

ELEMENTS OF LAND ECONOMICS

LAND ECONOMICS SERIES

Edited by RICHARD T. ELY, LL.D.

*Director of the Institute for Research in Land Economics and Public Utilities,
Professor of Economics in the University of Wisconsin*



LAND ECONOMICS SERIES

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AIRPLANE VIEW OF MANHATTAN ISLAND, NEW YORK CITY

Trace the route of the first subway. This picture shows the most intensive utilization of land in the United States. It also shows how transportation affects land utilization. Note the inefficient planning of streets. There are few streets at great intervals running the length of the island to care for the bulk of the traffic but many streets at short intervals running across the island.

Elements of Land Economics

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New York

THE MACMILLAN COMPANY

1926

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Set up and electrotyped.
Published April, 1924.

PRINTED IN THE UNITED STATES OF AMERICA.

TO
A. E. M.

PREFACE

The books included in the Land Economics Series are designed to explore a field of economics that has been inadequately studied in the past. They may be classified for the most part in two groups: First, those books that deal with various aspects of *land as an economic factor*; and second, those that treat *land as a commodity* from different points of view. The present volume is an elementary survey of land as an economic factor, and although it is published second in point of time, it furnishes an introduction to the entire series of books. The first volume, already published, *Principles of Real Estate Practice*, by Ernest M. Fisher, gives a general introduction to the second group of books, the main purpose of which is to serve as part of the textbook equipment for the standard course in real estate established by the Joint Commission representing the National Association of Real Estate Boards, the United Y. M. C. A. Schools, and the Institute for Research in Land Economics and Public Utilities. At the same time the sponsors of this great movement in real estate education recognize that real estate brokers and operators, although chiefly concerned with land as a commodity, can function more efficiently if they also understand the part played by land as an economic factor. This binds together the two groups of books into one Land Economics Series. The present volume, therefore, is intended to accomplish a double purpose: First, to deal in a scientific but elementary way with land as an economic factor, as other elementary

books in general economics deal with all economic factors; and second, to furnish a foundation of economic principles for the treatment of land as a commodity.

To supplement these first two volumes, other books are being prepared along the lines indicated above. On the one hand, a larger work of a general nature which may be called *Advanced Land Economics*, is in preparation. Moreover, each main topic in the treatment of land as an economic factor may become the subject of a separate treatise. For example, a book on *Urban Land Economics* is being prepared by our associate in the Institute for Research in Land Economics and Public Utilities, Mr. Herbert B. Dorau; studies in *Farm Ownership and Tenancy* are being made by other associates, Professor B. H. Hibbard and Dr. George S. Wehrwein; and a comprehensive study of *Public Utilities*, showing the close relation between land and public utilities, has been undertaken by Professor Martin G. Glaeser. On the other hand, various aspects of land as the commodity of real estate practice will be dealt with in books on *Real Estate Law* by General Nathan William MacChesney, *Real Estate Transfers and Conveyances* by Harold L. Reeve, *Real Estate Investments* by C. T. Moffett, *Building and Loan Associations* by Frank A. Chase and H. F. Clark. This list is not exhaustive, even of the books already in preparation; but it illustrates the particular field of economic activities which is embraced in the term *land economics*.

Land economics, in contrast with the field of money and banking, of labor, or of business organization, has been surprisingly neglected. Few people realize adequately the nature and scope of the problems of land economics. We are familiar in a general way with the group of questions of the day which are called "land

problems"—problems of home ownership, forestry, agricultural credit, tenancy. These are among the most fundamental of our economic problems; yet people are prone to accept solutions which are for the most part quack remedies, because no one has undertaken an adequately systematic and scientific study of the place of land in our economic life, of the services rendered by land, or of the principles governing the use of land.

The senior author has studied land problems from different angles for many years, and he has concluded that these problems are basic to more economic activities than it is commonly believed. This conclusion is summed up in the motto of the Institute, "Under all, the land." This is further brought out in the accompanying chart showing the scope of land economics and suggesting the relation of public and private policies of land utilization to other economic policies of labor, capital, and management. This graphic summary reveals the wide range of subjects treated in the present volume and in the Land Economics Series as a whole.

Opening a new field of economic inquiry requires preliminary research of a somewhat different character from that in old and well-tilled fields like physics, chemistry, or general economics. Research in a new field involves building from the ground up, collecting the results of the experience that men have had in utilizing land; analyzing, classifying, testing, and interpreting that experience; synthesizing it into a consistent and harmonious whole; and finally publishing the results of the research in as clear and readable a manner as possible. Many organizations are engaged in gathering these data and some progress has been made in analysis, testing, and classification by organizations like the Bureau of Agricultural Economics of the United States Department of Agricul-

ture. The Institute, organized and supported by private efforts, endeavors to synthesize the results of the researches of various unrelated agencies and to conduct further research where needed and where possible. The present volume is largely the result of many years of research of this character.

In addition, the writing of this book has been facilitated by the advice and encouragement received at two conferences on real estate education in Madison, Wisconsin, attended by representatives of the National Association of Real Estate Boards, the United Y. M. C. A. schools, the Institute, and a number of colleges and universities. At these conferences the standard two-year course in real estate for Y. M. C. A. schools and Real Estate Boards was discussed and approved, and a four-year course for colleges and universities was projected. In these conferences many useful ideas were obtained from the discussions of Mr. T. H. Nelson of the Educational Committee of the Y. M. C. A.; Mr. Herbert U. Nelson, executive secretary of the National Association of Real Estate Boards; Dean Ralph E. Heilman of the Northwestern University School of Commerce; Professor Edmund E. Day of the University of Michigan; Mr. E. M. Fisher of the National Association, and Dean H. G. Atkinson of the Chicago Y. M. C. A. School of Commerce. On other occasions also Mr. H. U. Nelson and Mr. Fisher have made helpful suggestions to the authors.

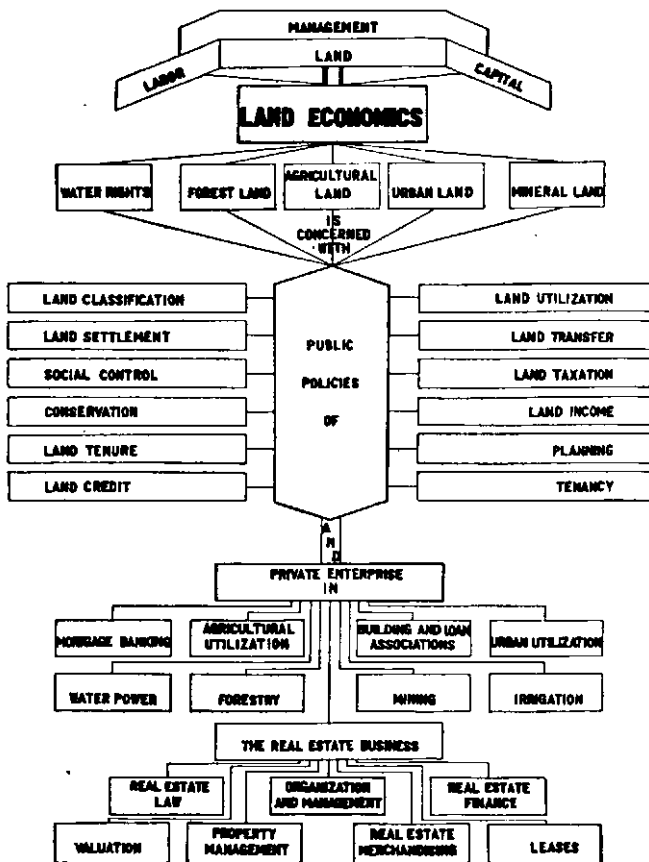
We are under great obligations to our associates in the work of the Institute for their very valuable assistance in the preparation and improvement of the book. Dr. George S. Wehrwein has aided in the preparation of the entire text and especially of Chapters VII, XII, and XIII. Dr. Mary L. Shine has read the entire manuscript in the most painstaking and helpful way, and has

prepared the summaries at the close of the chapters. Messrs. B. H. Hibbard, Herbert B. Dorau, Herbert D. Simpson, M. G. Glaeser, A. J. Mertzke, H. W. Bohlman, W. H. Voskuil, and H. O. Walther have been of assistance in various ways. Professor Hibbard has read the entire manuscript and has made useful suggestions, as have Professor Glaeser and Mr. Simpson, who helped particularly with Chapter XV. Mr. Dorau has worked especially on Chapters IV, VI, XII, XIII, and XV; Mr. Bohlman on Chapter X; Mr. Mertzke on Chapter XII, and Mr. Walther on Chapter XI.

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EDWARD W. MOREHOUSE.

Sterling Hall,
University of Wisconsin,
March 31, 1924.

THE SCOPE OF LAND ECONOMICS.



THE STAFF OF THE INSTITUTE AND WORK IN PROGRESS

- R. T. ELY, PH.D., LL.D.
Outlines of Land Economics.
Urban Land Economics.
Taxation of Land.
- B. H. HIBBARD, PH.D.
Farm Tenancy.
The History of Federal Land Policies.
- G. S. WEHRWEIN, PH.D.
Large Land Holdings.
Farm Ownership and Tenancy.
Public Land Policies.
- MARY L. SHINE, PH.D.
The Leasehold in the United States.
The Land Factor in the Evolution of Economic Society.
- M. G. GLAESER, M.A.
Public Utilities.
Urban Land.
- H. B. DORAU, M.A.
The Credit of Public Service Corporations.
Urban Land Economics.
The Taxation of Land.
- CLARA F. WIGDER, M.A.
Secretary and Research Assistant.
A Study of Farm Mortgage Interest Rates.
- H. D. SIMPSON, M.A.
The Taxation of Public Utilities.
- E. M. FISHER, M.A.
Real Estate Practice and Finance.
- B. F. WIGDER, B.A.
Editor.
- E. W. MOREHOUSE, M.A.
The Influence of Wages on Land Values.
Labor Policies of Public Utilities.
- W. H. BOHLMAN, M.A.
Urban Land.
- W. H. VOSKUIL, M.A.
Mineral Land.

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