May I ask why the rent on the main street corner is 25 times that of the suburban street? Is the answer perhaps that the turnover is 25 times higher? Well then, rent *is* paid for by the customer of the shoes, but it just equalizes the prices of the product. In other words, allowing for equal exertion, equal profits and equal prices, rent *is* the difference. That is Ricardo for the shoe shop.

A tax on land cannot be passed on? If you double the tax on the main street corner shop and "pass it on" by raising the prices of the shoes, you will sell no shoes – the customer will buy them in the suburban shop. That is Henry George for the shoe shop.

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The Nature of Rent

LOCATION AND LAND USE: TOWARD A GENERAL THEORY OF RENT, by William Alonso. Harvard University Press, 1964. 204 pages $5.50

"This work," states the author in his preface, "developed out of a sense that there might be value in generalizing and articulating with care the classic theory of rent and location that has been in the air for a century and a half." There is indeed value in such an aim, and the author is furthermore concerned with extending the concept of rent so as to include urban cases as well as agriculture.

The book surveys all too briefly the history of rent theory, beginning with Ricardo and the classical economists. Professor Alonso seems not to have heard of Henry George, and he skips from Mill to Marshall. This is all the more peculiar in view of his stated aim, as George went to great lengths extending the Ricardian law of rent to industrial and urban land. Twentieth century writers on rent theory cited include Hurd, Haig, Ratcliff and Wendt.

The author develops his theme by presenting various equations which show relationships between supply and demand of land, distance from the center of the city, bid prices, etc., and states his case in three different ways: in mathematical formulae, in diagrams and in statements – thus making his arguments more accessible. He does not move to deeper implications of rent theory, however, as the classical economists did.

He does recognize the unique nature of land value, but unfortunately makes up his mind that he is not going into the nature of this value. The result seems to be that he moves on the same surface level with endless varieties of equations showing all degrees of bid price curves, etc. In fact he feels impelled to justify his work as "more than a lengthy formal exercise," and says that it may throw light on marketing, taxation and the income elasticity of the demand for land.

While his book may make a contribution in these areas, – much more is needed before a "general theory of land rent" can be achieved. A good many more factors (including "expectations") should be more thoroughly explored. The nature of rent certainly should not be ignored. More attention should be paid to the taxation of rent (though Alonso's brief statements are correct, as far as they go); and to complete the theory, some real-life situations, some flesh and blood should be added to the dry bones of abstract formulations.

R.C.