is charged to it in full. The advances in prices which would follow as the result of the improvement would be limited by the level of bare site value. Whether the advance had been sufficient to meet the costs of the improvements would depend upon the degree of accuracy with which the costs that the land would have to bear in connection with the removal of obstacles had been estimated by buyers and sellers. The fairness of using special assessments for such purposes would then depend largely upon whether or not by its announced policy the city had given due notice. If special assessments were expected, they would be allowed for in the price at which land changed hands.

A careful analysis should be made of the particular kinds of public improvements which fall within the limiting influences of the level of pure site values. This problem is bristling with difficulties. The acquisition of the roadbed and the grading of streets are promising candidates for inclusion. But this cannot be said of street paving, sprinkling, lighting, and cleaning. One is tempted to apply the old test of the permanence of the improvement. The level would then be described as toward which the values would move upward as the permanent improvements were made and toward which the values would move downward as the depreciable improvements which had been paid for wore out.

There seems to be a level toward which land values tend to rise as natural obstacles to the utilization of land are removed. The height of this level fixes the economic limit for expenditures for public improvements whose effect is to remove or overcome these obstacles. Above this site value level

may be erected a superstructure of value, consisting of prepayments for various goods and services in demand by the occupiers of the land and the enjoyment of which can be made an incident of tenure. The limits applying to this superstructure are quite different from those applying to improvements for obstacle removal.

To the city planner, then, one may reply that the extent to which he may properly depend upon special assessments depends largely upon what the people have come to expect in the way of special charges on the land for obstacle removal and upon what one can sell them in the way of "superstructure."

Many improvements commonly financed by special assessments could conceivably be priced directly to the user without the formality of imparting an increased value to the land and of then proceeding to recover it. In many cases the real beneficiaries can be identified and the extent of their benefit more accurately determined near the source (as when the subway rider pays his fare) than later in the process after the advantage of a service rendered below cost has been reflected in land values.

The property tax is depended upon by American municipalities generally for the bulk of their general tax revenue and this tax is rapidly becoming merely a real estate tax. There is little correspondence between the tax bill rendered on individual property owners in American cities and the value of the services specifically rendered to them. The orthodox analysis of the incidence of the real estate tax has been formulated with almost no regard to the purposes for which the revenue is expended. If the levy of a certain rate on real estate carries with it an implied promise to supply public improvements from the proceeds of that rate, improvements which would otherwise be financed by prices or by special assessments, can it be fairly concluded that land values will be depressed by an amount equal to the capitalization of the tax rate?

Since this is a round table for the discussion of problems, the speaker may be forgiven for feeling justified in raising issues rather than disposing of them. The purpose of the paper has been accomplished if it has made clear that our present analysis of the behavior of urban land values is quite inadequate to serve as the basis for the formulation of a sound and defensible program for financing a comprehensive city plan. Here lies a group of unsolved problems in the economics of land planning, to which it would be well for a group of economists, equipped with the technique of modern quantitative research, to address themselves.

B. H. HIBBARD.—The remark is frequently heard nowadays that it is too late to institute a program of land classification. Two replies may be made to this statement. In the first place, we have had a land classification in progress for a long time and there should be no disposition to criticize it. The only trouble is that it is inadequate. In the second place, a careful view of the situation will dispel any notion that the time for taking stock of the land supply is past. A plan to guide settlement may no longer have the great possibilities it once had but the government still owns about 170,000,000 acres of land, some of which is useful for agriculture of

various kinds and some for its mineral or recreational or water power facilities. Furthermore, this publicly owned land is being continually augmented as privately owned land drops back into public hands, largely as a result of delinquent taxes.

It is often said that this land is of too little value to warrant an inventory. The question is: Has this great area been surveyed accurately enough for us to determine what is the best disposition of it? A land policy is by no means out of date.

For example, in the lake states where land has been surrounded by settlement, and itself is partly settled, a very complete survey is required, because this land is near markets and is available for any one of a half-dozen uses to which it may be adapted. In the semi-arid country, where markets are farther away, and so far as is known, the uses are more limited, a reconnaissance survey with a view to economic classification, rather than a complete and final survey, is called for. Again, what we want is a reason for classification in advance of the work, in order that the classification may serve the highest purpose.

What has been said applies mainly to agricultural land. The argument applies with equal force, and with even more point, to mineral lands of all kinds. It applies also to urban land. Indeed, in urban land management much has already been done along the line of scientific classification of city land, both that in use and that to be brought into use. Planning and zoning are new forces which have come within a few years to occupy a large place in the advices of most of our cities.

J. V. VAN SICKLE.—Under individual initiative wastes in land utilization have resulted. They are due to certain limitations upon the working of *laissez faire*. These limitations should be clearly recognized, because they afford the theoretical basis for a public land policy and at the same time give valuable indications as to the proper scope of such a policy.

There are at least three important limitations. The first of these is due to the impossibility, under certain circumstances, of imposing upon the individual all the cost imputable to his action. The second limitation is due to an individual's inability to collect from all those benefited by his action. The third limitation arises out of the separation of ownership and control of real estate, i.e. out of the relationship of landlord and tenant.

In order to remedy these limitations on the proper functioning of *laissez faire* greater public control is economically justifiable, but we should bear in mind that our chief reliance must continue to be upon private initiative. Our aim should be to reduce the need for public control to a minimum, thereby reducing the scope of public control to a minimum. There are two important ways of doing this. One is by increasing the knowledge available to private individuals; the other is by remedying those defects in our taxing system which contribute to bad land utilization.

The beneficent results of *laissez faire* follow only where the individual acts on the basis of adequate knowledge. Increased public expenditures for gathering and disseminating facts are urgently needed. They will at once

provide the indispensable basis for intelligent land planning and at the same time minimize its necessary scope.

The second important way of minimizing the scope of land planning is by remedying certain defects in our local general property tax. In general, our local tax system affects adversely lands marginal between two uses, forcing them out of one use before they are needed in a higher use. In this process of shifting from one use to another there are individual losses as well as social losses. Primarily because of the individual losses there has developed a popular demand for zoning. The effort is made to protect a district not only from nuisances but also from uses that enhance land values. Thus the scope of land planning is unnecessarily enlarged with increased risks of social waste. It may permanently shunt business expansion into less desirable channels. Tremendous foresight, responsibility, and flexibility are necessary, if zoning is not to bring in its wake unlooked for social costs.

The likelihood that it will bring such costs in its wake can be greatly reduced by the substitution of a classified land tax for our existing method. In the case of urban land the classification would be the same as the zoning classification. Within each district the tax would be based upon values determined by the predominant use, instead of upon market values. Between assessment periods the intrusion of a higher use would in no wise increase the burden on adjacent properties. Hence, there would be no need to ban any more productive use simply because it tended to enhance land values, provided that in other respects it was compatible with the prevailing use. Thus the scope of zoning could be reduced.

Moreover, the slow intrusion of higher uses would safeguard the community from the danger of any serious warping of urban expansion out of the most desirable pattern, and at the same time afford the zoning authority valuable evidence regarding the time for and the extent of reclassification of districts. The task of the zoning authority would rather be that of ratifying what constructive private initiative had already decreed.

MISS HARLEAN JAMES.—There is need for a co-ordination of urban zoning with a comprehensive regional plan, that will take account of highway plans, traffic regulations, and be adapted to the topography of the city and its environment.

In his discussion of the financing of improvements in urban areas, Professor Haig has raised some exceedingly interesting questions. The "user" principle of paying for public improvements presents a fairly painless method but, as Professor Haig indicates, it is not necessarily equitable in its relation to land values directly traceable to the improvement.

On the other hand, the special assessment plan may, and often does, bring a pyramiding of special assessments for different improvements which require a property owner to pay six or seven assessments for simultaneous public improvements which the owner may or may not have desired. Thus we see that this plan is capable of a haphazard application hardly scientific. In the laying out of new subdivisions there is much to be said for a law which requires the utilities to be installed before lots can be sold for building purposes. Sooner or later the purchaser of an unimproved lot will be called

upon to pay for the improvements, whether by special assessment or general taxation.

When we consider the general land tax, based on the supposed capital sales value, we have even less basis for knowing how much of the total amount collected should be assigned for public improvements in the different sections of the city. But we are learning that bare sites, without the needed utilities, are worth but a small fraction of the sale value of improved sites.

We have not the economic data at hand to set up an equitable financial distribution of the cost burden of public improvements on the land, but we can say with certainty that we need a closer co-ordination between the administration of land planning and the financing of municipal improvements.

L. C. GRAY.—In the field of land utilization there is need for continued study of the relationship of national requirements for various uses to available resources. Land economists have laid much stress on the need for land classification. A study of an extensive character is needed which would indicate the lands physically adapted to particular purposes.

While the phrase regional planning has come to be associated with studies restricted to the suburban territory immediately encompassing a city, for lack of a better phrase I have extended its meaning to apply to the development of a program of utilization for rural territory. When the latter type of project gets under way the task of regional planning will be started from two separate extremes, the city and the country. The two planning movements, however, will have a territory in common. The city planning movement must take account of water sheds for its supply, and may well take into consideration nearby forests, beaches and other recreational areas, suburban trucking and milk supply territory, and what may be called the territory of semi-agricultural commuting population, as well as the strictly suburban areas. The country rural planning movement must take cognizance of those uses of rural land which are determined or affected by nearby cities.

Undoubtedly much greater progress has been made in developing systematic and efficient methods of appraising city real estate than in the case of farm and forest real estate. It is unnecessary to elaborate again the importance of inquiries in this field as a means of facilitating sound credit and taxation policy, developing more effective systems of farm accounting and organization, promoting a better understanding of the factors influencing the prosperity of farmers and their progress from tenancy to ownership, and throwing light on such controversial issues as the tariff and railway rates.

One of the most important tasks now confronting land economics is a reformulation of fundamental theory with respect to land in the light of statistical data. A great mass of accounting and statistical data have become available, and should be employed to determine the facts.

The Ricardian theory of rent, as subsequently restated by Mill, Marshall, and others, was not only a doctrine of valuation and an important segment in a philosophy of distribution, but it was also a theory of land utilization.

Briefly stated, the kernel of the doctrine is that the area in use tends to reach an equilibrium at the point where output and input are equal, to use recently coined terms, and tends to expand or contract respectively as output exceeds or falls short of input. Marshall found it desirable to allow for the influence of expected increment in land value, although this was probably intrinsic in the Ricardian theory of long time, rather than current, relationship of output and input. However, after eight years observation of the success of supersalesmanship and of reclamation boosters in forcing land into use and of noting how tenaciously farmers cling to a homestead after it has become hopelessly unprofitable, I am inclined to seek a more realistic philosophy of land utilization.

I am particularly desirous of some more precise method than Ricardo furnished for determining what land is marginal and what is submarginal. One hears these terms on all sides in the discussion of the farm problem and various proposals for dealing with such lands; but when one tries to find land so poor that it may be called marginal one finds on it varying percentages of the farmers making good profits, and on land supposedly supermarginal varying proportions of the farmers losing money on their operations. These facts may probably be explained under the Ricardian theory as variations in efficiency of labor and capital, but this does not help much in determining what land we should regard as marginal or submarginal for purposes of land utilization policy.

It is, of course, not my purpose to criticize the Ricardian theory of rent. I therefore return to the conclusion that land economists should address themselves to the task of building up an inductive philosophy of the behavior of land under various conditions of valuation and utilization. If we are farther along in the development of scientific methods of valuing urban land, it is because the classical theories were earlier abandoned in this case and valuation was developed on the basis of a study of behavior. Nevertheless, in the case of urban land, as well as of rural, there is need for further research.

On the basis of the Ricardian theory there has been developed a program for reforming the rôle of land in the distribution and production of wealth. Briefly stated, it holds that the taxation of improvements tends to discourage the utilization of land, whereas the removal of taxes from improvements and from other tax-bearers and concentrating them on land would so stimulate the process of utilization of land and of production that poverty would soon disappear. Without undertaking to criticize the assumption that the proposed change in taxation would tend to stimulate the process of land utilization, I wish to maintain that a realistic approach to the problems of land utilization will indicate that such a process of stimulation is just the thing that should be avoided at all costs.

One of the central tasks of the land economist, then, is to acquire by research a fuller knowledge of the operation and effects of the forces which govern the expansion and contraction of land utilization in all of the several kinds of land, and on the basis of this fuller knowledge to seek to promote a more orderly and less wasteful process.

The achievement of a more orderly process of land utilization will probably necessitate not only a reformulation of economic doctrine as applied to land, but also a revision of political and legal conceptions. Our present ideas of landed property were largely forged under the fierce fires of the French and American Revolutions. Some of these conceptions stand opposed to that degree of social control which would tend to eliminate the waste in land utilization.

Modern capitalistic and competitive agriculture with its highly complex technical and mechanical requirements challenges us to develop some form of tenure and business organization which will provide the efficiency and continuity of the great corporation without sacrificing unduly the individual autonomy, economic independence, and family self-sufficiency characteristic of the older system. It may take the form of some system of estate management on the basis of holdings operated by carefully selected tenants, and with a type of landlordism especially adapted to the ends to be attained. It remains to be determined whether the landlord will be private individual, corporation, or state.

Students of land economics will not lose sight of the importance of achieving such objectives as a more efficient system of registering and insuring land titles, providing compensation for tenant improvements, and promoting a more scientific and efficient system of land valuation, which is basic to most other forms of progress in this field. I look forward to the day when we shall replace the present system of hit-or-miss valuation, carried on by a number of agencies more or less overlapping one another and duplicating their activities, by a centralized system of land appraisal operated by a personnel with well-standardized professional qualifications.

E. M. FISHER.—Probably first in point of urgency among the problems that press for solution stands the opportunity for the development of some measure of the need for new territory in the outlying districts of a modern city. No one knows what the ratio should be between population growth and areal growth of the city. It would seem to be a safe assumption that the chief need for urban lots arises from the number of people who inhabit the urban territory. Furthermore, it ought to be possible to give the subdivider some very valuable help with a normal ratio between the two. He should be able to approach the analysis of his market statistically, measuring more or less accurately the exact need for lots. Research ought to be able to throw light upon his problem.

Similarly, research ought to be able to determine with a fair degree of accuracy what proportion of the lots in a given urban area must be placed in use before the values and the characteristics of the given area are determined and stable.

Another problem to the solution of which research ought to be able to make a direct and valuable contribution is that of the scientific location of industry. Much has been done by geographers on the location of the natural resources of our country, but as yet little has been done to correlate this with the location of industry and to determine exactly what effect the location of raw materials has had on the location of industry and of cities. A

similar study will show how city growth is dependent upon industry and to what extent it is independent of it. Another of similar nature is the study of the forces governing the direction of growth of cities.

Still more fundamental to the science of land economics is the study of the distribution of the land resources of the urban area between the different uses and the changes in the distribution wrought by growth. This study must be made of a large number of communities with the data segregated on a geographical basis so that the different relationships can be studied. Here uniform forces are doubtless asserting themselves whose discovery and enunciation will bring far-reaching assistance to city planners, real estate dealers, and investors in income-producing properties.

One of the most perplexing and significant problems confronting property owners and civic authorities is that of building height limitations. We may be safe in inferring that the economic limitation of building heights is the only one that will be permanently effective; but even if we accept that philosophy, we have little to guide us in judging what that economic limitation is. By studies similar to the one made recently by Dr. W. C. Clark, it would seem possible to arrive at a general conclusion as to the proportions which may exist between the size of the plot, the intensity of the use, and the other factors that enter into the problem.

Another study of equal importance is that of obsolescence in buildings, particularly in office structures. In a day of reinforced concrete buildings, the element of depreciation is practically insignificant except in connection with equipment, but obsolescence seems to be even swifter than before. The approach to this problem appears to be through a study of the replacement of buildings, or the differential in the rents which older buildings are able to command as compared with other structures newer but similarly located.

These are but a few of the immediate practical problems which press for examination. But few data are at present available with which to work. Beyond doubt there are scores of others which are equally important and just as urgent. But these may suffice to indicate the method of approach and some of the interesting opportunities that exist in the field. They may point to the contribution which may be made to public policy and to private guidance in the investment of funds in real estate.

G. S. WEHRWEIN.—I would like to emphasize several points suggested by previous speakers. One of these is research in land valuation. We have not yet worked out a method of valuation suitable to American conditions. In a nation where land values are, rightly or wrongly, expected to increase continuously, little attention has been given to value based on economic productivity. It has been said that land normally yields a low return. Part of this is the result of the overvaluation of land and the economist can do much to establish a rational basis for land values.

In land tenure more emphasis ought to be given to the place of credit as a means of climbing the "agricultural ladder." In a study made by the Institute for Research in Land Economics and Public Utilities of an area with practically no tenants, it was found that local credit was sufficient to take care of the transfer of property from one generation to another or

from one person to another. A static condition of the percentage of acreage mortgaged has been reached, very little change having taken place since 1880.

More study is also needed on the subject of inheritance in land tenure. We do not know to what extent this has been a factor in helping farmers to acquire the ownership of land. Another moot subject is the status of the "rented additional" farmer, i.e. the farmer who owns part of the land he operates and rents the rest. A study now being completed seems to indicate that these men use this practice as a step toward complete ownership. They are younger men than those who are full owner-operators and evidently are financially able to own only part of their farms. If further studies substantiate this we have discovered another rung of the "agricultural ladder."

Finally, urban land ownership and tenancy is still an unexplored field.

ARTHUR J. MERTZKE.—The fact that ten years ago none of the subjects embraced by the field of real estate were to be found in any college catalog in America shows that we stand here on the fresh soil of a new frontier. Today sixty-seven colleges and universities are offering courses in this field, and a growing number have not merely a well-rounded curriculum in the field, but offer the work as one of their major courses in both the graduate and undergraduate departments. At the meeting of the American Economic Association held a year ago in St. Louis a group of men interested in land economics and real estate met at luncheon for the purpose of discussing the nature and possibilities of this new field. At this meeting a committee was appointed to make a survey of the colleges and universities offering courses in real estate and land economics. This survey was made last April and brought up-to-date within the past few weeks.

SUMMARY OF COURSES IN REAL ESTATE AND LAND ECONOMICS OFFERED
IN
COLLEGES AND UNIVERSITIES IN THE UNITED STATES
DECEMBER, 1927

Course	Total	Day	Evening	Extension
All courses	190	116	54	20
Real Estate Practice	53	32	13	8
Land Economics	36	31	4	1
Real Estate Law	24	10	8	6
Real Estate Appraising	16	6	7	3
Real Estate Finance	11	8	3	..
Building Management	10	6	3	1
City Planning	10	7	3	..
Transfers and Conveyancing	7	3	4	..
Urban Land Economics	5	4	1	..
Building Design and Construction ..	4	2	2	..
Property Insurance	4	2	2	..
Building and Loan Associations	3	1	1	1
Taxation	3	2	1	..
Housing	2	2
Real Estate Accounting	2	..	2	..

From the analysis of the field at the present time it appears that the core of the field lies in the economics of land utilization, whether this be presented

under the title of "Land Economics," "Urban Land Economics," or "Real Estate Fundamentals" and that from this field of principles we find radiating a dozen or more specialized branches, the relative importance of which it is still difficult to evaluate. It is clear, however, that there is a rapidly growing appreciation on the part of both educational institutions and men of affairs of the vital importance of this field which deals with many of the most difficult and fundamental problems of our economic system. Accordingly, we have reason to expect the steady growth not only in numbers but also in quality as continuous research sheds more and more light upon problems which we are only beginning to appreciate.

MARKETING

C. E. GRIFFIN, *Chairman*

The marketing round table session was devoted to a discussion of "Recent Trends in Distribution." The specific developments selected for consideration were "The Present Status of Wholesale Trade," "The Present Status and Future Prospects of Chains of Department Stores," and "Hand-to-Mouth Buying." Papers on those subjects were presented by Melvin T. Copeland, Edward A. Filene, and Fred E. Clark, respectively. The discussion was led by Theodore N. Beckman, Carl N. Schmalz, and Harry R. Tosdal. Abstracts of the papers are presented.

MELVIN T. COPELAND.—Nowhere in the United States is wholesale business being conducted by settled methods. This fact is indicated by a review of the conditions existing in various typical wholesale trades at the present time. A fundamental struggle as to how the wholesale function is to be performed is under way and many wholesalers still are dodging the real issue. The wholesale function must be performed, but the wholesale merchant is not in a position to dictate how it is to be performed. He is a middleman and must serve the interests of manufacturers and retailers.

A large part of the unsettlement in the wholesale trade can be ascribed to the radical changes which have taken place in the manufacturing and retail trades. One important development has been national advertising of trade-marked goods by manufacturers. When a manufacturer places a trade-mark on his goods and advertises them to consumers, he is making his own business more stable and is placing the wholesaler, and perhaps the retailer, too, in a different position from that which those merchants previously have held.

In order to promote sales of their products, furthermore, numerous manufacturers have employed missionary salesmen and, in some cases, have undertaken to make drop shipments to retailers—all of which has affected the status of the wholesaler.

In the retail trade the growth of chain stores and the activities of retailers' co-operative buying associations and buying syndicates have influenced the wholesalers. The chief customers of the wholesalers dealing in consumers' goods are unit stores. These unit stores have been vulnerable to