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# Returning to the radical analysis of rent

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## **Book review:**

Land Rent, Housing and Urban Planning: A European Perspective, 1985, Ball, M., Edwards, M., Bentivegna, V. & Folin, M., eds. London: Routledge

Why have rents risen so much even as incomes have stagnated? Critical scholars point to the financialization of housing, in which an in-flow of financial capital seeking yield has transformed the spaces in which people live into investment products managed to maximize capital gains. This accounts for why the global housing affordability crisis has been exacerbated in recent years (Wetzstein, 2017), but it does not explain why finance is able to extract such extensive profits from the built environment, nor the socio-spatial restructuring required to facilitate this process. What is it that makes housing such an attractive asset? And how is it made into an asset?

Seeking answers, researchers are increasingly returning to the long-neglected literature on land rent theory. In this context, the republication of 1985 classic *Land Rent, Housing and Urban Planning: A European Perspective* is a timely opportunity to reengage with crucial debates for understanding the production of the built environment. The book is a critique of previously dominant structuralist approaches to rent that attempted to interpret urban dynamics directly through Marx's economic categories. Instead, the book calls for a theory of rent that centres the social relations of landownership and their specific context without losing sight of the payment as an object and outcome of class struggle. In this, it sets out an

essential agenda for approaching today's global housing crisis that resonates with recent work on rentiership as 'value grabbing' (Andreucci et al., 2016) and a revived interest in the relations of landownership (Christophers, 2018).

The word 'rent' in land rent theory refers to any value captured as a result of the ownership of the property. This includes land's sale price because this is based on the total value of future expected rents. Land rent is the determinant factor in the price of housing because the cost of the actual building is a small part of the price paid, while the majority of the sale price is paid for the use of the land. It is therefore necessary to consider the operation of the land market –how and under what circumstances rent is being produced and extracted– to get to the root of housing issues.

In the first place, the level of rent is the outcome of class struggle over access to the land. But the value appropriated as rent has to be created somewhere. Building on Ricardo's (1817) analysis of agricultural land, Marx (1894) outlined a typology of rents denoting different situations in which the payment arises. There is 'differential rent', which comes about because a particular feature of the land offers a competitive advantage over other plots which allows yield above the average rate of profit –for example where one field is more fertile than another. There is 'monopoly rent', which is the result of a non-substitutable feature of the land other plots cannot offer –for example, where exceptional properties of the soil allow sought-after fine wines such as champagne which command monopoly prices. Differential and monopoly rent arise because of inherent features of particular plots of land that create surpluses over the average rate of profit, which the landlord creams off as rent.

The final type, 'absolute rent', is different because it is not inherent to the land but is created *because there is a landlord class* whose existence itself obstructs competition. The brand champagne is a good example here because today other regions are capable of producing similar wine, but the use of intellectual property laws to restrict the use the name 'champagne' to wine produced in that region of France artificially protects the monopoly rents for those farmers. These categories are abstractions denoting the sets of social relations through which land rent is possible within a capitalist economy (see Ward & Aalbers, 2016).

Throughout the 1970s, these categories were seen as the key to a radical analysis of the city, allowing geographers to offer a political economic critique of the urban malaise and disaffection that marked the era. By the end of the decade, however, debates on rent theory had reached somewhat of a stalemate as its interlocutors struggled to apply the categories Marx extrapolated from the agricultural context to the urban. Absolute rent proved particularly contentious in this debate, with some rejecting the category altogether as a consequence (Harvey, 1982). *Land Rent, Housing and Urban Planning: A European Perspective* makes a sustained case for placing absolute rent at the centre of analysis and, on this basis, a theory of urban rent rooted in the historically-contingent relations of landownership.

The edited collection brings together some extremely influential names in European Marxist debates of the 1980s from across planning, geography and economics. Part One, the introduction, contextualizes the political importance of an analysis of rent in linking people's everyday struggles in urban life to a critique of private property. It sets out the theoretical

stakes of the book as a critique of approaches to rent theory which ‘mechanically transposed’ categories such as absolute rent directly from the agricultural to the urban setting. Part Two focuses on the role of rent in the development process, making the argument for a specifically urban interpretation of absolute rent and the need this creates for a contextual analysis of the historically contingent role and characteristics of landownership.

There is a coherent logic to the way Part Two progresses from establishing absolute rent’s existence in the contemporary European housing economy (Christian Topalov and Marino Folin, Chapters 2 and 3); develops wider theoretical lenses to explore this through (in an early iteration of Michael Ball’s ‘structures of provision’ approach in Chapter 4 and Michael McMahon’s exploration of the role of state planning in Chapter 5); and finally analyses a whole industry through its prism (Ben Fine’s overview of the development of the British coal industry in Chapter 6). Through empirically grounded explorations of the effects of absolute rent in the urban setting, this part sets out an agenda for a theory of rent based on breaking down specific class struggles around land’s provision.

Part Three focuses on economic debates around the rent categories. In Chapter 7, Alain Lipietz offers a classic analysis distinguishing between ‘tribute ‘à la Engels’ (monopoly rents in the housing sector) and ‘tribute ‘à la Marx’ (absolute rents derived from the need for landlord/developers to make a profit in construction). In Chapters 8 and 9 respectively, Ambroise Gravejat and Agostino Nardocci focus on the importance of intermediaries and on urban systems as whole. These chapters are particularly complex, aimed at those who are already familiar with theoretical debates on value and the categories of land rent as they stood in the early 1980s.

Part Four, the concluding section, focuses on the implications of an analysis of rent for socialist struggle. In Chapter 10, Vincenzo Bentinegna calls for a fuller theorization of rent as integral to the capitalist system, as the misunderstanding that rent was a feudalistic remnant led to alliances with capitalists against landlords which ultimately only facilitated the latter’s integration into financial capital. Finally, Michael Edwards’ Chapter 11 argues for a renewed contribution of rent theory to socialist strategy, overviewing the changing circumstances wrought in the early stages of neoliberal Britain and pointing out several ways in which the then emerging features of a finance-dominated economy have made the analysis of rent increasingly complex.

The chapters assume a sophisticated level of knowledge of Marxist economics and the specific debates on the categories of rent that dominated the Marxist urban geography literature of the 1970s. They recurrently find that previous approaches were too mechanical in applying the categories of rent and that in-depth analysis of historically-contingent class relations are required. But the theoretical approaches being criticized are not explicitly laid out nor specific examples critiqued, making it difficult for the modern reader to understand the force of these conclusions.

Yet they are significant. By focusing on absolute rent, the authors highlight the importance of extra-economic power in shaping economic relations. If we admit absolute rent to be at the core of the workings of the urban economy, it is not enough to understand

rent in terms of an abstract capital relation (as per the structural Marxists of the 1970s), but this capital relation must also be theorized as being enacted through contingently mediated contestation. That is, the existence and distribution of rent in any given context is the object and outcome of social struggle over surplus which is conditioned –but not determined – by the processes and possibilities of producing that surplus.

The critique of rent links peoples' lived experiences of a failing property market to a wider criticism of landlordism and private property itself. Further, as we seek to unpick ourselves from the social catastrophe of neoliberalism's 'property owning democracies', a focus on the relations of rent as they are implicated in class struggle is necessary in order to think through what a radical response to the global housing affordability crisis might look like. Although the book is unable to transcend the shortcomings of the research paradigm whose breakdown it is articulating –the all-male authorial line-up's interest in social relations did not include feminist critiques of housing and social reproduction, for example– the lessons it draws from this breakdown offers relevant insight for those committed to a radical critique of the rent relation.

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