
Rethinking Land Rent:

Towards a coherent, pluralist political economy

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Introduction

After over two decades of relative neglect, land-rent theory may be experiencing a revival. Several recent essays find existing theory deficient, give reasons for its current condition, suggest ways forward, and generally urge its renewal. These similarities notwithstanding, they differ in their explanations for rent theory's current state and their suggestions for renewal. Despite these differences they share certain preconceptions, some of which I challenge here.

Perhaps the most fundamental of these is the near universal tendency to treat land rent primarily – almost solely – from the standpoint of what **bhaskar2014thepossibility** calls “the duality of praxis” while ignoring what I shall call “societal duality.”¹

¹The limitations of language pose a real obstacle here. **bhaskar2014thepossibility** actually counterpoises “Society” and “Individuals,” but this is problematic for several reasons. When he discusses “society” he is really discussing social structure. The term “society” itself commonly describes situations that can be much more ad hoc, informal, and intimate: for example, a small group gathering around the water cooler in an office and discussing the Academy Awards can be described as being social and participating in society. But although social structure is present in this setting, describing the setting as “society” would be a misuse of how **bhaskar2014thepossibility** uses the term. “Social structure,” on the other hand, is also problematic because it suggests an ahistorical “structuralism” that reifies society as structural determinations sweep along lifeless trr who are just the bearers of social structure (**thompson1978thepoverty**). The notion I am getting at is much more satisfactorily labelled “societal” if one understands this term as connoting that which is large-scale and society-wide (**etzioni1968theactive**). So instead of **bhaskar2014thepossibility**'s (**bhaskar2014thepossibility**) “duality of structure,” I use “societal duality.” Whichever term one uses, what **bhaskar2014thepossibility** means by it is that “society is both the ever-present *condition* (material cause) and the continually repro-duced *outcome* of human agency.

But this does not get us entirely out of the woods. Bhaskar's use of “Individuals” is even more problematic. While it is true that some social scientists (and politicians) reduce the human world to asocial, ahistorical “individuals” (e.g. in methodological individualism), thankfully such practice is becoming increasingly rare. Certainly, outside of perhaps mainstream/neoclassical economics, the literature on land rent is not overly concerned with individuals. But it does emphasize firms, industries, government agencies and policies, localities, and social actors, even though the latter often stand in as personifications for broader social categories (“landlords,” “tenants,” etc.). In relation to individuals, **bhaskar2014thepossibility** uses “praxis” to denote conscious, intentional human activity, and it too has a dual character in that “praxis is both work, that is conscious *production*, and (normally unconscious) *reproduction* of the conditions of production, that is society.”

While the literature on land rent in economic geography does somewhat address this dual character, it also goes beyond land rent as the praxis of individuals, organizations, and the like. Nonetheless, it rarely gets to the societal level. And there simply is no single English term that adequately captures the domain in which the land-rent literature operates.

One might think that “microeconomic,” “macroeconomic,” and “meso-” levels would work, but such terms bring their own problems. One is that the first two of these are strongly associated with mainstream economics, which economic geography has largely rejected over the past forty-five years. Using these terms now could suggest bringing mainstream economics back into economic geography. While I do not wish to exclude all of mainstream economics out of hand, neither do I wish to open the door to wholesale importation of mainstream economics.

Second, the mainstream makes a sharp distinction between microeconomics and macroeconomics – so much so that they sometimes seem to be entirely separate. Nonetheless, mainstream macroeconomists has a strong affinity, if not an absolute requirement for, “microfoundations” in macroeconomics (**wren-lewis2012microfounded**). This suggests, and in many ways is required by, methodological individualism, which is still prominent in mainstream economics (**janssen2006microfoundations**). **bhaskar2014thepossibility**'s (**bhaskar2014thepossibility**) critique of methodological individualism – and indeed of all “one-way” methodological approaches – implies that this particular kind of connection between the praxis and societal levels is illegitimate. So what at first appears to be a bridge between micro and macro is in fact a bridge falling down.

Third, in heterodox economics the micro- and macro- levels are at once separate yet closely related. **mearman2007teaching** states a basic principle of heterodox economics: “While theories of the individual are useful, so are theories of aggregate or collective outcomes. Further, neither the individual nor the aggregate can be understood in isolation from the other.” This is entirely consistent with **bhaskar2014thepossibility**'s methodological analysis, which argues that the societal and praxis levels are distinct but mutually interdependent. This is an extremely important but very subtle difference between heterodox and mainstream economics, and this distinction is too easily lost by using the mainstream labels.

Fourth, in economic geography the terms can easily be muddled even further. As I am using the term here, “societal” refers to society as a whole and to processes that actually exist at the level of society as a whole. But there necessarily is some correlation between “society as a whole” and geographic areas, such as nation states, continents, or the global economy. So it is easy to use “macroeconomic geography” in a way that confuses and subtly elides societal processes (i.e. an ontologically real stratum of the world at which society-wide occur) and geographically large-scale processes. For example, economic crises are inherently societal but need not be global, while international trade is inherently global but need not be societal. For example, **Peck_2016_Macroeconomic** labels as “macroeconomic geography”

This might be surprising, but consider Haila's (**haila1990thetheory**) seminal review of land rent theory between roughly 1970 and 1990. She identifies three groups of questions around which she organizes the literature:

- a) How does rent emerge?
- b) Who or what are its agents, and what are their behavioral patterns and social relations?
- c) What is the economic role of rent?

If microeconomics pertains to individuals, firms, etc., the second question self-evidently falls within this realm. The first question deals with the *mechanisms* by which rent comes into being, and to address this question the theory employs behavior and activities of

For example, **ward2016theshitty** give a thorough history of land-rent theory, describing the literature as filled with “confusion and conflict” and needing renovation, with heterodox theory in particular having “fallen into a state of dilapidation.” They attribute this to three characteristic tendencies of geographic political economy in the late 1980s. (1) Rejection of structuralism undermined concern with land rent as a broad economic category and shifted attention to the institutions and actors involved in processes related to land rent, as well as to economic rents and fictitious capital in general; (2) still heavily influenced Marxian political economy, scholars deemphasized market prices in favor of labor values and therefore neglected the bid-rent mechanism as a way to understand land markets; and (3) confusion about absolute rent hobbled understanding of the dynamics of not only land rent but also of other economic rents, such as intellectual property rights, that were becoming increasingly important in contemporary capitalism. As a way to move forward, **ward2016theshitty** propose a broad, if sketchy, theoretical framework in which variations in productivity and utility between land parcels create conditions for differential rents, while supply shortages of particular kinds of land create conditions for monopoly rents. They insinuate that neoclassical theory, with its bid-rent construct, is the best candidate for yielding insights into contemporary differential rents and that institutional theory can serve the same purpose with monopoly rents. A merger of these two approaches could then be redirected to investigate “how capital flows through land,” thereby avoiding the mistake of conflating land and capital and exposing contradictions between the two.

Others writing on the subject take a similar tack, assessing land-rent theory's decrepit condition and suggesting how a revived theory could help shed light on crucial contemporary issues. For example,

hudson2016risingpowers's (**hudson2016risingpowers**) paper on uneven global development, even though several of the global processes **hudson2016risingpowers** discusses are not macroeconomic (in the usual sense) while some macroeconomic processes that are not geographically global, such as growing inequality and the decline of union density in the U.S., have geographically global ramifications. For similar reasons, I am tempted to use “local” instead of “praxis” as substitute labels for **bhaskar2014thepossibility**'s “individual” level, but “local” is too easily misinterpreted as geographically local rather than as individual and immediate social relations.

anderson2014classmonopoly notes that land rent is almost completely absent from the copious literature on neoliberal cities and crisis and ascribes the “loss of interest” in rent since the 1990s to the cultural turn in urban studies, which pointed the field away from more economic topics. He then argues that class monopoly rent could be very useful for understanding neoliberal cities and their crises. Similarly, **christophers2016forreal** describes land (and land rent) as having been “theoretically side-lined” but attributes this to rent’s status as “fictitious capital” in both Marxian and Polanyian traditions: “Faced with an array of real and fictitious commodities and, in particular, of real and fictitious capitals ..., is it any wonder that theorists have focused on the real stuff and made the fictitious a secondary consideration?” His remedy, therefore, is to jettison the notion of fictitious capital and to treat land as a real commodity.²

park2014landrent is another example. After reviewing debates concerning land rent before the period of “rupture” in the late 1980s, **park2014landrent** describes the subsequent period as one of “premature stagnation” and attributes this to four causes.³ One is only partial: land-rent mechanisms were neglected because interest shifted to the social relations of land rent and to land rent’s economic role. Geographical political economy’s critique and rejection of neoclassical urban economics, coupled with the latter’s emphasis on land-rent mechanisms, only added to this neglect. A second cause was failure to come even close to a consensus about absolute rent, with differences of opinion about: the necessity of a low organic composition of capital for absolute rent to exist; the distinction, if any, between absolute rent and monopoly rent; historical conditions for absolute rent to be important; and the possibility that something resembling absolute rent could arise from transaction costs, monitoring costs, and risk compensation. Third, confusion over the distinction between rent paid for land versus rent paid for use of a building. And fourth, the rupture itself, between what **haila1990thetheory** had called “ideographic” and “nomothetic” rent theorists: i.e., those who understand land rent as being highly contingent and therefore requiring specific empirical study in concrete historical/institutional contexts versus those who believe land rent undercapitalism has a certain general lawfulness. Interestingly, he points out the relevance recent work on land rent in mainstream economics has for Marxian and other heterodox theories of land rent. **park2014landrent** then sketches a way forward through a research program that (1) develops a consistent theory of land-rent mechanisms, (2) resolves issues surrounding distinctions between absolute and monopoly rents, (3) identifies what the “product of the land”

²Elsewhere in his essay **christophers2016forreal** quotes **elden2010landterrain**, who maintains that land “is not something that can be created but is a scarce resource.” Accepting this common assumption about land and still classifying land as a commodity implies rejecting the usual Marxist practice of treating “commodities” as marketed products of labor. Below I argue that land *often is* a product of human labor, so that **christophers2016forreal** and others are wrong about the supply of land being fixed, permanent, and not humanly created and therefore also wrong to use land as justification for broadening the concept of a “commodity” to include things that are not products of human labor.

³**haila1990thetheory** had described land-rent theory as having gone through three phases: “consensus” during the 1970s, “transition” from the late 1970s to early 1980s, and “rupture” after the late 1980s. She also had interpreted land-rent theory as dealing with (1) mechanisms of land-rent extraction, (2) social relations of property and rent, and (3) the economic role of land rent.

means in an urban context, and (4) successfully translates agrarian theories of land-rent to an urbanized economy.

While these authors are correct in their diagnoses that land-rent theory has been neglected and in a state of decline, their prescriptions share one common feature: they all understand land-rent in the context of what one might call “microeconomic geography.”⁴

For opening paragraph. lainton2013rethinking

lainton2013theclassical

For second paragraph - Macro. beitel2016circuits; florida4thereal

For elsewhere. balardini1demandand

emmett1frankh

foldvary1themarginalists

gaffney2008keeping

goodman2008whereare

munro2012landand

williams2010bichler

sungyoong2010information

ecobomakis2003onabsolute

ramirez06marxstheory

vercellone2008thenew

A recent review of the history of land-rent theory characterize it as filled with “confusion”

“c/onfusion and conflict,” and particularly heterodox land-rent theory having “fallen into a state of dilapidation” and needing renovation (**ward2016theshitty**).

” throughout its history. In particular, they single out contemporary as (p. 21) and in need of renovation . Based on their analysis of the reasons for this decline, they briefly offer a blueprint fcor reviving land-rent theory and encourage debate around this project.

In this they are not alone. Several other scholars also have recently called attention to land-rent theory’s decrepit condition and offered prescriptions for its renewal. But although they share a general consensus regarding land-rent theory’s poor condition and the desirability of reviving it, they vary both in their diagnoses of what is wrong with the theory and in their proposals for reviving it. In some instances, such differences may

⁴With some trepidation, I borrow, or perhaps ape, mainstream economics’ distinction between microeconomic and macroeconomic. **Peck_2016_Macroeconomic** uses “macroeconomic geography” to characterize Hudson’s (**hudson2016risingpowers**) account of global economic change under neoliberalism. But here “macro” signals large geographic scale (global or continental as opposed to neighborhood, local, or perhps regional), whereas in economics it distinguishes collective, economy-wide from individual or even industry-wide economic processes.

be reconcilable, or even minor, with complementary-but-different positions on the subject readily capable of being combined: it is a matter of “both/and.” In other cases, possibilities for reconciliation are not obvious and different positions seem to be starkly opposed: “either/or” appears to be the only possibility. In such instances, engagement and debate might resolve conflict between positions, or at least bring to light why such resolution is impossible. Perhaps such debate would result in dropping one approach in favor of another. At the very least it could highlight strengths and weaknesses in different positions. Yet among the various proposals currently on the table, I know of no such debates. Instead, a more “tribal” pattern of disengagement and isolation seems likely, with different approaches going their own ways and ignoring the others.⁵

To some extent the present essay hopes to forestall this by insisting on *theoretical coherence*: not only in land-rent theory itself but in conjunction with the larger body of heterodox political economy, including both geographical political economy and heterodox economics. In other words, the essay rethinks land-rent theory in several ways, all of which potentially link land-rent theory to broader currents of contemporary heterodox political-economy. This is not to say that this is the only legitimate way to theorize land-rent: other ways are certainly possible and may yield important insights. But a trans-disciplinary political-economic approach can be an extraordinarily powerful tool, and the challenge for advocates of alternative approaches is to demonstrate that any alternative is at least equally powerful. It may be that a specific theory of land-rent is better able to explain an isolated case, particularly if the theory employs *ad hoc* concepts tailored to the case. But the requirement of broader theoretical coherence implies that any specific land-rent theory must be consistent with and part of a larger theoretical corpus and that the evaluation of competing theories of land rent must involve the larger corpus as a whole.⁶

Motivating Concerns

Several concerns motivate this approach. Most fundamental is the fragmentation of economic geography since the early 1990s: growing fragmentation over the past two-and-a-half decades contributed to land-rent theory’s decline three ways. First, to the extent to which land-rent theory was present in a corpus of scholarship in which different tendencies associated with similar tendencies in the larger body of economic geography scholarship, fragmentation in the latter tended to *pulverize* land-rent theory, shattering whatever wholeness and cohesiveness it might have had. Second, pulverization of land-rent theory encouraged different approaches

⁵This conclusion follows from a particular reading of the history of land-rent theory in the larger context of economic geography. See Section ??.

⁶This is not to say that two or more competing theories of land rent cannot *both* be consistent with a *single*, broader theoretical framework. Such possibilities are always open. But in such cases, adjudication between the competitors cannot be confined solely to land rent itself and must instead evaluate the competitors *as part of* the larger framework. Similarly, a single element in land-rent theory may be compatible within two or more broader frameworks. In such cases, rather than just letting the land-rent component stand by itself or arbitrarily choosing one of the larger frameworks, evaluation of alternatives also requires evaluating the single land-rent theory in the context of the competing, larger frameworks.

to become isolated from each other, and this in turn allowed them to *immunize* themselves from external criticism: a given approach could become self-referential and give itself license to ignore alternative approaches that might otherwise be its competitors or critics. Fragmentation also *impoverished* land-rent theory in a number of ways.

It undermined land-rent theory's cohesiveness, and it isolated different approaches to economic geography from each other and from important strands of heterodox scholarship in other social science disciplines. Section ?? below, discusses the history of economic geography and land-rent theory and explains how economic geography's fragmentation eroded land-rent theory's cohesiveness. As for isolation, it had two closely related, detrimental effects.

On one hand, fragmentation-*cum*-isolation allows self-referential, safe-spaces for scholarship that may seem valid within a self-selected intellectual cocoon, but that is obviously invalid, at least without major revision, when considered in a larger intellectual context. This is not mainly a matter of different paradigms: although debates between paradigms can be fruitful and therefore desirable, they are extremely complex and difficult because paradigmatic differences are so very basic. Instead, within *a common* paradigm, such intellectual siloing can prevent incompatible theoretical interpretations from having to confront each other, and thereby prevent each from being supplanted by the other, combined in a new synthesis, or exposed as requiring reconsideration and modification in order to be consistent with other, related bodies of scholarship.⁷

On the other hand, even when a particular theoretical intervention is valid on its own terms, siloing cuts it off from other, complementary threads within the same theoretical framework. This impoverishes the larger framework and all its components. Breaking down such walls between “tribes” in today's economic geography and between geographical political economy itself and related heterodox scholarship in other social science disciplines has great potential to enrich all of contemporary heterodox political economy. Section ?? has several examples of how land-rent theory might fruitfully combine with heterodox scholarship focused on other topics.

Another concern stems from the Crisis of the Early Twenty-First Century, or what for the sake of brevity I shall refer to here as “Crisis-21.”⁸

A third concern is closely related to the crisis and the inadequacy of most analyses of it with regard to the

⁷Interestingly, the *Journal of Economic Geography* was established in 2001 with the express goal of encouraging interchange between economists and economic geographers. But economists contributing to the journal have overwhelmingly been mainstream economists, while economic geographers mostly have heterodox leanings **sheppard2011geographical**. It is therefore unsurprising that in the pages of the journal one can see sharp divisions between the two disciplines and seemingly insurmountable obstacles in a cross-paradigmatic *methodenstreit* **garretsen2011thejournal**. With some irony, heterodox economists – who are far more likely to have productive interaction with today's economic geographers – have largely been absent from the journal. Given how little explicit geography one finds in contemporary heterodox economics, this is unsurprising, but it also may reflect the predispositions of the journal's economist reviewers to act as gatekeepers, confining participation by the economics profession to the mainstream.

⁸Use the footnote from earlier drafts.

role of land-rent: land-rent theory's preoccupation with micro- and meso-level mechanisms of rent extraction and distribution and its almost complete neglect of land rent as a macroeconomic and macro-geographical process.