RANT TEORİLERİ VE TOPRAK RANTI KAVRAMI ÜZERİNE BİR İNCELEME[*]

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Özet

Rant gelişiminin açıklanması için klasik rant kuramlarının iktisadi kavramlarla ve kentsel gelişme süreciyle bağdaştırılarak açıklanması gerekmektedir. Bu nedenle kentsel toprak rantı kentsel gelişme dinamikleriyle ilişkilendirilerek açıklamak önemlidir. Kentsel gelişme ise ekonomik, teknik, kültürel birçok süreçten oluşan karmaşık bir olgudur. Dolayısıyla rant ve buna dair teorilerin incelenmesi farklı kentsel gelişme süreçlerinin de çözümlenmesinde yeni bakış açıları oluşturabilmektedir. Bu makalede rant kavramı ve buna dair teoriler ilgili literatürde eleştirel bir bakış açısıyla ele alınmakta ve teorilerin başarılı ve başarısız oldukları noktalar tartışılmaktadır.

Anahtar Kelimeler: Toprak, Rant, Rant Teorileri, Kentsel Rant, Toprak Rantı

JEL Kodları: R0, Q15.

AN INVESTIGATION ON RENT THEORIES AND THE CONCEPT OF LAND RENT

Abstract

Classical theories of rent need to be defined through association with economic concepts and the process of urban development to explain the

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development of rent. Therefore, urban land rent needs to be defined through association with the dynamics of urban development. Urban development is a complex phenomenon that consists of such processes as economic process, technical process and cultural process. Hence, the investigation of rent and relevant theories can constitute new viewpoints in the analysis of the processes of different urban developments. In this paper, the concept of rent and regarding theories are dealt with through a critical viewpoint and successful and unsuccessful points of regarding theories are analyzed.

Keywords: *Land, Rent, Rent Theories, Urban Rent, Land Rent.*

JEL Classification: R0, Q15.

1. INTRODUCTION

Urban requirements increase as a result of industrialization and new urban lands are exploited for urbanization. Therefore, land turns into a significant factor in the process of capital accumulation. Rent, which is in focus of nearly all discussions regarding urban, is regarded as the source of urban issues. When rent theories are analyzed historically, a connection that causes social and spatial differentiations between urban life and land rent is spotted. Urban is a complex phenomenon and takes its shape according as the relations based on rent. Thus, it creates value increase to meet the requirements in urban land. Dramatically, these requirements are continually changing, developing and diversifying.

Land is regarded as a significant tool in the process of capital accumulation and is controlled by a lot of factors. In the concept of rent, there is an undeserved gain. When urban land is scarce, this case may have the potential to create rent for a landowner in the short and long-term although the landowner does not have to spend any effort and utilize capital tools. However, a landowner is basically supposed to spend effort and use capital tools to obtain such a gain.

This present study aims at investigating land rent theories theoretically. To analyze the concept of land rent, the origin is land rent explanations that have developed in economic theories. In this study, the approaches of Classical, Marxist and Neoclassical rent theories are explained in the context of rent theories. Additionally, the concepts of these theories are analyzed and within the frame of these concepts, urban land rent is evaluated.

2. THEORETICAL FRAME OF RENT

Rent is one of the significant issues on which economic analysts dwell quite much and thus, it has been interpreted many times in economics history (Gültekin and Genç Kavas, 2014: 20). These interpretations have paralleled theoretical discourses that developed in parallel with unstable economic conditions in the course of time. The word ''rent'' infiltrated Turkish from French and English and it has been used as the equivalent of the word "hire". Rent covers every sort of hire income. However, its definition in economics is much narrower. In economics, rent is defined as extra profit that can be obtained when a natural entity is utilized in a monopoly situation and production (Ertürk & Sam, 1995: 148).

Scarcity phenomenon constitutes the theoretical base of rent. Scarcity is present in other production tools like land. In this context, rent is theoretically in question for other production factors. Dinler (2008: 280) defines rent as interest that a landowner obtains from land production as a production factor or rent, as land price, is a compensation that is paid to benefit from land factor for a certain time.

Rent is conceptualized as a compensation that is extended to a landowner to exploit land. Similarly, it means the interest that a landowner obtains from production although he does not put in any effort. To determine rent, if other factors such as labor, capital and initiative are utilized in the production of a crop, the shares of these factors need to be separated from the total income (Ertürk, 1995: 227). In the process of rent, labor and capital are not at issue. However, rent brings an undeserved income and it is necessary to put in effort and to exploit capital tools to deserve that income.

Diversity is regarded as another theoretical component of rent. This component may appear in a lot of fields and bring extra gain. Therefore, a lot of diversity-based rent concepts can be developed. The gain that results from diversity in skill is defined as skill rent and the difference that results from diversity in quality is described as quality rent. Additionally, the difference between the price that a consumer is willing to pay and market price is called consumer rent while the difference between the price that a consumer is willing to sell and market price is defined as producer rent (Dinler, 2008: 594).

3. RENT THEORIES

In this section, the approaches of Classical, Marxist and Neoclassical theories to rent are investigated. Firstly, rent concepts of different economic theories are classified. This classification is based on such representatives of political economy as Adam Smith, David Ricardo and Marx who criticizes political economy. Similarly, neoclassical economists and their rent theories constitute the basic of such a classification. Ricardo's rent theory and the rent analysis of Classical School of Economics are almost identical. Adam Smith inspired Ricardo's rent theory and he is regarded as the founder of Classical School of Economics. Ricardo's rent theory represents the rent theory of Classical School of Economics. However, Ricardo's starting point is to resolve the inconsistencies in Smith's rent theory. Therefore, Smith's rent theory is suitable starting point to evaluate Ricardo's rent theory (Yakar Önal, 2002: 86).

3.1. Smith and Ricardo's Rent Theories

Adam Smith is regarded as the founder of Classical School of Economics and he describes the theoretical field of political economy through two basic components in his 1776 dated book called ''The Wealth of Nations.''

Commodity production means producing with the aim of change and land becomes property when specific individuals possess capital. Therefore, the community consists of three different classes: investor, workers and landowners.

When these classes share social production, it creates three basic income categories: profit, fee and rent (Yakar Önal, 2012: 87).

Smith (2005: 125) describes rent as a compensation extended to a landowner to exploit his land. Hence, rent is a monopoly price (Evans, 1991: 2; Smiley, 1997: 106). However, Smith (2005: 125-126) emphasizes that a farmer's solvency determines the land rent and the average price of a commodity specifies a farmer's solvency. When this price is more than a farmer's expenses and average profit, this excess turns into land rent. If the price does not exceed this limit, a landowner does not obtain any rent although the product is brought to the market. The demand for the product leads to low or high prices. Hence, the price which results from the demand for the product determines whether rent will be extended to landowner or not. Smith's two explanations regarding rent possess inconsistencies. If rent is a monopoly price resulting from ownership of land, a price is extended to a landowner whether the demand for the product is high or low (Schumpeter, 1968: 191). However, rent which, is paid to a landowner as an income category, is associated with the price of a product that is brought to market and it may be possible that the landowner will not be provided with rent based on the price that will emerge. As a matter of fact, Smith's inconsistency in rent theory results from the inconsistencies in his explanations regarding the formation of product price. Smith bases his theory on commodity production which means production is made with the aim of change. He presents two different answers to the question that through which values commodities can be changed. His responses are: labor theory of value and collection theory (Yakar Önal, 2012: 87).

Smith (2005: 50) mentions that labor that is necessary for the production of commodities determines the values of commodities, namely he speaks of labor theory of value. However, he limits the validity of labor theory of value to the primitive situation of the community before the accumulation of capital and the acquisition of land as property. This is the period prior to capitalism. In this situation, the whole product belongs to laborer and profit and rent are out of question. When certain individuals accumulate capital and land is acquired as property, the product of labor needs to be shared out among laborer, investor and landowner. This approach argues that rent is the remnant of value, namely it is the remnant of the product of labor (Roll, 1952: 174; Douglas, 1964: 101). Smith's explanation bases land rent on farmer's solvency and rent is regarded as a remnant. Roll (1952: 171) states that Smith always explains the origin of remnant through labor theory of value, yet Smith apparently expresses that rent as a remnant results from the fertility of land obtained naturally or through processing. This expression increases Smith's inconsistencies regarding rent theory and contradicts labor theory of value (Smith, 2005: 56). However, Smith is inclined to explain the value via collection theory. He asserts that labor theory of value lost its validity after the accumulation of capital and the acquisition of land as property. According to this theory, following the accumulation of capital and the acquisition of land as property, profit and rent will emerge and thus, it will render the value of commodities equal to the amount of fee, profit and rent (Smith, 2005: 52).

When ''classical rent theory'' is mentioned, that usually means Ricardo's rent theory (Kazgan, 1984: 80). However, Ricardo's rent theory takes over the basic arbiters of its theoretical field and results from efforts to resolve the inconsistencies regarding Smith's theory.

Ricardo describes rent differently from Smith. He emphasizes the specific and indestructible powers of soil, namely the productive powers of soil. Ricardo argues that rent is the payment granted to a landowner when a product is obtained in return for the utilization of specific and indestructible powers of soil (Ricardo, 1971: 91-92). However, Ricardo expresses that rent emerges in collaboration with the ownership of land, yet Ricardo's rent analysis is substantially based on the negligence of this expression. Ricardo holds the belief that if all types of land possessed the same characteristics, unlimited quantity and homogeneous quality, no payment would be required in return for the exploitation of land. Whenever land possesses its own specific privileges, its quality changes and poor-quality and less advantageous land is cultivated due to population growth, then rent is paid in return for the utilization of land (Ricardo, 1971: 93-94). Hence, with these explanations regarding shortage and fertility of land, Ricardo apparently ignores that the precondition of rent is land's being under ownership.

The labor that is necessary for the production of a commodity determines the price of that commodity and this constitutes the basic of Smith's labor theory. However, Ricardo regards this as a hypothesis. Hence, he rejects collection theory. Ricardo's only aim is to prove that labor theory of value is valid in a capitalist environment, unlike Smith (Yakar Önal, 2002: 5). To achieve this, he is expected to prove that labor theory of value does not contradict rent and profit. According to Ricardo, sharing in the format of rent, fee and profit is the decisive component of the dynamic of capitalism. Profit becomes the source of the accumulation of capital and the accumulation of capital determines sharing and thus profit. Ricardo is of the opinion that such mutual relations are subject to the rules of the contradiction of rent with profit. Profit is the source of the accumulation of capital and the basic component that helps production powers develop in capitalism. However, rent increasingly restricts the development of production powers (Akyüz, 1977: 3, 5-6).

3.2. Von Thünen's Land Rent Theory

Classical theories of rent cannot explain urban space organization and settlement. These theories are more interested in the source of rent. The first study that deals with rent theory through space organization is Von Thünen's theory. Von Thünen is regarded as the founder of spatial economics. In his theory, Von Thünen clarifies issues such as density and selection of product in an isolated urban. Owners of agricultural lands that are close to the market area obtain position rent because costs of transportation differentiate (Ertürk and Sam, 1995: 168). The difference resulting from costs of transportation constitutes rent for a landowner. The rent value of a landowner who is in the farthest part of urban is zero. If other variables are regarded as fixed, it can be concluded that rent in urban centre is equal to costs of transportation of dwellers that are in the farthest part of urban.

As distance in connections between production and consumption sites increases, increasing transportation costs need to be taken into consideration inevitably. If two sites possess the conditions to produce the same product, the one that is closer to market is superior (Tümertekin and Özgüç, 2012: 168). In his model, Von Thünen clarifies how market processes determine the selection of different places. The first factor that determines the value of land and the hires of landed property in urban is transportation costs. Hence, landed property that is farthest to the market area does not bring in rent and other landed properties bring in rent in parallel to transportation costs to the market area (Sinclair, 1967: 76). Sites which are the closest to urban centre possess the least transportation costs. Hence, this renders the value of such lands higher than others.

Von Thünen's model is criticized on the grounds that some judgments in its hypotheses are not realistic. One of the criticisms that are directed to Von Thünen's model is Robert Sinclair's (1967) study called ''Von Thünen and Urban Sprawl''. In contrast to Von Thünen, Sinclair is of the opinion that low-level cultural density is dominant in places that are close to markets in urban and cultural density increases as it becomes more distant from market. Sinclair (1967: 76) argues that Von Thünen's model is valid in underdeveloped countries where modern cooling techniques are unavailable. As to developed industrial countries, improvement in human organizations, advancing technology and increasing transportation opportunities will render this model invalid since thanks to technological developments, cooling techniques have simplified the preservation of food for a longer time. Additionally, developed countries utilize this technology and thus, produce crops which have low-level agricultural volume.

One of the other criticisms that Sinclair directs to Von Thünen's model is his description of urban as a unique point in a static structure and his idea of a single market. Today, however, urban possesses a dynamic structure. Therefore, the market component has expanded and a multicenter market system has been established. There are country-wide and worldwide markets. Additionally, Von Thünen ignores the possibility that cultural lands will be allocated for urban use as the urban expansion increases (Sinclair, 1967: 82). Speculation and expectation emerge with the spatial expansion of urban and this leads landowners' attitudes concerning land exploitation to change.

3.3. Marx's Rent Theory

Following the conceptual and theoretical explanation of rent, the concept of rent can be dealt with in different categories benefiting from Marx. Firstly, rent is specific to capitalist production and capitalist land rent emerges with the development of capitalist production relations in agriculture (Turan, 2008: 29).

Karl Marx is regarded as the economist who conducted the most comprehensive study concerning rent and he does not regard capitalism as a universal production type. He examines fee, capital, interest and rent that exist in capitalist production type (Akyüz, 1977: 6). Marx divides rent into three different categories; differential rent, monopoly rent and absolute rent. Differential rent results from the monopoly to process land while monopoly rent results from consumers' requirements and purchasing power. Additionally, absolute rent is the consequence of the monopoly of ownership on land (Güler, 2006: 320-321).

3.3.1. Differential Rent

Marx is of the opinion that although equal labor and capital are applied to equal size of lands, unequal consequences may be obtained due to the fertility and place of lands. In this situation, differential rent results from the diversity regarding the natural fertility of land. According to Marx, the production price of land that does not generate any rent and that price always regulates the market. Because the market price is higher than separate production price in more productive lands, lands that are more productive will generate rent. When another poorest-quality land that is rather more unproductive than the previous poorest-quality land is exploited, the previous poorest-quality land starts to bring in rent. Additionally, Ricardo argues that movement will be from the best land to the worst one due to population growth. However, Marx holds the belief that there is a continual progress either from the better land to the worse one or from the worse land to the better one. The existence of differential rent may develop from the better land to the worse land in a descending range or from the worse land to the better one in a rising range. Hence, the prerequisite of differential rent is inequalities in different land sorts (Marx, 2004:574-578,581-582,722). Marx analyzed the differential rent in two different ways. The differential rent, which has been explained so far, constitutes the first type of differential rent due to its character. The diversity of capital that is consecutively invested in the same land constitutes the second type of differential rent. Marx expresses that the second type of differential rent is, as a matter of fact, the first type of differential rent that is expressed differently but is substantially identical to the second type of differential rent. The diversity regarding the fertility of different lands reveals its effect in the first type of differential rent only when unequal results are obtained from capitals that have been invested in land. Such a quality does not lead to any change in diversity that regards fertility or in the crop in the land whether it is for capitals that are consecutively invested in the same land or for capitals that are invested in different sorts of land. Therefore, it does not make any change in the formation of differential rent for the parts of capital that are invested more productively. Marx, as a result, argues that extra profit will be obtained in the first or second type of differential rent (Marx, 2004:594,597,639-640).

3.3.2. Monopoly Rent

Monopoly rent will emerge when land is monopolized and landowners compete with each other. There are two different situations concerning the emergence of monopoly rent. First, it is the rent that a landowner, whose land possesses quite a special quality, obtains from an individual who utilizes to make special production or activity. Monopoly rent is determined by buyers' requirements and solvency and it results from a monopoly price that is guaranteed when a private property land is taken under control. Marx argues that monopoly rent cannot be in question in agriculture and only housing and land rents can be explained via these concepts (Akın, 2007: 39-40).

The second situation that brings out monopoly rent is that landowners do not dispose of land unless they are provided with high rents. Landowners expect to be provided with rents that are higher than the market price of a product that is grown in their land. The rent which is demanded according as the inadequacies of land, collective class power and the position of land interest creates the monopoly price. This sort of monopoly rent is significant for all sectors and it influences a lot of products from housing cost to the cost of agricultural products.

Güler (2006: 321-322) argues that monopoly rent will emerge due to hardships that are faced when necessary conditions to reproduce crops in agricultural lands form. In spite of demand increase, if the supply of a product cannot be increased because conditions such as suitable land and suitable climate are not available, that product will be sold at a price that is higher than its production price and value. Such a monopoly price is determined according as a consumer's choice or a demand whose solvency is high. In this situation, a monopolist producer obtains extra profit and the price which is extended to a landowner is called monopoly rent. While Marx emphasizes the significance of monopoly rent in urban lands, he is of the opinion that such type of rent is not very significant in agriculture. Additionally, Marx argues that monopoly rent is the only reason for increase in housing and land hires in density-populated areas.

3.3.3. Absolute Rent

One of Marx's greatest contributions to the concept of rent is the concept of absolute rent, yet Ricardo ignores the concept of absolute rent. Harvey (2003) states that absolute rent is based on Marx's unique and salient theories of value. However, next theorists either ignore or misinterpret this. According to Marx, absolute rent, with its simplest state, results from the monopoly of ownership on land and it is the substantive component of capitalism as extra value that is higher than the average price of raw material (Turan, 2008: 32-33).

Absolute rent is the consequence of the monopoly of ownership on land and appears due to shortage phenomenon. When supply of land is not increased, that results in shortage phenomenon. When available lands do not meet the requirements that result from population growth, landowners will obtain extra rent. This rent is also called shortage rent. Absolute rent, differently from the other two sorts of rent, occurs independently from the position of urban land. Creators of absolute rent are various individuals and actions and processes of different establishments. It forms upon creation of shortage in the market of urban land. Housing entrepreneurs, individuals or public institutions create absolute rent leaving lands empty, producing or not producing plans and delaying infrastructure services (Keleş, et al., 1999: 40).

So far in this paper, analyses of political economy have been implemented through Smith and Ricardo. Through Marx, rent analyses of the criticism of political economy have been explained. To conclude, rent concepts such as differential rent, monopoly rent and absolute rent have been analyzed through political economy and its criticism. Rent concepts that were developed by Neoclassical Theory are different. The next section will analyze the rent concepts of Neoclassical Economics.

3.4. Rent in Neoclassical Economics

Significant criticisms toward the classical theory were voiced by neoclassical theorists who were the followers of this tradition. Their main representatives are outstanding theorists such as Von Thünen (1783-1850), Carl Menger (1840-1921), William Stanley Jevons (1835-1882), Alfred Marshall (1842-1924), Vilfredo Pareto (1848-1923). Neoclassical economists generally describe labor, arbiter of value, as employees' subjective exertion taking a position against Marx, who got the labor theory of value from Classics and placed into the centre of his own theories. In this theory, share that is provided to a laborer is the same amount as the laborer's marginal contribution to production and what determines the price of every product is shortage phenomenon which creates various prices (Savran, 1997: 9). Accordingly, all production inputs create product jointly. A group that consists of a lot of firms and individuals replaces social classes and share relations are based on this. Because every production input equally contributes to a product and the total product is shared among all inputs, no residue is left and these theorists do not regard the part of the obtained product that is not extended to labor as extra value but regard it as price component. Therefore, profits that emerge as price component are calculated through capital and the theory of economic is based on the system of price not on the share of values. Especially, the relation between rent and interest is of great significance in terms of urban land (Turan, 2008: 21).

Neoclassical economic theory starts from the concept of economic shortage and argues that there is not a quality difference among the sources that produce the social product. Land, labor and capitals are scant sources and they are called production factors. Each of the production factors gets a share from the total product in parallel to its contribution to the product (Yakar Önal, 2002: 19).

The basic reference of the analysis of rent of neoclassical economic theory is Ricardo. However, neoclassical economists approach Ricardo's rent analysis critically and regard it as deficient. Neoclassical economists agree that Ricardo's rent theory is based on the assessment that rent is paid due to high price of the product and the price of the product is not high because rent is paid and is valid for some situations. However, they argue that it cannot be regarded as a universal fact. Additionally, they hold the belief that Ricardo's theory shaped according as the conditions of its era and that era was a period when a narrowing supply was experienced due to increasing demand for food, which resulted from population growth in addition to restrictions on wheat importation in Europe and the Napoleonic Wars. Therefore, Ricardo questions whether increasing wheat prices in this era resulted from landowners' increasing demand for rent.

The second issue that neoclassical economists criticize is Ricardo's assumption that land is exploited only in one way. According to Neoclassical economic theory, there are alternatives to the exploitation of land. Therefore, the price of a product can increase due to high rent. In addition, neoclassical economists are of the opinion that this renders the rent of land one of the components of production cost (Mills and Hamilton, 1989: 90-92). Neoclassical theory of rent was developed after fifty years following the term in which these discussions happened (Önal, 2002: 19-20).

To summarize, neoclassical economists' basic criticisms that regard both Ricardo and Marx are labor theory of value and theory of surplus value. Neoclassical economics does not discriminate between land and other inputs. Like other inputs, the value of marginal product is paid for land. The rent of land is determined on the basis of marginal fertility like other inputs. Neoclassical approach argues that the total supply of land is fixed due to the fact that land is not a manufactured input. For industry, the supply energy of land is upright and the flexibility of price is zero. However, the supply curve of land that regards firms which are under complete competition conditions is horizontal and the flexibility of price is boundless.

To conclude, neoclassical theory does not discuss the ownership of land. Land, like other factors, is a production factor. A firm or an entrepreneur is supposed to provide an income for land which is equal to the marginal contribution of land and this is the rent for landowner (Müderrisoğlu, 2006: 13).

3.5. Urban Rent

''Rent, in economics, the income derived from the ownership of land and other free gifts of nature'' (http://global.britannica.com/topic/rent-economics, Access Date: 26.02.2016). This definition describes rent in a narrow sense. However, it is possible to describe it broadly. The concept of rent can be described broadly as increase in the value of real estate that is not based on labor. Namely, it is feasible to describe rent as a price that is paid for land whose supply is fixed and for exploitation of other natural sources (Ekonomi Sözlüğü, 1989). Today, the concept of rent is used to mean making money through speculative purposes.

In Boratav's (Boratav, 1980: 117) definition, the concept of rent and the concept of land rent are dealt with together. This definition argues all lands, except from barren ones, obtain rent and prices will increase when demand rises, which bolsters the mass of rent. Güler (1992: 234) argues that land rent is the price that is received by a landowner due to his ownership on land. That is, it is a price that is paid to exploit very natural entities but not to exploit the products of human labor. Seemingly, land and monopoly ownership that was established on it in advance are the natural entities concerning this situation. The issue is to explore the source of the payment that is made for land. Marx, who is a classical economist, analyzed the phenomenon of rent elaborately. According to Marx, rent consists of three separate sources based on ownership; rent that results from monopoly to process land, rent that results from monopoly of ownership due to shortage of land and rent that results from the fact that prices of urban lands in a specific position cannot be increased'' (Ertürk and Sam, 2003: 152).

When the concept of rent and urban come into question together, ‘‘urban rent’’ phenomenon will emerge. Namely, it will emerge through application of some rent principles regarding agricultural land to urban land. In urban areas, some pieces of land are located in central region and are residential places of those who possess high income. Such urban lands can possess higher value than others due to their position. Owners of such lands possess a monopoly power due to urban growth, which creates monopoly urban rent (Ertürk and Sam, 2009: 154).

Urban land rent can be defined as value increase that emerges in urban lands in the process of social development as a result of public’s actions and processes. Landowners do not have any productive contribution to its formation. Another way to explain this value increase is to analyze the process of the transformation of agricultural land into urban land. However, this approach is inadequate to clarify what the role of urban land is in the formation of urban form and how in urban space values of land differentiate.

In studies concerning urban rent, Marx’s rent categories are used and their application to urban context is discussed. Hence, firstly sorts of rent that Marx classifies according to their sources of emergence in the system of capitalist production have been analyzed briefly. These sorts of rent are absolute rent, differential rent and monopoly rent (Akın, 2007: 37). However, there are assessments that when rent categories are applied especially to housing lands, issues will emerge and it is a mistake to apply agricultural rent categories through replacement of urban situations (Clarke and Ginsburg, 1979: 21). It is emphasized that attempts to change rent categories institutionalize ownership markets and lands, narrowly through a polarized conflict between owners and users and urban development causes social relations to be ignored (Clarke and Ginsburg, 1979: 21). It is expressed that economic mechanisms to which these categories are applied are different from those of agriculture. The determination regarding the restrictions and effects on the saving which rent brings in is not the same as the results regarding farmers (when they decide how much to invest). It is reported that separate utility of every urban space is physically dependent on the utilization of all other urban lands. In other words, every urban area cannot be regarded as a production value (or utilization value). According to these criticisms, the utilization of such an area is determined in parallel to its connection to other urban utilizations like infrastructure, environmental characteristic and etc. (Akın, 2007: 42).

4. CONCLUSION

In this study, the concepts of rent that Classical, Marxist and Neoclassical economic theories have developed are analyzed. Although Smith and Ricardo's rent theories shaped in Classical School of Economics, Smith's rent theory does not question that landowners obtain surplus value that is created by private ownership on land. However, Ricardo's theory is based on a strong opposition against such an acquisition. Smith is of the opinion that the income category that landowners obtain as rent is not a basic economic issue. Hence, Smith's rent theory does not question rent and private ownership on land.

The motive behind Classical economic theories and Marxist economic theories, which make the criticism of classical economic theories, is to analyze the process of share that shapes on the basis of class relations. Hence, the concepts of rent that these economic theories put forward are different from the concepts of rent that neoclassical theory laid. The motive behind neoclassical theory is to analyze the process of share through marginal fertility of production factors (Yakar Önal, 2002: 132). Therefore, the rent concepts that are presented by Classical and Marxist economic theories, which evaluate rent in the context of private ownership and class relation, are monopoly rent, differential rent and absolute rent. However, the rent concepts of neoclassical economics, which ignores class relations and private ownership on land, are commercial rent, transfer incomes and economic rent. After rent concepts that different economic theories put forward were sorted out, approaches of dominant Neoclassical theory and critical Marxist theory regarding urban land were analyzed.

The major component that determines the approach of neoclassical theory to urban land rent is the distance of lands to urban centre. As it gets more distant from urban center, rents will decrease. Therefore, as it gets closer to urban center, economic rent constitutes a great part of commercial rent due to the fact that the flexibility of land decreases (Yakar Önal, 2002: 132). However, Marx's rent concepts criticize the approach of neoclassical theory to urban land rent on the grounds that it ignores social relations. According to Marxist economics, the prerequisite of rent in terms of economics is private ownership on land. Hence, it is concluded that the existence of private ownership is indispensable for urban land rent to emerge.

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