Chapter 2

Land as a Factor of Production

Introduction

A BRIEF SURVEY OF CONTEMPORARY INTRODUCTORY TEXTBOOKS in economics indicates that the classification of the factors of production utilized by classical political economists has been retained. To land, labor and capital these texts occasionally add entrepreneurship. The returns to the factors—rent, wages and interest (as well as profit)—are explained in rough accordance to usage of more than 100 years. When more advanced texts in microeconomic theory are examined, however, the accordance disappears.

In the March 1928 issue of the *American Economic Review*, Clark Warburton examined prominent textbooks of the time, comparing and contrasting the economic terminology employed to describe the factors of production and the distributive shares. Taking the terminology used by John Stuart Mill as a model, Warburton found a wide divergence in the usage of the terms and noted a tendency to retain the tripartite grouping of the factors while recognizing that it was both vague and misleading. One of the inherent problems that accounted for the wide differences in approach was that there were differing views of capital and interest. Another problem was the question of the relationship of land to capital. Although these questions are clearly interrelated, I will discuss the narrower question in the following manner: Is land an independent factor of production? Should the terminological distinction between land and capital be retained for analytical purposes? Is the distinction important for welfare considerations?

The position of land in theories of value and distribution had been debated for many years prior to Harry Gunnison Brown’s entrance into economic studies. The questions noted previously had generated an interesting distribution of opinion among the political economists who preceded Brown as well as among his
contemporaries. Because for Brown these questions and their various answers constituted an important element in his thought and work, I will survey this distribution, arbitrarily beginning with Alfred Marshall and concluding with Brown’s American colleagues. In reviewing these opinions, I will attempt to point out relevant tendencies in the arguments without critiquing individual positions in detail.

**Views of English and Continental Political Economists**

**Alfred Marshall’s somewhat equivocal position** is familiar. His statement that the rent of land is the “leading species of a large genus” breaks away from Ricardo’s thought. Yet, he modified this statement with “though, indeed, it has peculiarities of its own which are vital from the point of theory as well as practice” and in the same article said, “And even there in a new country land must be regarded as a thing by itself from the ethical point of view.” Marshall’s views on land and rent were challenged by several economists, some of whom will be noted later. Francis Edgeworth followed Marshall’s lead and viewed land as a form of capital to the individual but not to society.

However, Edwin Cannan traced the usage of three “requisites of production” in English political economy and argued that by 1848 the triad “was not quite firmly established.” He identified the origin of the terminology with Adam Smith but noted that Smith’s successors varied considerably in their approaches. James Mill, for example, identified only labor and capital as “requisites.” Later in Cannan’s *A Review of Economic Theory*, he maintained that the attempt to distinguish land from other forms of property was futile. Philip Wicksteed, despite a lifelong sympathy for land nationalization programs as well as a friendship with George, viewed land as a “tool” co-ordinate with other factors in the determination of distribution and, as Mark Blaug has pointed out, appeared to overlook the relative fixity of the supply of land. Mason Gaffney has argued Wicksteed’s contribution was simply a “mathematical insight” which should not be taken as proof that
Wicksteed did not view land as fundamentally different in the Ricardian fashion.\textsuperscript{9}

Knut Wicksell discussed the question of whether land should be included with capital. He concluded that the tripartite division of the factors was justifiable.\textsuperscript{10} Wicksell approved of Henry Seager’s definition of capital as the produced means of further production. This, for Wicksell, distinguished capital from land and labor \textit{a priori} as they are not “produced” in the same sense as is capital. Furthermore, he viewed interest as an organic growth out of capital in contrast to wages and rent; although rent may be expressed as a percentage, like interest, this was “something derivative and secondary.”\textsuperscript{11}

In a similar manner, Gustav Cassel defended the traditional classification. He noted the assertion that the classification was due to particular social conditions in England wherein the classical theory evolved but stated that “this classification is without doubt in complete accord with requirements of a theory of pricing, and that its place in theoretical economics is fully justified.”\textsuperscript{12} Cassel distinguished between natural and “produced” land and argued that the price of the former is a secondary result of the pricing process, in that rent is capitalized with respect to the current rate of interest.

George Stigler, in discussing the theorists of the Austrian school, noted that only Eugen Böhm-Bawerk trenchantly defended the traditional classification of land as an independent factor.\textsuperscript{13} Although Böhm-Bawerk saw justification for including land with capital as “acquisitive instruments,” he maintained that it was preferable to retain the distinction. He argued that land’s distinguishing factors included immobility, fixity of supply and a difference in origin as well as having societal implications.\textsuperscript{14} On terminological grounds, he noted that the distinction accords roughly with common usage, and the proposal to lump it with capital would leave us without a convenient term for the produced means of “acquisition.”\textsuperscript{15}

Menger, again following Stigler, criticized the classical division of factors but conceded that the relative immobility of land had economic significance.\textsuperscript{16} Wieser analyzed the returns to what Stigler termed the “holy trinity,” and found the appropriation via taxation of “unearned” urban rents to be justifiable.\textsuperscript{17} Perhaps
more significantly, Menger’s assumed static case made the distinction irrelevant, because all “factors” were fixed. Thus, for purposes of analysis land was treated as capital.

In the Walrasian system, all factors or resources are fixed or given such that the supposed unique attribute of land is assumed for all factors. Walras did consider important the aspect of “extension” with respect to land, in that land could not be produced or destroyed, but land played at most a minor role in his analysis of production. Vilfredo Pareto’s position was similar in that he argued “land capital” had no precedence over other capital. However, he did concede that distinguishing land from capital was of possible political importance. Pantaleoni’s treatment of land as one of many “instrumental commodities” demonstrates Menger’s influence. James M. Buchanan has suggested that Pareto’s as well as Pantaleoni’s rejection of Ricardian rent theory was inspired by the earlier work of Francesco Ferrara who interpreted rent as accruing to all factors of superior productivity.

Views of American Economists

Pre-1900 Writers

Early American writers on political economy reacted negatively to Ricardo’s theory of rent. Frank Fetter commented in the introduction to J. R. Turner’s *The Ricardian Rent Theory in Early American Economics* that, “They denied, with almost as close approach to unanimity, the ‘orthodox’ contrast between land and capital in the sense of artificial agents.” Henry Carey and Francis Bowen argued that land was capital and that Ricardo’s theory was formulated with respect to England’s “peculiar social conditions.” Arthur L. Perry, who taught at Williams, maintained that all land value was due to human effort with only minor exceptions (unusual fertility or location). In contrast, Francis Walker followed the classical treatment of land as a distinct agent in production. However, the influential Simon N. Patten argued that the social imperatives no longer applied so that incomes no longer should be separated out as in the classical construct.
At the turn of the century, American political economists were heterodox in their approaches to economic theory. Several had studied in Europe, especially at German universities. Doctorate programs were developing that permitted a greater specialization in economic theory. Professional journals were established, and the publication of texts in economics expanded rapidly, frequently with “Principles” as a title. American scholars were achieving increasing recognition in the older centers of study.

John Bates Clark, who studied at Heidelberg under Karl Knies and later taught at Columbia University, is considered by several commentators to be the first prominent American economic theorist. Clark’s definition of capital denied land a separate role. He argued that the traditional treatment of land was based on its absolute fixity as opposed to other factors as well as on the differential nature of its return. His analysis fixed all “instruments,” or resources, and illustrated that the distributive shares were determined in a differential fashion. Marshall once wrote to Clark: “I have been looking a little at your Distribution of Wealth recently again. I am always struck by its power and freshness. But it does not lead me to yield an inch on the controverted distinction between interest and rent proper.” Three other important theorists of this era were Frank Fetter, Irving Fisher and Herbert J. Davenport. Although they debated frequently and at length with one another as well as with Clark, they were unified in their rejection of the traditional approach.

Fetter, Fisher and Davenport

The debate on the significance of land in economic theory was enlivened with the publication of Clark’s The Distribution of Wealth in 1899 and Fetter’s articles in the Publications of the American Economics Association and the Quarterly Journal of Economics. Economists who applied the “traditional” classification seemed driven in their attempts to defend it against the “modern” view. Fetter’s arguments were more detailed and emphatic than those of previous authors. He challenged Böhm-Bawerk’s reasons for viewing land as separate from capital. After refuting his arguments one by one, Fetter concluded that Böhm-Bawerk was
influenced by a labor theory of value that perceived land as a gift of nature and capital as the result of nature. 31 During the same year, Fetter argued that Marshall had mixed individual versus societal and “static” versus “dynamic” views in distinguishing land from capital. 32 Essentially, Fetter felt that land should be considered augmentable under dynamic conditions in a manner commensurate with capital. Furthermore, he argued that a distinction based on a societal rather than an individual viewpoint relied upon a “real cost” concept of rent. Whereas Marshall had found that the property of extension (situation) led to “true rent” even in a “new country,” Fetter maintained that from a static view, no such distinction could be made between incomes from a property of a factor and the income of the factor itself. Marshall’s response in the 1907 edition of his *Principles of Economics* was that extension was the chief property of land and thus justified consideration of “true rent”; he added that other properties as well worked to co-determine the composite value of land. 33 Fetter’s own classificatory system differed radically from previous usage. 34 In another article, he stressed the impossibility of a practical division between land and capital.

The notion that it is a simple matter to distinguish between the yield of natural agents and that of improvements is fanciful and confusing. . . . The objective classification of land and capital as natural and artificial agents is a task that always must transcend the human power of discrimination. 35

From another standpoint, Fetter was concerned (as were other economists of the time) with the terminological differences between academic and business usage of terms. He pointed out that the distinction between land and capital was of little importance for practical businessmen. (Many years later Fetter would be criticized by an otherwise sympathetic commentator, Murray Rothbard, for having “completely misunderstood” the distinction between land and capital goods. In Rothbard’s interpretation of Austrian economics the “permanence” or “non-reproducibility” of a resource distinguishes it from other goods. 36) Irving Fisher’s definition of capital consistently included land. In *Elementary Principles of Economics*, he pointed out that other
authors limit the concept but that “such a limitation, however, is not only difficult to make, but cripples the usefulness of the concept in economic analysis.”37 However, he conceded the importance of land as a special category of capital as well as the significance of land’s relative fixity for purposes of taxation.38 In reviewing Fisher’s 1906 *The Nature of Capital and Income*, John Commons grouped Fisher with Clark and Fetter as developing the theory of what he termed “business economy” as opposed to political economy. Commons said:

> The issue is now clear. The older political economists were working on a serious social problem—that of earned and unearned incomes. They carried everything back into terms of cost, effort, enterprise, sacrifice, abstinence, and distinguished the income that corresponded to cost from that which came as a surplus above cost. They were political economists.39

Herbert J. Davenport, Brown’s colleague at Missouri, investigated the separation of land from capital in more detail than Fisher, although Davenport agreed in large part with Fisher’s view of capital. In the preface to *Value and Distribution* in 1908, he listed the doctrines he would eliminate from economic theory. Last on the list was the tripartite classification of the productive factors. Denying that a clear distinction could be made on technological grounds, he suggested that as many factors could be distinguished as were pertinent although they may be myriad.40 As to the relative fixity or perceived inelasticity of the supply of land, Davenport pointed out that this view involved conjecture or prophecy and as such should not be admissible in rigorous theory.41 Although he was convinced on technical grounds that no distinction was tenable, he examined the influences behind the tradition and remarked, “With these spatial qualities of land are more or less closely associated certain legal, jurisdictional and territorial aspects possessing great social significance.”42 He indicated that the English common-law distinction between realty and personality is parallel to and interrelated with the traditional division of the factors. For Davenport, separating land from capital was valid in “a larger social, historical and philosophical view,”43 and invalid for competitive analysis. What he may have been referring
to in the first case was his Veblen-like views of “capitalized privilege and predation” in which he included land ownership.44

Other American Views

In a publication of the American Economics Association in 1902 titled “Rent in Modern Economic Theory,” Alvin S. Johnson, one of J. B. Clark’s students, included a long chapter on land as an independent factor in production. Johnson began with the proposition that only if land has distinct characteristics of true economic significance can rent from land be treated as a distinct class of income. He discounted the “origins” or “gifts of nature” as inadequate or metaphysical. Where Alfred Marshall and John Commons had found situation or extension a distinguishing element, Johnson denied that this was substantial enough to make the distinction meaningful. He also dismissed the argument that the value of capital will tend to equal “cost” while the value of land will exceed its “costs”; Johnson thought the argument relied upon unreal assumptions made with regard to the capital market, that is, perfect competition with perfect knowledge or insurance. He further found economic land to be augmentable but added, “The laws that govern the increase in land are not identical with those which cause capital to increase.”45 Ultimately he accepted land as a factor for the dynamic analysis of price and income movements.

At least 11 members of the American Economics Association were given an opportunity to respond to a paper by Fetter presented at the Association’s meeting in 1903.46 Their response was not only to Fetter’s position given previously, but also, in part, to the well-known views of J. B. Clark on the subject of land’s relationship to capital. Although the responses were largely critical, they did contain concessions to the newer approaches. Thomas Nixon Carver maintained that a clear distinction between income from land and other incomes existed in the particular sense that “rent does not enter into cost or into price.”47 He also believed that “production would be quite as efficient as it now is even if no one were allowed rent as a personal income.”48 Carver conceded, however, that for a functional view of distribution (rather than a personal view), the distinction was unimportant. Carver’s remarks
were rebutted by Fetter who argued that land rent is necessary to maintain the supply of land’s productive qualities as well as to induce their expansion.

Among the other dissenting discussants were Jacob H. Hollander, Richard T. Ely, James E. LeRossignol and W. G. Langworthy Taylor. Hollander provided a defense along the lines of Marshall, arguing that land (as opposed to capital) would be available for “normal, long-time” production only in diminishing efficiency with respect to extensive use. Ely contented, in this instance, that Fetter’s approach underestimated the “inseparable conditions of land.” Ely’s position in later writings emphasized that he viewed land as differing from capital in degree only: “Land in any usable shape had normally and regularly to be produced.” LeRossignol stressed the difference between goods that are reproducible and those that are not. Finally, Taylor emphasized, in the dynamic view, land’s greater inherent scarcity.

Henry Seager in a review of Clark’s *The Distribution of Wealth* commented

From the point of view of economic dynamics the fact that land is a gift of nature while other instruments are themselves the products of human industry attaches to the former an interest which the latter are without. Charles Tuttle presented a similar critique of this aspect of Clark’s book.

John Commons maintained that for social and ethical reasons land should be viewed as distinct from capital. He acknowledged that soil is capital but situation per se is not, as it neither produces nor is it produced. Land in the sense of its situation was, for Commons, a “social relation.” He argued, “If there is a difference between patent right and capital, there is a similar difference between land and capital.”

Frank T. Carlton’s article, “The Rent Concept, Narrowed and Broadened,” published in the *Quarterly Journal of Economics* 1907–1908, was illustrative of the strategic retreat taken by many writers in their defense of land as a separate factor. Reacting primarily to Clark and Johnson, Carlton pointed to the rapid growth of urban lands wherein the capital and site values may be distin-
guished more easily than in the case of agriculture. He follows Commons by defining land as only that which “furnishes standing room and situation with regard to markets.” He proceeded to broaden the concept of rent by including special privileges or special relations to markets that cannot be duplicated or physically depreciated.

Harvard's Frank Taussig retained the classical division of the factors while admitting to the practical difficulty of distinguishing land from capital; he employed the term “natural capital” to designate land and other “natural agents.” Making a number of qualifications, he argued that there was a broad margin toward which the return to capital would tend while no such tendency governed the return to “natural capital.” For Taussig, truly permanent improvements embodied in land should be treated as land and their return as rent.

E. R. A. Seligman closely followed Marshall's approach to the classification of factors by alternatively using a two, three, or four breakdown, whichever was appropriate. For example, if capital were a fund, then land would be a sub-category. Seligman's justification for the separation of land from capital was that he found “peculiar consequences” in the law of diminishing returns when applied to land.

It is noteworthy that in 1928 Paul Douglas and Charles Cobb concluded their famous article by saying:

We should ultimately look forward to including the third factor of natural resources in our equations and seeing to what degree this modifies our conclusions and what light it throws upon the theory of rent.

Brown's Position

Harry Gunnison Brown's position reflected portions of earlier conceptions. He accepted the narrower view of the rent concept in defining land as “land space,” thereby excluding all improvements associated with land. As did other economists, he included (but without great emphasis) mineral and water resources in his concept of land. The return to “land space” was thus a situation rent very similar to Marshall's true or ground rent. Brown's primary defense of the continued distinction was based on the non-
reproducibility of land space as a key property distinguishing it from ordinary goods.

He admitted that this property was not unique to land space because works of art, genius and so on have a like characteristic. The reproducibility of land was physically improbable and entailed prohibitively high marginal costs in all but exceptional circumstances. Brown attempted to integrate his distinction between land and capital into a theory of value and distribution, by establishing that the return to land space was only superficially similar to the return to “made capital.” The essential difference, in his view, rested on the mode of land and capital’s valuations and the belief that capital was a derivative factor. These arguments will be elaborated on in the succeeding chapter as they bear directly on Brown’s part in controversies dealing with capital and interest theories.

Later Commentary

When Brown began his academic career, the question of the place of land in economic theory was far from resolved. Several more contributions to the debate were yet to be made, usually in connection with capital theory, methodology, or simply terminology. The exchanges of Knight and Kaldor may be noted as one example. Knight contended that

land is capital merely; defined in any realistic way, it presents an infinite variety of conditions as to maintenance and replacements, and possibilities for increase in supply, as does any other general class of capital instruments.

He also remarked,

The notion that what are called “natural agents” are not produced is false and reflects a false conception of production.

For Kaldor,

Even if the distinction between “permanent” and “non-permanent” resources or between “original” and “produced” is untenable or irrelevant, there is still a distinction to be drawn between “producible” and “non-producible” resources.
As late as 1937 L. M. Fraser commented,

The truth is that economists have not as a whole clearly made up their minds what to mean by “land”—much less, how important a part it should play in their expositions of value theory.\textsuperscript{63}

However, from the 1928 date of Warburton’s article forward one must look ever more closely to find expressions relevant to the question of the role of land in economic theory.\textsuperscript{64} It was certainly not the central point of contention in the later capital theory debates alluded to above. The scrutiny required to find such relevant references might well be indicated by Mason Gaffney’s mention of a footnote to the chapter, “A Digression on Rent,” in Joan Robinson’s 1933 \textit{The Economics of Imperfect Competition}, wherein she wrote: “From the point of view of society, land, by definition, is provided free, and the whole rent is a surplus and none of it is a real cost.”\textsuperscript{65} More representative of the sparse commentary is the 1951 resolutory statement, also found by Gaffney, of Tibor Scitovsky in his well-known text \textit{Welfare and Competition}: “there is no logical reason for treating land as a separate factor because, from the economist’s point of view, it is similar in all essentials to produced factors. This is why we propose to regard land as a capital good.”\textsuperscript{66} Later microeconomic texts such as those of C. E. Ferguson and Henderson and Quandt did not find it necessary to even provide the explanation found in Scitovsky’s note/appendix.

That this has become the modern view is seen by Blaug as the “final nail in George’s coffin.”\textsuperscript{67} However, the proposition that, in Blaug’s terms, “a line between land and capital” \textit{should} be drawn is argued extensively in two contemporary studies: indirectly, using a study of the history of the rent concept in Terence Dwyer’s 1980 Ph.D. thesis; and directly, in Mason Gaffney’s chapter, “Land as a Distinctive Factor of Production,” in \textit{Land and Taxation} of 1994.\textsuperscript{68}

\textbf{Concluding Comments}

\textbf{SOME GENERAL TRENDS IN THE EARLIER DISCUSSION} can be discerned. Marshallian theory retained the usage of land but reduced its theoretical importance. Marshall’s justifications, although more precise
than Ricardo’s “original and indestructible powers,” were open to question. Modes of analysis, especially the general equilibrium approaches of Walras and Pareto, facilitated the exclusion of land in the sense that their assumptions attributed to any “factor” that property thought to be representative of land alone. Also, the growing concentration on price theory, as reflected in Clark, Fetter, Fisher, Davenport and others, found consideration of land as a factor redundant given their definitions of capital.

Given the strengths of these variations of neoclassical economics as well as emerging statistical studies that indicated that a surprisingly small share of income accrued in the form of rent, it would appear that an explanation for the continued reference to land as a factor of production in contemporary introductory textbooks would be in order. One must bear in mind the strength of tradition in economic thought. Marshall’s thought on the subject “marginalized” land but retained it as well. His treatment left open a limited acceptance of the views of Ricardo and J. S. Mill. Thus, the followers of Marshall, such as A. C. Pigou, tended to carry forward variations of his ideas. As I have noted previously, many of the justifications for retaining land as an independent factor draw implicitly on Marshall. Other prominent theorists, such as Wicksell and Böhm-Bawerk, undoubtedly had a like influence on their readers.

This explanation for the continued usage of land must be supplemented with sociopolitical considerations. Political economists of the late nineteenth century were uniformly concerned with social questions of land and land ownership. This may be seen in those arguments that presented social or ethical reasons for the retention of land as a factor. This reasoning, of course, had its origin in the connection between social class and a particular type of income. The connection surely was eroding in most European countries and, perhaps, was never perceived as strongly in this country. Yet many political economists gave currency to the classification of incomes as “earned” and “unearned.” For them the rent of land and monopoly profits were prime examples of “unearned” incomes. In addition, toward the end of the century, economists became keenly interested in both the practical and theoretical questions of taxation and tax reform. In this respect, the
work of John Stuart Mill and Henry George was important because most students of economics of the time were likely to have read both. In his work, Mill advocated, with qualifications, greater taxation of land, as had earlier English reformers. The influence of George (although academic reaction to his theories was largely negative) was widespread and profound as his teachings brought forth both a positive, renewed vitality to the study of the dismal science, and a “negative” determination to undermine the theoretical relevancy of his proposal. Of George’s ideas at the time of his death only the single tax idea survived in active academic debate. The underlying principles of his proposal gathered wide support among many economists even if its implementation tended not to.

The peculiarities of land so often mentioned by the economists cited here also motivated the retention of land as a concept in economic theory when stronger currents of thought found little or no use for it. Some of these peculiarities became the focus of special fields of study, such as land economics, aspects of urban economics, and, more recently, resource economics.

The reasons for the abandonment of land as an unique or special factor in economic theory stem clearly from the negative reactions to Ricardian rent theory and its modifications by J. S. Mill and Marshall, but most strikingly to Henry George’s proposal to tax away, in its entirety, the rent of land. This proposal and Brown’s analysis and advocacy of it are the subject of Chapter 6 so I will defer further discussion.

Harry Gunnison Brown in his efforts to emphasize the concept of land and integrate it into economic theory would find increasingly fewer colleagues with a like interest. His advocacy of land value taxation played a double role in his theoretical defense of land as an independent factor. First, if land were to be treated exactly like capital, economic arguments for its special taxation in effect would be erased. Second, even if land were treated as a sub-category of capital, the effect would be to diminish the weight and clarity of the arguments for land value taxation. However, in surveying the views of the early neoclassical economists and his notable contemporaries, Brown could not have anticipated that his
position on the role of land in economic theory would be, before long, found to be outside of the discipline’s orthodoxy.

**Notes**

3. Ibid.
4. Ibid.: 77.
12. Ibid.: 145.
16. Ibid.: 56.


38. Ibid.: 390.


Fisher’s reply to Commons came in the *Quarterly Journal of Economics* 23 (May) 1909. Fisher noted: “The truth is that market valuation seldom, if ever, exactly registers utility to society.” He argued then: “The proper place for a study of social pathology and therapeutics seems to me to be
at the end and not at the beginning of economic analysis. We shall reach
sounder conclusions in regard to the best remedies to be applied to social
conditions if first we study those conditions exactly as they are and not as
we should prefer to have them. Our analysis should be as complete and
as faithful to the facts as possible.” This is all quite reasonable as long as
the “facts” are not in dispute.

40. Herbert J. Davenport (1908). Value and Distribution. Chicago: Univer-

41. Davenport pointed out that food may become in the future wholly a
laboratory product without agricultural application.

42. Davenport (1908): 133.

43. Herbert J. Davenport (1910). “Social Productivity versus Private Ac-

44. Herbert J. Davenport (1911). “The Extent and Significance of the
Unearned Increment.” Publications of the American Economic Associa-

45. Alvin S. Johnson (1902). “Rent in Modern Economic Theory.” Publica-
tions of the American Economic Association 3, ser. 3 (February): 920.

46. Supporting Fetter’s views were Winthrop Daniels and Franklin Gid-
dings in the published proceedings.

47. Thomas Nixon Carver (1903): 200. Discussant of Fetter’s (1901) pa-
paper.


(September): 423.

50. Henry Seager (1900). “Review of J. B. Clark’s The Distribution of
Wealth.” Annals of the American Academy of Political and Social Sci-
cences 16 (September): 127.

51. Charles Tuttle (1902). “Review of J. B. Clark’s The Distribution of

52. John Commons (1900). “Review of John Hobson’s The Economic of
Distribution.” Annals of the American Academy of Political and Social
Sciences 16 (July): 135.

53. Frank T. Carlton (1907–1908). “The Rent Concept Narrowed and

Macmillan & Co.:128.

55. Ibid.: 93.


tion.” American Economic Review 18 (March): 165.

59. Ibid.: 53.
61. Ibid.: 53
64. Two significant, but rarely mentioned, exceptions to this trend are Carl Rollinson Bye's Developments and Issues in the Theory of Rent (New York: Morningside Heights, Columbia University Press, 1940) and Dean A. Worcester's 1946 article “A Reconsideration of Rent Theory” (American Economic Journal 36[3]: 258–277). The former study is not without merit, but tends to be more descriptive than analytical. The latter should be reread today as it brings out the idea of “Paretian rent” in a admirable fashion. However, its conclusions do not, in my judgment, follow from the writer's analysis. I should point out that both the Dwyer (endnote n. 67) and Feder theses referenced in Chapter 6 give due consideration to Worcester’s contribution.
70. Lionel Robbins, decidedly not a follower of Marshall, in 1930 commented on Marshall's well-known elaboration of his views in a letter to Edgeworth: “it is wisest not to say that rent does not enter into the cost of production, for that will confuse many people. But it is wicked to say that rent does enter into cost of production, because that is sure to be applied in such a way as to lead to the denial of subtle truths, which in spite of their being subtle, are of the very highest importance scientifically, and also in relation to the practical well-being of the world.” (Memorials: 436)
Robbins’s comment was: “It is improbable that at the present day there would be found many economists who would regard it as ‘wicked’ to say that rent does enter into costs of production. But it is true that, if we are contemplating a stationary equilibrium of the kind conceived by the classics, the proposition that it does not, does imply, even if it does not state correctly, subtle truths which we should be ill advised to lose sight of. And it is significant that those who have urged most strongly for its retention have been those who have learnt their analysis from classical sources whereas those who have opposed it have been very largely under the influence of Clark.” (“On a Certain Ambiguity in the Conception of Stationary Equilibrium,” *Economic Journal* 40 (June)1930: 211.)


72. To pick only one example of many, Frank Fetter was reported by Dorfman to have become interested in political economy through the reading of George, yet Fetter became a stern opponent of George’s reform.

73. See Gaffney (1994a).