

The Theory of Rent: From Crossroads to The Magic Roundabout

● There has been considerable debate over the past twenty years or so about the form and nature of land rent, the barrier effect of landed property to the accumulation of capital, and whether or not Marx's categories of rent, elaborated in terms of agricultural production, are transferable to the urban context. This debate started in the early 1970s when the rapid increase in land and house prices coupled with a boom and subsequent bust in the commercial and industrial landed property markets led to a search for an explanation in the theory of rent. Since then, the search has continued as the contradictory nature of modern landed property for the accumulation of capital and social reproduction has remained to the fore. This is clearly evident today in terms of the crisis of overaccumulation (Clarke 1990-91) within the London commercial property market.

The growth of the financial and producer services sectors during the early 1980s led to rising rents within the City of London (Sassen 1991). This stimulated a wave of credit based speculative office development as developers sought to capture some of this rental growth. Not only was the City being spatially restructured, facilitated by a relaxation of local state planning policy, but international capital was attempting to transform the Docklands into a new financial/commercial centre aided by state subsidy through the London Docklands

The Theory of Rent has been the focus of heated debate over a number of years — prompted in part by the swing from boom to bust in commercial property markets in cities such as London. Kerr analyses different strands in this debate, revealing that in fact they have much in common. He argues for a return to Marx in order to understand the real dynamics of urban property markets.

Development Corporation (Fainstein 1994). In the process many small businesses and cheap houses have been destroyed causing homelessness to triple and unemployment to remain at twice the London average (Brownill 1990). However, much of this developed space was coming onto the market at a time in the late 1980s when the market was drying up. Overaccumulation of capital within the financial and producer services sector brought an end to rental growth, rents collapsed and buildings stood empty as a reflection of the fictitious nature of speculative land investment. The reality that financial land owners (Massey and Catalano 1978) cannot create rent, but only appropriate *potential* rents set by the occupiers of landed property came home to roost with, among others, the world's largest development firm, Olympia & York, going out of business and almost pulling down the Canadian banking system in its wake—O & Y owed more than \$18 billion, exceeding the indebtedness of most third-world nations (Fainstein 1994).

Clearly the rent debate is as relevant today as it was in the early 1970s. However, while this debate has been stimulating, it has also suffered from what Anne Haila refers to as considerable 'misguided rhetoric' with the result that 'the theory of rent [still] contains many unsolved problems and deserves to be discussed in a sincere way' (Haila 1989: 1526). In order to stimulate this discussion, Haila provides a periodisation of this debate, argues that 'the theory of rent is at the crossroads' (1990) and then announces the correct road to take 'for the development of a new theory of urban rent' (1988: 79). This article also seeks to further this discussion, but it adopts a different interpretation of the debate and suggests a different way forward. In particular, it suggests that it is necessary to return to and elaborate on Marx's categories and method in order to render intelligible the current events within the urban land market.

Marx's discussion of rent and modern landed property in *Capital* and *Theories of Surplus Value* was not merely an illustration of his theory of surplus value. For as Rosdolsky points out, Marx by no means confined himself to an illustration of the difference between values and prices of production, i.e. to an exposition of the theory of absolute rent, but in addition provided a detailed critique of Ricardo's theory of differential rent (1977: 21). For Marx, differential rent arises from the difference between the individual production price of a particular capital having command over a particular piece of land, on the one hand, and the general production price of the total capital invested in the sector of production concerned, on the other. Absolute rent arises

out of the excess of value over the price of production (in sectors with a lower than average composition of capital). What is significant, however, is that the categories of rent are developed at a lower level of abstraction than Marx's elaboration of the production of surplus value but at a higher level of abstraction than the workings of the market (where rents might arise from monopoly prices (Marx 1959: 764)). It is only in *Capital* Vol.III that the mediation of landed property is considered. However, the purpose of this article is not to elaborate on Marx's categories and method directly but to demonstrate the necessity of such a project through a particular critique of the rent debate.

Locating the crossroads

Haila divides the current rent debate into three phases. The first, the 'phase of consensus in the 1970s' was based upon a return to Marx's ideas, a critique of the neoclassical approach and an attempt to develop a theory of urban rent from that confrontation (1990: 278). During this phase, certain generally accepted tenets emerged (ibid).

1. The concepts of absolute and monopoly rent displaced the concept of differential rent as the focus of attention.
2. Rent was interpreted as a pre-capitalistic and non-capitalistic element within capitalism.
3. Rent was conceived as a barrier to the process of capital accumulation.
4. Rent was regarded as a social relation.

Next came the 'phase of transition' at the end of the 1970s based upon an attempted reconceptualization of rent. Haila represents the changes as follows (1990: 282).

- 1-1* Differential rent was now seen to be more complex than had been assumed. This move stressed the differences between Ricardo's and Marx's concepts of differential rent.
- 2-2* Rent came to be seen as internal to capitalism which raised questions about its function.
- 3-3* Rent was no longer considered to be a barrier to accumulation and a search for 'positive' roles was emphasised.
- 4-4* The view of landowners as constituting a homogeneous class was replaced by the notion of diversity and a questioning of the class status of landowners.

This transitional phase, did not lead to a new consensus, but gave way to what Haila terms ‘the phase of rupture in the 1980s’ (1990: 278). This rupture split the protagonists into two camps which characterises the debate’s present form. One camp emphasises the importance of analysing concrete situations and is sceptical about the possibility of a general theory of rent. The other camp emphasises the importance of uncovering general laws and the need to reformulate the theory of rent in order to render it ‘compatible’ with contemporary capitalism (1990: 284).

It is at this point that Haila offers her own contribution, but, despite her pretensions to be completely ‘unbiased’ (1990: 276), it is clear from the tenor of her summary of the debate where her sympathies lie. ‘Instead of pursuing a theory applicable to modern conditions,’ argues Haila, ‘rent scholars have persisted in recycling the old canons and appealing to the classical authorities. The theory of land rent seems to have been an article of faith rather than a dynamic tool for empirical research, with the consequence that the servants have fallen into two camps: the true believers and the sceptics. At various times, the first camp has been deflated by the exodus of abdicators and then puffed up by an invasion of credulous novices’ (1990: 275). For Haila, then, ‘the theory of rent is at the moment at the crossroads: the alternatives are either to fall back on old canonical dogma or to develop the theory in an unbiased manner’ (1990: 276). Put in these terms, Haila obviously decides to ‘opt for the second option’ (ibid: 294).

Certainly, dogmatism is to be rejected, but so also is any dogmatic pretence to be able to proceed in an ‘unbiased manner’. How we think is not innocent. This article also seeks to contribute towards this debate, but in a completely biased manner. It is based on the presupposition that there is merit, indeed a necessity given the nature of the contemporary debate, to return to certain of these ‘old canons’. This author thus belongs to the ‘invasion of credulous novices’ seeking answers to questions which the contemporary debate fails either to adequately answer or even address. It is argued that Haila’s three phases constitute a specific *unity*. In other words, the dominant tendency since the early 1970s has its unity in the rejection, or misappropriation, of Marx’s categories and method and their replacement by approaches and concepts which are more ‘at home in the estranged outward appearances of economic relations’ (Marx 1959: 816). Consequently, the two camps identified by Haila that define the phase of rupture tend to share much in common with each other

and with Haila's own contribution. The 'crossroads' exist, but, contrary to Haila, this emerged in the early 1970s, not in the 1980s. As a result, it is argued that the way forward is to 'return' to one particular classical authority, Marx, as the point of departure and not to attempt to develop, as does Haila, the dominant tendency within the contemporary debate. The latter approach leads from the crossroads to the magic roundabout.

In order to develop this argument, this article undertakes a critical appraisal of the work of two prominent writers who have been contributing to the debate since the 'phase of consensus' as well as that of Haila's suggested response to this debate. In particular, it focuses on the work of Michael Ball and David Harvey as their work captures the two different strands identified by Haila and also constitutes the point of departure for her own contribution. Through a critique of their work it is hoped to raise certain issues for further debate. In this respect, this article shares much in common with the work of Eric Clark who also takes issue with the approaches adopted by Ball and Haila (Clark 1987a, 1987b, 1990).

“*I cannot see why a name should mean so much; urban rent theory is dead*”

Ball (1987b: 269; 1985a: 523)

Ball's intervention into the rent debate started with a useful elaboration of Marx's theory of differential rent. However, even at this stage, Ball sets the ground for a 'progression' away from Marxist categories and from any form of grand theory as such. Through several subsequent contributions Ball has attempted to: criticise the received theory of rent; undermine the applicability of Marx's theory of rent for the urban context; and develop a suggested superior approach, one which seems to leave the theory of rent behind in favour of 'the notion of structures of building provision' (1985a: 518) as a guide to historically specific enquiry.

Collapsing levels of abstraction

In his discussion of differential rent (hereafter referred to as DR), Ball attempts to draw a distinction between industry and agriculture in terms of how rent mediates the process of price

formation. While Ball recognises that landowners can extract rent from industrial capital he argues that this did not lead Marx to conclude that the value of industrial commodities should be derived by the same process that is adopted for the exchange value of agricultural commodities: namely that exchange value is determined by the price of production on the *marginal* site in operation. Instead he still uses a procedure for industrial commodities which makes value equivalent to the *average* labour time expended (1977: 388). Thus for Ball, 'the existence of differential rent ... does not alter in manufacturing industry the process determining the value of a commodity' (*ibid*) whereas 'the mechanism which moves processes of production towards the norm in the industrial context is permanently fettered in agriculture by the need to pay rent.' (1977: 395). The problem with this interpretation is that the 'averaging' procedure which Marx elaborated for industrial capital was developed in *abstraction from* the intervention of landed property. The 'marginal' procedure was elaborated at a lower level of abstraction and dealt with a particular form of industrial capital *as mediated* by landed property. By directly relating these two procedures, therefore, Ball is collapsing levels of abstraction. He assumes that the averaging procedure still operates in an unmediated way in 'manufacturing industry' even when this is industrial capital mediated by landed property. This procedure tends to limit the relevance of Marx's rent categories to the agricultural sector. More significantly it raises the question of how rent arises in the industrial sector.

Ball, for example, claims that 'if production on more advantageous sites is such that it dominates production of that commodity, producing on these sites will be the normal conditions of production. Value consequently will be determined by the abstract labour time required for production at these locations and against which all production at other locations must compete' (1977: 388). But, if those capitals occupying advantageous sites set market value there would be no surplus profit and hence no rent could be paid *even* by those capitals. Clearly this is not the case. Instead of addressing this issue, Ball turns to consider the situation where some industrial capitals occupy sites with 'locational advantages', yet these do not dominate the market. Those capitals therefore earn surplus profit and can, as a result, pay rent without apparently affecting the averaging procedure. What is *not* considered is *what constitutes the basis of rent* for those capitals that dominate the market and which

occupy the 'normal' and 'less productive' locations. If it is those other capitals that constitute market value (and hence obtain the average rate of profit), then they appear *not* to be able to pay rent. If they pay no rent then they cannot occupy land and hence they cannot exist as functioning capitals. All that is left then to dominate the market is the capital that occupies the favourable locations and therefore there can be no surplus profit available to pay DR! Thus, while Ball claims that his exposition is 'based on abstractions' (1977: 382), it is argued that his direct comparison of average and marginal procedures in relation to questions of land use ignores the importance of *different levels of abstraction* and this undermines his ability to explain DR in the industrial sector.

Non-transferability of Marx's rent categories to an urban context

From this impasse Ball argues that, anyway, Marx's categories of rent are specific to the agricultural sector and cannot simply be transposed into the urban context. This time Ball makes the 'illogical comparison' (Clark 1990: 1115; and particularly Clark 1987a) between the products of agricultural production and the products of the building industry rather than with the products of the users of these buildings: 'the commodity produced in agriculture [is] "corn" and on urban land, "buildings"' (Ball 1977: 400). Thus, while individual farmers face a uniform market price for their commodity irrespective of the location or the quality of their land, Ball argues that this is not the case in urban areas. 'Buildings, or building land, have no uniform market price even for specific uses. Instead, the price at which a building is leased or sold depends on its location. Competition between capitals does not reduce such difference but intensifies them' (1985a: 515). *How true.* But this is precisely the case in agriculture. The different price of building leases *are* an expression of the *rent differentials* which the users have to pay, just as farmers pay different rents for the use of land. Just like the farmers, the users of urban space also sell their commodities at a given uniform market price yet confront different costs in so doing. As Ball himself notes, 'it is impossible to suggest that differences in the costs of producing buildings create the variations in rents across urban space.' (1985a: 515) It is precisely these 'variations in rent' that mark the similarity between the agricultural and urban context and which can be understood in terms of Marx's categories.

Ball disagrees. For him, Marx's theory of DR relates to a single 'universal element': differences in fertility. From this Ball argues that 'the simple transference from the agricultural case to the urban situation can lead to the search for some universal element which differentiates one plot of urban land from another.' Given this understanding of DR, then, Ball concludes that the 'application of the marxist concept of differential rent to urban areas can thus lead to an analysis within an idealist problematic' (1977: 401). But such a conclusion is based on an interpretation that completely distorts Marx's category of DR. DR arises from the *difference between individual and market prices of production* resulting from the use of particular plots of land by capital. This difference is the 'universal element' that differentiates plots of land and is posited by the competitive movement of capital across space in search of profit. It is *not* based on some 'search' by the erstwhile idealist.

In the case of absolute rent (hereafter referred to as AR), Ball points out that 'it is difficult to see ...how any attempt to apply Marx's theory of AR to the urban context can be successful without seriously contradicting Marx's own arguments' (1985a: 516). However, while this may be the case, the reasons Ball gives for this conclusion are problematic. Firstly, Ball claims that AR is based on the movement of production onto land which previously paid no rent but that this cannot apply to urban areas because here, according to him, 'land that pays no rent does not exist' (1985a: 516). Interestingly, while having rejected the relevance of DR for urban areas, Ball supports his claim by declaring that 'differential rent always has to be paid by any potential urban user to get the land taken out of its current agricultural use' (ibid). What happens, however, in all the numerous cases where potential urban land is derelict and unsuitable for agricultural use?¹ Secondly, Ball refers to attempts to apply AR to urban areas by reference to the low composition of capital of the construction industry. But instead of rejecting such a connection as being irrelevant, Ball simply states that this 'argument about the organic composition is empirically dubious' (1985a: 517). Finally, he comes to the heart of the matter. Marx's whole argument is wrong anyway. 'Marx made a mistake in his transformation analysis. With the reformulation of the transformation "problem", Marx's simple parable about the movement of surplus value from industries of low organic composition to those of high organic composition collapses' (1985a: 516). One wonders what is left of Marx's theory of accumulation, which Ball refers to in his own work, given that it presupposes such 'movement of surplus value'!

Using phenomenal forms to reject Marx's categories

While Ball insists 'that the analysis of urban rent must [not] take place in a theoretical vacuum' he appears to have a particular understanding of the role and limits of theory that leads him away from any form of general theory and into an 'empirical vacuum'.² By externalising theory and history, Ball rejects the former in favour of 'concrete analysis which take account of social relations and the historical development of the area in question' (1977: 402). But in so doing he fails to specify how 'concrete analysis' is possible in the *absence* of theory. Instead, Ball reduces all categories to the immediate and focuses on the phenomenal forms of the market as the means of restoring 'historical specificity' to its rightful place. Then, by suggesting that Marx's categories of rent relate to the market structure of agriculture, Ball is in a position to reject these categories for analysing urban areas as the type of market structure being considered is different (1977: 400). In a similar way, Ball translates Marx's comment that the *price* of land may be determined by many 'fortuitous combinations' (Marx 1959: 633) to mean that the 'categories of rent [Marx] devised help to explain how such fortuitous combinations arise in agriculture' (Ball 1985a: 512). Then, by arguing that in urban areas 'the conditions structuring the "fortuitous circumstances" are different', Ball concludes that 'the relevance of the agricultural case for the urban context may be small' (1985b: 74; 1985a: 512). However, contrary to Ball, Marx's categories of rent were not categories of market structure but of the ways in which landed property mediates the production and circulation of surplus value. The categories of rent were developed at a higher level of abstraction than the contingencies of the market. Furthermore, what Marx was referring to with the notion of 'fortuitous combinations' was the determination of the *price* of landed property, or the *lease money*.³ This can reflect a contingent combination of interest, profit and rent and exists at a *lower level of abstraction* than these constitutive categories themselves. As such, Marx's categories of rent do not and cannot explain such 'fortuitous combinations' as they are developed in *abstraction* from them.

By remaining trapped at the market, however, Ball is able to criticise those who have attempted to transpose Marx's categories to the urban context. For him, such 'urban rent theory has misspecified its object' as it has failed to incorporate any analysis

of 'historically determinate structures of building provision'.⁴ Such a theory therefore 'distorts the role of urban rent because it does not treat land rent as only one component of a complex series of social relations' (ibid: 504). But, contrary to Ball, although the urban land market does express a complex series of social relations this does not preclude, but rather necessitates, developing the categories of rent in abstraction from these diverse relations as a prerequisite to their understanding. By focusing on the market and the social relations of building provision Ball's 'urban rent theory has misspecified its object' (Ball 1985a: 504) and *certainly cannot be used as a means for rejecting Marx's categories*.

The result, then, is that Ball's suggested reformulation of the theory of urban ground rent does not just, as he himself remarks, 'seem bizarre', it really *is* bizarre. What it entails is *not* a theory of rent as such, but 'the integration of rent with the notion of structures of building provision' where that rent is *reduced* to the phenomenal form of the actual lease money paid and *limited* to those cases where that money is paid to the landowner of a virgin or derelict site. The result, then, is the 'bizarre' conclusion that 'many urban structures pay no land rent at all' because 'identifiable separate landowners who appropriate ground rent are empirically rare' (Ball 1985a: 518, 523). Moreover, having already stated that many urban structures pay no land rent, Ball goes on to suggest that in such cases, 'the effect of a land rent can only be indirect via its influence on the market price of the building. So,' asks Ball, 'what determines a building's price? To answer this question we have to look at social structures of building provision' (1985a: 518). But, if Ball is *now* saying that 'land rent' really *does exist* as a determination of price, it is not clear how the theory of rent can be addressed by looking at those prices (or at the structures of building provision). Furthermore, the 'price' in question is *not* building price but *property price*.⁵ An understanding of property prices is important, but that presupposes an understanding of its determinants, rent being one. In Ball's formulation, the theory of rent is thereby replaced by the contingency of an indeterminate power struggle between the agents of building provision (1985a: 523).

Like Ricardo, then, Ball is not 'abstract enough' and intermingles rent and landed property as only one possible empirical component, along with the lease money and a diverse set of 'different agents'. Such an approach to rent undermines any understanding of the contradictory nature of the rent relation.

Furthermore, while different agents are involved and their mediation *can* affect property prices, such insights cannot substitute for a theory of rent. The lease money as well as the very existence and mode of action of these different agents presupposes the rent relation. Not in Ball's case, however, for as he remarks his 'approach suggests that urban rent theory is dead' (1985a: 523). In other words, by equating the theory of rent with the appearances of the market, Ball concludes that this apparent complex, diverse, and contingent combination renders *impossible* any general theory of rent (Ball 1985a: 504).

Ball clearly reflects his attitude towards theory in his response to Clark's criticism of his work (Clark 1987a: 263). Here Ball suggests that 'the difference between Clark and [himself] revolves around the choice of words' and that he 'cannot see why a name should mean so much' (Ball 1987b: 269). Ball continues by stating that he has 'never understood the usefulness of designer labelling parts of the revenue from building provision as absolute rent and differential rent type II —it is the fashion [he] wishes dead, not rent theory itself' (ibid: 271). It is not clear, however, what would constitute such a theory nor how it could be expressed, unless through Ball's own brand of 'designer labelling'.⁶ Even here, his 'notion of structures of building provision' is brought in from the outside as a set of neutral concepts whose very relevance awaits their confrontation with the empirical (eg 1986: 457). The method is therefore one that attempts to juxtapose *concepts without life to life without concepts*.⁷

“*Let us consider landed property in its positive aspect. The difficulty is to ensure the enhancement of this positive role while restricting the negative.*”

(Harvey 1982: 361, 360)

Harvey has done much to advance our understanding of the processes of urban and regional restructuring. This advance has been achieved through a commitment to, what he calls, 'the tough rigour of dialectical theorising and historical materialist analysis' based on 'reading *Capital* rather than *Reading Capital*' (1987: 367, 369).⁸ This commitment is important and welcomed. It has allowed him to be critical of the current tendency, such as

that displayed by Ball, to reject Marxism or displace it in favour of empiricism (Harvey 1987: 368; 1989: 4). However, there are a number of issues and tensions within his work which call for comment. In general, there is a tendency for Harvey to posit a series of dualisms between: theory and history; the laws of accumulation and class struggle; and a formal state of 'equilibrium' (with balanced growth) and the crisis ridden nature of capitalism. In approaching the built environment, for example, his 'framework for analysis' is based on 'the twin themes of *accumulation* and *class struggle*' which become 'different windows from which to view the totality of capitalist activity' (Harvey 1989: 59). Given this separation, Harvey can start by focusing 'on the accumulation process in the absence of any overt response on the part of the working class' and then later broaden the perspective to include it (ibid: 61). This dualism between accumulation and struggle is also reflected in one between theory and history. In other words, while for Harvey there *is* a theory of accumulation, there is 'no theory of [class struggle], only concrete social practices in specific social settings' (ibid: 84). Consequently, when Harvey switches 'windows on the world—from the contradictory laws of accumulation to the overt class struggle of the working class against the effects of these laws' it is necessary to switch from theory to history in order 'to understand how class struggle has entered into the urban process' (ibid). But if this is the case, it is not clear what constitutes that class struggle nor where it has come from in order to be able to 'enter into' and fight 'against the effects' of these laws. Furthermore, if a focus on struggle leaves theory behind, how is it possible to 'understand' that struggle? As Bonefeld (1992) points out, dialects does not proceed to its object from outside but from inside as it attempts to appropriate *conceptually* social reality in its proper motion. And this motion is the motion of class antagonism. As such, the 'laws of accumulation' are nothing else than the movement of the class struggle. There is no separation of accumulation and struggle, of concept and history.

Given Harvey's approach, however, any 'struggle to abolish the wages systems and the domination of capital over labour must necessarily look to the day when the capitalist laws of accumulation are themselves relegated to the history books. And until that day, the capitalist laws of accumulation...must necessarily remain the guiding force in our history' (1989: 89). With this externalisation of structure and struggle, however, that day can never come and provides good reason for Harvey to study the laws of accumulation

in abstraction from any struggle. Furthermore, given the fact that these laws 'must necessarily remain the guiding force', there is also good reason for Harvey to search for the possibility of some sort of balanced growth and equilibrium (eg 1989: 69) and to develop concepts to express this possibility.⁹ Marxism in this version, therefore, becomes quite simply a structuralist theory of capitalist reproduction.¹⁰ The above tendencies find their way into Harvey's theory of rent and modern landed property.

Marx's dilemma and rent conundrums

According to Harvey, Marx was aware that 'a full explanation of rent has to render compatible a payment made ostensibly to land with a theory of value that focuses on labour. Marx could see quite clearly where Ricardo had gone wrong in seeking answers to this question. But he could not quite figure out how to get over the same difficulty' (1982: 331). For Harvey, then, Marx 'left the topic in a good deal of theoretical confusion ... [and] posed as many conundrums as he solved' (1989: 90). Harvey, however, feels he can identify the sources of Marx's conundrums. Firstly, these reside in the fact that Marx supposedly 'had a strong prejudice against admitting the facts of distribution into the heart of his theorising and was inclined to treat rent as a pure relation of distribution and not of production' (Harvey 1982: 331). Secondly, Harvey links this to what he believes to be another of Marx's weaknesses, namely, the fact that he 'appears extraordinarily reluctant to admit of any positive role for the landlord under capitalism' (ibid). Harvey puts the reluctance of Marx down to his 'perpetual jousting with classical political economy' and his desire not to side with 'Malthus's camp' (1982: 332).

The dilemma then, according to Harvey, is that Marx 'cannot, on the one hand, treat the landlord as a purely passive, parasitic agent, appropriating surplus value without doing anything in return, and on the other hand provide a theoretical basis for the continued appropriation of rent under capitalism and for the social reproduction of a distinctive class of landed proprietors' (1982: 332). However, given that the capitalist also appropriates surplus value 'without doing anything in return', it is not clear why this should pose a dilemma in the case of the landlord! Nevertheless, Harvey appears to believe that the continued existence of rent, given the labour theory of value, must be because *it plays a positive, active and coordinating role within capitalism.*

Harvey thus seeks 'a full justification for the existence of ground rent by virtue of the coordinating functions that it performs' and, through the 'positive roles of landownership', to define 'the social basis for landowners as a fraction of capital in general'. (ibid: 333)

Preserve the good side and eliminate the bad side

Harvey reviews Marx's concepts of rent within the agricultural context and in the process draws on, among others, the work of Ball (1977). As such Harvey reproduces some of the shortcomings highlighted above in Ball's work. For example, Harvey follows Ball's lead in *not* considering how landed property mediates the process of 'price determination in industry'. Just like Ball, he also leaves behind any consideration of the nature of, and limits to, the forms of rent in urban areas and instead seeks a justification for the continued existence of rent. This leads Harvey to both posit and emphasise 'landed property in its positive aspect' (1982: 361) and in the process to categorise certain forms of rent as being *purely negative*. This attempt to base a theory on a positive/negative dualism and to separate forms of rent on this basis, however, tends to contradict Harvey's commitment to 'the tough rigour of dialectical theorising' (Harvey 1987: 367).

'In the case of both monopoly and absolute rent, landed property poses barriers that are hard to justify in relation to the basic requirements of capitalism. The appropriation of these forms of rent must therefore be regarded', argues Harvey, 'as a totally negative influence over the proper allocation of capital to the land and, hence, to the formation of valid market prices and the sustenance of accumulation' (1982: 360–1). This leads Harvey to state that 'it is plainly in the interest of capital in general to keep absolute and monopoly rents strictly within bounds, to ensure that they remain small (as Marx insisted they must be) and of sporadic occurrence' (ibid: 361). The problem with this formulation is that it suggests that landowners have the power to impose these forms of rent at will and that, somehow, capital has to try and identify them, keep them separate from the positive forms of rent, and then limit them. It is not clear, however, what constitutes the 'proper allocation of capital to the land' nor why those rents, if they are 'totally negative', should still exist, albeit within 'bounds'! In any event, Marx did not 'insist' that those forms of rent must be kept within bounds, but rather pointed to their tendential limits and subordination to the competitive movement of capital. But given

Harvey's interpretation of modern landed property, these forms of rent are complete aberrations. 'The form that landed property assumes under capitalism, in contrast to all preceding or alternative modes of control over the land', argues Harvey, 'appears a superlative set of arrangements totally adapted to capital's requirements' (1982: 361). How, then, could such superlative arrangements give rise to absolute or monopoly rent? For Harvey, they must clearly be an anomaly, hence the reason for keeping them 'strictly' in bounds. Incidentally, this interpretation appears to miss the point that the forms of landed property in other epochs were suitable for, and constituted in terms of, these epochs, as is the case in capitalism. These other forms therefore *cannot* be used as a yardstick for measuring the suitability or otherwise of modern landed property, simply because they *would indeed* be unsuitable for capitalism (as would modern landed property be for any epoch other than capitalism).

One of the positive aspects of these 'superlative set of arrangements' is, according to Harvey, the 'vital social function' DR performs through 'the pressure it exerts upon the capitalist' (1989: 94, 93). For Harvey, the extraction of DR acts as a spur to lazy capitalists by preventing them from competing 'upon the basis of "unfair" advantages', thereby making them more adequate bearers of capital and, in the process, it also helps to keep capitalism running along the right set of tracks (1989: 94, 93; 1982: 361). The form of this rent, according to Harvey, is DRI¹¹ and its 'aim' (1989: 95) is that 'of equalising the rate of profit and keeping the impulsion to revolutionise the productive forces engaged' (ibid). In a similar way, the appropriation of DRII has 'beneficial effects' (ibid) in that it can, 'under the right circumstances, prevent the flow of capital down channels that might be productive of profit for the individual capitalist but that would have a negative impact upon the aggregate growth in surplus value production' (ibid). It also has, for Harvey, an 'aim' and a 'function' (ibid), namely to provide 'a potentially positive effect in relation to the stabilisation of accumulation' (ibid: 94). Having established positive 'aims' for DR its existence has been justified and hence its compatibility with the labour theory of value established.

This functionalist approach to explanation raises a number of issues, however. Firstly, given the formal separation of capital and land through the constitution of modern landed property, rent becomes the form through which this separation is (temporarily)

suspended. In this sense rent is necessary, but not in order to posit the tendencies of capital or to put pressure on lazy capitalists. It is the tendencies of capital, the competitive movement of capital across space in search of maximum profit that defines the limit and incidence of rent and at the same time puts pressure on individual capitalists (Marx 1973: 650). Secondly, contrary to Harvey, the capitalist 'mission' is not to 'revolutionise the productive forces' (1989: 94) but to maximise surplus value and hence profit. The later is the presupposition of the former. Thirdly, it is not clear what Harvey means by the notion that it is 'revolutions in productive forces' that are the 'means to [capitalism's] salvation' if it is that very process which engenders crises. Fourthly, what is meant by the notion of 'unfair'? Presumably the capitalist paying the rent does not think this to be very fair! Fifthly, it is not clear what stable accumulation means nor how the appropriation of DRII can potentially 'stabilise' accumulation when nothing else can. Anyway, the existence of DRII cannot be based on something it 'might' achieve.

What the above comes down to, then, is that Harvey appears to convert contingency and a set of positive 'aims' into a justification for the continued existence of DR. But having posited the positive side, Harvey then points out that this 'superlative set of arrangements' also has a negative side. 'The trouble', declares Harvey, 'is that there is no way to ensure that appropriators of rent take their due and only their due' (1982: 362). But what defines landowners 'due' and why is it difficult to impose? The answer is apparently to be found in the 'brilliance of Marx's analysis of differential rent' (ibid). What this 'brilliance' amounts to, according to Harvey, is that the 'complex interactions of DRI (*owing plainly to the landlord*) and DRII (at least *partially due to capital*) make it impossible to distinguish *who should get what*' (1982: 362, my emphasis). It is, however, unlikely that Marx would have recognised this brilliance attributed to him. Marx never suggested that the complex interaction of DRI and DRII made it difficult to distinguish who should get what. The *total* rent was just that, the *return to landed property*. Nor did he suggest that DRI was the landlord's due (or caused by landed property) while DRII was due to (or caused by), 'at least partially', capital. DRI could not exist without the application of capital while DRII reflects the way in which landed property mediates the differential application of capital. Harvey appears to suggest that part of DRII should be a return to capital: i.e. 'who should get what'

(1982: 362). The fact that it is impossible, empirically, to disentangle DRI and II, does *not*, as Harvey appears to suggest, create a problem of deciding who gets what as the total DR is the landlord's 'due'. Thus, and contrary to Harvey, the 'active struggle between landed proprietors and capitalists' (ibid) is not because the 'real relations are rendered opaque' (ibid). Rather, it arises because rent as such is appropriated. That DR cannot be separated empirically into its determinations *is none other than its form of existence* and it is therefore pointless for Harvey to suggest that 'a social process of some sort has to fix openly and clearly, what has become opaque from the stand-point of the real social relations of production' (1982: 362). The problem for capital is not one of untangling DRI and DRII, but of attempting to ensure that *total* DR does not also contain part of (average) profit.

Active landowners as positive coordinators

For Harvey, landowners themselves also apparently proffer a 'positive' service provided they 'leave behind their passive stances and ...play an active role' within the land market (1989: 96). This 'activist role' of landowners is important because, for Harvey, it further '*legitimizes and justifies the appropriation of rent* within the overall logic of the capitalist mode of production' (1982: 368, my emphasis). According to Harvey the positive service arises when landowners 'treat the land as a purely financial asset, a form of fictitious capital, and seek, thereby, an active role in co-ordinating the flow of capital onto and through the land' (ibid: 97). This, for Harvey, marks a further break with Marx who could not solve the rent conundrum as he was 'content to view landownership as an entirely passive function' and also excluded any 'speculative activity from his purview' (1989: 95, 96). Rather than consider that this might be because a theory of rent does not depend on the activities of the landowners, or that their activity might presuppose the possibility of rent, Harvey leaves behind the nature and limits of rent in favour of uncovering the *agency* of landowners.

The activity of landowners is necessary, according to Harvey, because 'in practice there is little to force capitalists to forgo the relatively permanent advantages (of fertility or location) they enjoy on a particular plot of land in order to promote a different but higher rent-yielding use, particularly if the benefits to be had from investing in such a change are immediately drawn off in the

form of higher rent' (1982: 368). The trouble with this view, however, is that *if* rent *is* being paid, then the capitalist would *not* have been enjoying those permanent advantages in the first place. Also, competition from other potential higher rent-yielding uses will soon outbid the current use at lease renewal dates. But for Harvey, action is called for. 'The situation changes materially if interest-bearing capital circulates through land markets perpetually in search of enhanced future ground-rents and fixes land prices accordingly' (ibid). What Harvey has in mind here is that, 'by perpetually striving to put the land under its "highest and best use", [those active landowners] create a sorting device that shifts land uses and forces allocations of capital and labour that might not otherwise occur' (1989: 96). Furthermore, 'the freer interest-bearing capital is to roam the land looking for titles to future ground rents to appropriate', declares Harvey, 'the better it can fulfil its co-ordinating role' (1982: 369).

This interpretation of the undoubtedly increasing activity of landowners by Harvey raises a number of issues, however. Firstly, the process of 'fixing land prices' and searching for 'titles to future ground rents' in no way affects possible rents but rather presupposes those rents. All that landowners can do when searching for title is vary the price they are prepared to pay for a passing rent. Secondly, once they have acquired those titles they can withhold land from the market in an attempt to maximise their rental yield. This withholding is limited however by the need to obtain a return on the purchase price. Alternatively, the landowner can attempt to attract higher yielding tenants. But this activity of the landowner does not explain the nature and limits of the rent ultimately obtained, but rather takes it as given. We still need a theory of rent to address the latter. Finally, this search for 'titles' does increase the 'fluidity and dynamism' of the market, but mainly in terms of a quicker turnover in land titles and changes in the prices paid for those titles; it has little to do with the movement of the users' of land. *It is not fictitious capital that creates rent, but the existence of rent that can become the object of fictitious capital; hence we still need a theory of urban rent.*

Harvey continues by pointing out that 'landowners are generally drawn to compete for that particular pattern of development, that particular bundle of investments and activities, that has the best prospect of enhancing future rents' (1982: 370). Again, however, there are problems with this view. For example, it is not clear how landowners compete given their ownership of

different specific places nor how they, as specific owners tied to those specific places, can influence the 'pattern' of development.¹² It is users of landed property that compete for specific locations as they are not tied to any fixed space. The landowner, however is tied to a absolute place which may, or may not, attract land users. All that *actual* landowners in competition with each other can do is to lower their asking rents below the limit defined by the potential use made of landed property in an attempt to attract potential users to their specific spaces. Alternatively, the competition can be between *potential* landowners over particular land titles and all this will do is *force up the price paid for a passing or projected future rent*. In either case, the rent limit is set by the price that users can pay for specific spaces. What the competitive activity of landowners can achieve is to further increase the chaotic and contradictory nature of the landed property market. In fact, Harvey goes on to suggest that 'the anarchistic character of such competition can have strong negative consequences' (1982: 370). The implications of this for Harvey, then, is that 'the forces that shape the geography of capitalism through the functioning of land markets are in perpetual danger of dissolving into a nightmare of incoherency and periodic orgies of speculation' (ibid). But this tends to undermine the so-called 'positive' role identified by Harvey which also arose from individual landowners acting in their own immediate self-interest. Such an interpretation reflects Harvey's tendency to separate out 'positive' and 'negative', as externally related sides of capitalism, thereby obscuring its contradictory and crisis ridden nature. There are similarities here to Proudhon who 'would formulate the *problem* thus: preserve the good side of this economic category, eliminate the bad' (Marx 1975: 104). 'The problem is', declares Harvey, 'to prevent such a dissolution, while preserving the land market as a basic coordinating device' (1982: 370). This *is* a problem, but not one that can be solved within capitalist society.

Thus, having started with Marx's supposed conundrum between the labour theory of value and rent, Harvey now offers his solution. Only when land becomes a form of fictitious capital 'does the apparent contradiction between the law of value and the existence of rent on land disappear' (Harvey 1982: 371). In other words, for Harvey, the payment to landowners for a non-produced use value is *justified* because of the *positive coordinating role* they perform in forging "rational" spatial configurations of both production and consumption in relation to aggregate

accumulation' (1989: 101). But as noted above, this approach tends to obscure the contradictory nature of the rent relation. Capitalism *does* posit private property and land rent but only as a necessary means of producing and reproducing the commodity status of labour power. In this sense capitalism 'stands to benefit'. But as a mediation of the capital relation, modern landed property is inherently contradictory. Consequently, to base a theory of rent on positive virtues and the agency of landowners', along with the notions of coordination, balanced accumulation, equilibrium, etc. as potential concepts for grasping capitalism, is to take the *stand-point of capital*.

“*the question concerning the relation of the general rate of profit to rent is not crucial for the construction of a general theory of urban rent.*”

(Haila 1990: 291)

It is now time to return to Haila's intervention into the debate. Standing at the crossroads, Haila asks, in a completely unbiased way, 'why have the scholars adhered dogmatically to the classical authorities in the face of new conditions? Why has a revision to the *old* canons replaced a progression in the development of the theory?' (1990: 276). Rather than considering the possibility that this is because certain of these 'old canons' have something to offer, despite the presence of 'new conditions', Haila simply states that 'there is a need for a new theory of rent, which ...reflects recent changes in the real estate markets' (1988: 79). This 'new theory' must reject any attempt to return to Marx and the associated 'old theory of rent' (ibid: 80), because, according to Haila, 'this filtering of the theory of rent through theories of capital, value and profit, and the claim that the precondition for understanding the category of rent is an understanding of several other theories, frustrated many unbiased approaches to rent theory' (1990: 280). For Haila, then, 'if one cannot apply the theory of rent in explaining land prices of the 1980s without first solving the transformation controversy and the like, the relevance of the theory of rent is understandably at stake' (ibid). Why this approach should 'understandably' undermine the theory of rent reflects Haila's own 'biased' approach to theory. This rejects any

possibility that: (a) previous attempts to develop a theory of rent in terms of the categories of *Capital* have *misapplied* Marx's method; (b) capital, value and profit are *not* categories belonging to 'several other theories' but dialectically related categories internal to the 'theory' of capitalism; and (c) the development of categories such as rent may *presuppose* others in order to render the nature of rent in capitalist society intelligible. Instead an 'unbiased' approach appears to presuppose that a theory of rent must: (a) express some autonomous independent entity; (b) be historically specific; and (c) be the complete inversion of the 'old theory' of rent. This shares much in common with Ball's approach discussed above. Unlike Ball, however, Haila argues that the pursuit of a general theory of rent is the goal of science and therefore rejects what she calls the 'idiographic option' in favour of the 'intuitive insights involved in the nomothetic option' (1990: 290).¹³ But having rejected historical materialism and the 'legacy of the theory of rent', Haila opts for a neutral realist framework and turns her attention away from rent as such and towards the behaviour of landowners' in the 'contemporary context of advanced capitalism' (Haila 1990: 276, 288, 287).

Unbiased theory based on landowner behaviour and unprejudiced coordination

Given the empirical diversity of landed property relations in contemporary society, Haila is led to ask how 'a general theory of rent is still possible' (1990: 288). For Haila, such a possibility exists *if* it can be demonstrated that, in spite of this diversity, 'generalisations about the behaviour of landowners could be made on the basis of some underlying unity' (ibid). This causal link between behaviour and rent also means that new forms of behaviour require a new theory of rent: 'the theory of rent does not necessitate the old form of landownership, but can be developed to conform to modern conditions' (ibid). What is significant, then, is this emphasis on behaviour. Haila does not consider the possibility that the behaviour of landowners and a theory of rent are not necessarily the same thing, nor that the *former may presuppose the latter*. Instead she draws approvingly on what she refers to as 'Harvey's new theory of rent' (Haila 1988: 82). This *might* appear surprising given Harvey's stated commitment to historical materialism and Haila's rejection of it. But this is quite legitimate for those adopting a realist framework

as categories are treated as neutral heuristics that can be juxtaposed in an eclectic manner (see for example Jessop 1982; Sayer: 1984).

For Haila, this new theory of rent consists of *two interlocking statements*: (A) that landowners increasingly tend to treat their property as a pure financial asset, and (B) that, given this tendency, rent can have a coordinative function (1990: 288). What appeals to Haila is that this 'essential message' (Haila 1988: 82) allows for a break with the old dogma which focused on the 'barrier' affect of landed property by suggesting that 'there is one form of landed property which promotes efficiency and accumulation' (ibid: 84). This, for Haila, not only allows for a redefinition of 'the economic role of rent ...in terms of coordination rather than in terms of accumulation', but it also supposedly incorporates an 'unprejudiced treatment of the idea of coordination' (1990: 293). For Haila, a prejudiced treatment of coordination can be defined as 'productive' (ibid: 289) because it is based on the idea that it is the use occupying land that determines land rent (ibid). Anything that refers to production and land use is prejudiced according to Haila. For her, an unprejudiced treatment can be defined as 'speculative' (ibid) because here the 'investing motive, compared to the use motive, becomes more prevalent' and it is '*expected* rents that coordinate land uses' (ibid). Why this should be less prejudiced than the previous form of coordination is not stated but presumably it is because it is the inversion of the 'old dogma' (ie, instead of use determining rent, rent determines use).

Turn the old theory on its head

This adoption of Harvey's work is significant and reflects Haila's desire to break with the 'old legacy' and her notion that a new theory of rent is only meaningful if it *starts and ends* with the activities of landowners, rather than with capital accumulation and the capitalist users' of landed property. As such, she rejects 'the old theory of rent, that is the theory that explains the role of rent in the system of production' (1990: 290). For Haila, 'a new general theory of urban land rent attempts to explain the influence of new forms of landownership on land use and land prices. Its focus is not on the production of commodities, but on investment flows in the built environment' (ibid). Important here is transformation of the theory of rent, from a theory of rent, as such, to a theory of the *influence of landowners* on land prices. As noted above, this inverts the 'old theory' of rent which was developed in abstraction from

the activities of landowners and the vagaries of market prices and which was a necessary presupposition for a concrete understanding of the latter. The consequences of Haila's inversion is that it essentializes the activities and powers of landowners who now appear to have broken free from any form of social determination and have, as a consequence, been able to transform the very role and nature of land rent. For her, there has been '*an important change in the nature and role of land rent. Rent is no longer a residual determined in the productive sector ... the level of rent is influenced by rents in the neighbourhood and in the global real estate markets ... Rent is an incentive inducing changes in land use, no longer a barrier*' (Haila 1990: 290, my emphasis). Haila's theory of rent thus becomes a tautological claim that rents determine the levels of rent with no way of explaining what determines those 'rents in the neighbourhood'. Furthermore, the 'barrier' effect of landed property apparently no longer exists despite the continued existence of rent because, given Haila's rejection of the 'old theory', the notion of barrier must be related to the dynamics of the land market. As that market has empirically become more dynamic then the barrier must have disappeared!

Given this approach, Haila reaches a particular conclusion. '*If* in the modern city, land rent has started to play a crucial role in determining the user and the use of space (*not vice versa, as before*) the question concerning the relation of the general rate of profit to rent is not crucial for the construction of a general theory of urban rent' (Haila 1990: 291, my emphasis). This '*if*' carries a lot of responsibility. Why this *inversion* of the role and nature of land rent, ie the 'not vice versa, as before', should have occurred is not specified. Instead landowners are now assumed to be able to determine rents irrespective of the profitability of land use. But this new theory of rent, supposedly designed to suit modern conditions, is clearly at odds with them. If rents set their own level and bear no connection to 'the productive sector', *why do rents decline or stabilise at a certain level?* Why should rents have collapsed in the London office market during the latter half of 1991 if rents begets rent and if landowners are so powerful?¹⁴ In other words, Haila needs to rethink her theory, not because this is the 1990s and her theory was designed for the 1980s, but because her inversion needs to be inverted. 'If' rent determines the user as Haila suggests, is that not because that user is the one able to pay that rent through the surplus profit realised as a result of using that particular space? And is it *not because* of declining

profitability and inability to generate a surplus profit that landowners have had to drop their asking rent in order to attract any user, the *limit* to this drop in rent being set by the user's ability to make profit and still pay something for the use of the space.

Haila thus *shares much in common with Ball*, despite her claimed rejection of his approach, for she focuses on the contingencies of the market and is led to suggest that 'the idea of the real estate sector's own dynamic provides a promising clue to follow when trying to develop a new general theory of urban land rent' (Haila 1990: 291). Here also, Haila resorts to a tautological argument. On the one hand, the real estate sector's dynamic provides a clue to rent, while, on the other hand, 'rent seeking, the increased importance of rent, and rent as a coordinator are all aspects of this dynamic' (ibid: 292). This tautology can only be transcended, however, if the theory of rent recognises that the real estate sector's dynamic does not explain rent but rather presupposes its existence and the changing ability of users to pay such a rent.

A flexible model suitable for an enchanted world

To advance her argument, Haila adopts scientific realism. This approach is ideally suited to Haila's desire to divorce the theory of rent from any overarching theory of capitalist society and it also allows her to abstract Harvey's 'essential insight' from its materialist presuppositions. The concepts to be rejected are 'necessity' and 'tendency' in favour of 'hypothesis' and 'power'. For Haila, the 'weak link in Harvey's reasoning is the interpretation of a tendency as a necessity. A plausible statement *deserves a better interpretation, in order not to be thrown away for irrelevant reasons*' (1988: 85, my emphasis). The implications of this interpretation by Haila, however, is that the concept of 'tendency' also becomes *redundant*. A tendency *is a necessary* tendency, otherwise it becomes purely *contingent* and hence not a tendency. For Haila, however, to provide a 'better interpretation' to Harvey's 'plausible statement', means to 'interpret statement (A) [noted above] as a testable hypothesis', not a necessity, and thereby to allow the contingency of the empirical to reassert itself once more (1988: 85). Furthermore, as these categories are purely formal, they can be preserved simply by changing the empirical 'goal posts'. Thus, while Haila notes that 'the existing empirical evidence concerning the behaviour of landowners does not confirm statement A', this is of no consequence, because all it means is that 'the evidence has

not been gathered in the right place (city centres) and at the right time (1980s)' (ibid). Haila goes further in this direction by adopting the realist's notion of power. By so doing, she replaces the historical and social implications of the concepts 'determination' and 'tendency' with a pragmatic plurality of formal and contingent powers in which both the existence and exercise of those powers have to be separated and differentiated, but not explained (Haila 1988: 86).

This curious approach simply reproduces the fragmented appearances of bourgeois society. It now becomes possible to isolate independent powers whose enabling and stimulus conditions are present day events, whose existence are simply presupposed, not explained and whose relation appears to be purely contingent (see Harvey's (1987: 373) criticism of realism). The arbitrary nature of this realist 'model' is evident in Haila's own application as she states that she will use it 'flexibly' in order to open discussion as to whether certain external factors have developed the existence and manifestation of the power of landowners to treat their property as a pure financial asset (Haila 1988: 86).¹⁵ Thus, Haila lists conditions that should result in landowners acting in this way: the demand for city centre sites constitutes '*extrinsic enabling conditions*'; the roles of public authorities have created '*conditions in the environment*'; while changes concerning the nature and identity of landowners towards a calculating (rent-maximising) attitude constitute '*enabling intrinsic conditions*' (Haila 1988: 87, 88, 91). Haila gives no reasons why these changes should have occurred, how they relate to each other, nor how or why they affect the nature and incidence of rent. Having rejected any notion of 'filtering ... the theory of rent through theories of capital, value and profit' (Haila 1990: 280) all that is left is a set of contingently present and autonomous empirical conditions whose relationship and very inclusion is dependent on Haila's own presuppositions. Interestingly, it is at this stage that Haila's theory of rent actually introduces the concept rent. 'Some structural changes in the formation of rent and land prices form *the stimulus conditions within the entity*, and could be expected to help activate the power of landowners to treat their property as a pure financial asset' (Haila 1988: 92). This statement, however, appears to reverse Haila's argument about landowners setting rent because now it is 'changes in the formation of rent' that induce changes in the activities of landowners. This suggests the need for a theory of rent in abstraction from those activities as a presupposition to their

understanding. Furthermore, Haila's references to 'production differentials', 'productivity' and 'rent-paying ability' of users (ibid: 92, 93) shows how Haila cannot escape the reality of capitalism and the relationship between profit and rent as well as certain aspects of the 'old legacy' that render intelligible that reality. However, having rejected the old theory of rent, Haila reduces rent to a contingent outcome of the negotiating skills and powers of landowners and the inability of the users to work out how much they should be paying (Haila 1988: 88). Haila's break with the past, then, is not just a break with old dogma. By attempting to isolate the theory of rent from any form of social determination and limiting it to the empirical of a specific time and place, Haila precludes any possibility of breaking with the 'enchanted, perverted, topsy-turvy world' (Marx 1959: 830) of capitalism and rendering it intelligible.

Conclusion

For Haila the crossroads, as mediated by her own 'unbiased' presuppositions, took a particular form: either to return to 'old dogma' and 'ossified theory' or to extend and develop certain aspects of the contemporary debate to suit modern conditions. Through a critique of what Haila identifies as the two strands of the debate a different conclusion has been reached. Namely, that both strands of the contemporary debate have tended to march along the same road since its inception in the early 1970s and that a return to so-called 'old dogma' has much to offer. Thus both strands of the debate tend to leave behind the question of the nature and limit of rent within urban areas in favour of a focus on the activities of landowners (or structures of building provision). This is clear in the case of both Ball and Haila, but less clear in the case of Harvey. However, Harvey appears to take a 'factors of production' line whereby landowners are entitled to a return because of the positive contribution they make in coordinating the flow of capital over space and in stabilising accumulation. In other words, it is the agency of landowners' that legitimises the payment of rent.

Now landowner activity is important in shaping the urban property market. But, by essentializing the agency of landowners it becomes impossible to understand, *for example*: (a) why rents have recently collapsed in certain urban property markets *despite* increasing activity by financial landowners; and (b) why rents in London have more in common with rents in say New York than

with those in say Manchester and why that particular hierarchy of rents may be overturned despite continuing activity by landowners *in all* of these property markets. However, if it is recognised that landowner activity presupposes the existence of rent and is limited thereby, an understanding of these events, as well as of changes in landowner activity, becomes possible. It is this recognition that is contained within Marx's categories and method and which has much to offer in developing the theory of rent. For here, attention is focused on rent as a specific mode of existence of the capital relation, not of landowner activity. Furthermore, rent is not seen as some autonomous entity (Haila), or as a market price (Ball), or as a means of enforcing the 'logic' of capital (Harvey). Rather, rent is a contradictory social form; a necessary barrier posited by capital and internal to the capital relation and hence determined by the movement of that relation. Thus rent cannot be either positive or negative to the reproduction of capital as it is a continuously posited, contradictory precondition of this reproduction. In this way, *absolute rent* is not some aberration, but a *necessary* barrier posited by capital. It is a *necessary* form through which capital appropriates and commands space while at the same time enforcing labour's exclusion from that space, thereby reproducing the commodity status of labour power. Rent, then, is a form of the permanent presence of primitive accumulation within capitalist reproduction. Differential rent subsists within the frame of absolute rent and yet it also tends to limit the magnitude of absolute rent as capital continually transmutes its geographic mode of existence through crises of overaccumulation. It is from within this contradictory movement of the capital relation that rent and landowner activity subsist and hence they must be explained in terms of that movement.

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Acknowledgement

Notes

1. The existence of rent does not depend on regular and frequent payment to the landowner but on the use made of land in the production and circulation of value. Land can be bought and sold at a price reflecting a capitalised *potential or hoped for* income stream. But this is a form of fictitious capital and the hoped for rent may never materialise.
2. For Ball, general theories tend to push 'historical specificity to one side' (1985a: 504) and are unable 'to provide an adequate answer about specific urban rent levels' (1977: 402).
3. The lease money is the actual monetary payment made to the landlord for the use of landed property and is often referred to as rent, but is in fact a more concrete expression of the rent relation.
4. For Ball, 'a structure of building provision can be defined as the social agents involved in the physical provision of a built structure. By provision is meant the production, exchange, distribution and use of a built structure' (1985a: 504).
5. I am indebted to Eric Clark for pointing out this essential distinction. Building price reflects the cost of constructing the building while the property price reflects the unity of land and building.
6. But even this would be difficult given his preference for voiding nomenclature. This preference 'arises from the way it is so easy to move from a very general category called rent to implicit theories and their associated causal mechanisms' (Ball 1987b: 270). But this reason for avoiding categories simply reflects the fault of the theorist and is not inherent in the categories *per se*.
7. The more empty and neutral the concepts the better as 'Marxists can [then] conduct a dialogue with others, rather than dismissing them as bourgeois lackeys or some other such phraseology' (1987a: 394).
8. This latter comment being a rejection of those who wish to label him an Althusserian.
9. Harvey, for example, introduces the concept of 'viable technology' to overcome what he sees as a shortcoming in Marx's 'models of expanded reproduction'. From this, Harvey then uncovers one of the contradictions of capitalism to be a clash between two conflicting states of equilibrium. (1982: 170-176)
10. For a critique of this tendency see Holloway (1991) and Bonefeld (1987a, b).
11. In his elaboration of DR, Marx makes an analytical distinction between DRI and DRII. DRI is the rent arising from the application of equal amounts of capital to different plots of land. DRII is the rent arising from the application of additional capital to some of the plots of land currently in use rather than applying it to plots of land not yet in use (as in the case of DRI).
12. Even the large landowners in the last century could not ultimately control the movement of capital: cf. eg the study of the Calthorpes' Edgbaston Estate, Birmingham in Cannadine (1993).

13. What this insight amounts to is simply this: 'if rent in social reality has an increasingly important role, then it is natural that the theory of rent will play an important role in studying that reality' (Haila 1990: 290). This truly is an 'intuitive insight'!
14. How can Haila's 'general theory of rent' explain this 'cautionary tale' from a recent stockbroker's report on the property market? 'A year ago, the asking rent [for a London office] was £55 per sq.ft; it was dropped to £47.50. The space has now, at last, been sub-let at £27 per sq.ft. with a six month rent free period and a break clause at the end of the fifth year. Happy Christmas.' (Salomon Brothers International Ltd., *Central London Office Market-Rental values 8/10/91*)
15. Haila explains her procedure thus: 'Using the example of a car having the power to move as an analogy, what I am doing in this paper is analogous to attempting to establish that a car has the power to move by showing that the appropriate conditions obtain, but without having direct empirical evidence about the car moving' (1988: 86n5). This a bit like saying that I am going to prove that a pile of earth is really gunpowder by showing that necessary conditions are available such as a lighted match that could ignite the gunpowder if that's what it really was! The fact that it is not does not matter, the conditions are there.

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