

*Papers on Economic Activity*, 1979). The discussion of the econometric work leaves much to be desired; for example, no reference is made to Rosen and Quandt's estimation of a disequilibrium model (*Review of Economics and Statistics*, 1978).

I found that Casson has constrained the discussion of unemployment in his first chapter by making traditional assumptions of identical agents. Although at one point he refers to capitalist organization as being responsible for unemployment (pp. 70–71), he does not go one step further and distinguish two classes: workers and capitalists. There is surprisingly no mention of technological change or the possibility of technological unemployment. Poor Ricardo and Marx have been forgotten!

Casson provides a partial explanation of unemployment; for more complete treatments students would have to go beyond this book. However, it provides an excellent supplement to standard macroeconomics textbooks. Overall, the book succeeds in providing a very clear exposition of "disequilibrium" macroeconomics.

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*The Taxation of Urban Land*. By A. R. PREST. Manchester University Press. 1981. vii + 207 pp. £19.50.

This excellent volume deals with issues of importance to human wellbeing. Many of us and our children will live in urban areas. Taxes on land will influence land use and, as a result, the way people live. Governments, not least local governments, need revenue; land (i.e., owners and users) will constitute a source of revenue, some actually received under present law, some potentially available from land taxes that can be used.

Professor Prest's extensive survey of the British record and his sophisticated account of theory leave no doubt that results to date include many failures and a paucity of positive achievements. He does not attempt to examine (local) government finance as such. He does not set himself the task of relating revenues from urban land to the total financing of government. He does, however, provide figures for the yields of some of the special tax efforts. The amounts are small. The taxation issues discussed for the most part are not the long-established annual rates, but special levies—for example, those on increments in prices of specific parcels of land resulting from awards for development.

The opening chapter, occupying nearly one-third of the book, surveys in readable form the theory of property taxation as developed by economists. Teachers of public finance should find this discussion exceptionally valuable. Students can benefit from the clear, intelligently critical, summary of the history of thinking in Britain and the United States about the incidence and effects of taxes on land. Allocation and equity aspects are examined for various situations and forms of tax and the conditions of possible application. The focus on land taxation helps to explain what (for an American reader) may seem to be the sketchiness of the discussion of possible contrasts between property taxation on structures and land. Site value taxation, however, gets explicit attention with generally, albeit cautiously, favorable judgement.

For decades now, British commissions and study groups—and Acts of Parliament—have devoted extensive effort to developing better arrangements for land planning and land use. The proposals and laws have included provisions for getting revenue from those governmental actions that benefit certain urban landowners. There has also been recognition that governmental rulings can deprive landowners of valuable development potentials. Professor Prest summarizes a history that must set a record for instability of governmental policy on a major issue. He notes with explicit emphasis that the facts, the evidence, the solidly based knowledge underlying actions have been—and are—distressingly inadequate; for example, "this conclusion emerged after five whole years of discussion but without the backing of a single shred of empirical evidence . . ." (p. 101).

The second chapter deals with history. The third utilizes the theory and other fruits of a keen mind to comment upon the history. The author uses hindsight, frankly and fairly, not to condemn (though avoidable errors were made) but to help clarify alternatives and to provide support for the conclusions and suggestions in the concluding chapter.

There *must* be governmental intervention in land use decisions, but not necessarily so much and certainly not all of the elements that have existed at any one time, or today, in the United Kingdom. Yet arrangements do exist, and practical action will consist of efforts to improve upon them. One goal should be reduction of apparently heavy costs of administration and compliance (including delay and uncertainty). Land acquisition by governments has only limited positive potential; it involves much risk of poor management and inferior allocation as contrasted with what is to be expected from private ownership, incentive and use. Specific controls should be examined one by one; to do so wisely requires much more evidence, for example on actual ownership, than is yet available. One opportunity would be an expansion of freedom for differentiation from one locality to another with reduction of the present role of centralized rules that now apply.

Fiscal devices—taxes and subsidies—cannot produce the attractive results sometimes assumed by advocates, results in better allocation and use. Professor Prest sees advantages and disadvantages of site value taxation; he points to the results of two studies in Whitstable which confirm the practical possibilities of administration, and he finds much in favour of some testing of the possibilities by local governments whose needs for revenue will probably rise.

This history recounted in the book includes much about attempts to tax increments in land values. The author finds merit in taxing values associated with development grants and would include gains on land in a general tax on capital gains. Relatively too much attention may have been given over the years to taxing increments of land prices as compared with getting as good allocation as possible of urban land.

British land use and related tax policies have changed several times since the Second World War. The author's analysis leaves no doubt of his conviction that "there must be a better way". He does not, however, presume to prescribe the model plan. Although fiscal instruments may have some rational relation to planning programmes, nothing to date can be credited with broad, general success. The government has captured gains in specific cases. A more rationally coordinated system can be developed. A thorough study of this volume should constitute an integral part of processes for rebuilding a structure of importance for public and private life, next year and indefinitely into the future.

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*Companies, Incentives and Senior Managers.* By G. C. FIEGEHEN with W. B. REDDAWAY. Oxford University Press for the Institute for Fiscal Studies. 1981. xiii + 141 pp. £12.00.

This study reports on the views of companies about the incentives of their senior managers. Senior managers were believed to have been adversely affected by changes in their incomes in the 1970s, and "The study's principal concern is to establish the extent of any adverse impact on . . . recruitment . . . retention . . . motivation and work performance" (p. 1). In all, 108 companies were approached through personal contacts of members of the Institute for Fiscal Studies and 79 (73 per cent) cooperated. Because this sample consisted "mostly of larger companies based in the London area" (p. 20), the CBI were asked for a list of smaller companies outside London, and 15 (22 per cent) of 68 who were contacted cooperated, giving an overall response rate of 53 per cent. One manager usually the chairman, managing director or personnel director, was interviewed in each firm. Questions were asked about senior managers (defined as those earning over £10,000 a year in early 1978) and in particular about their performance and motivation and about staff departures and recruitment. Companies reported few difficulties with staff retention or recruitment. Companies employing about half the senior staff reported a decline in motivation and this was believed to have reduced work performance in some cases. The study concluded "it is clear that in total any disincentive effects that operated on senior managers had a minimal impact on the activities of British industry" (p. 101).

The most unusual, and controversial, aspect of this study is that a sample of companies was interviewed about the behaviour of managers. In household studies it has proved difficult to obtain reliable information about one household member from