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Teoria di Valutazione by Leopoldo di Muro

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The line of future development suggested by Professor Fanno is the completion of the cycle back to self-containment. How he comes to this is difficult to see, for he regards any step from industrialism to agriculture as retrograde, and yet must see that the time when population will have spread over the remaining waste lands will come. Particularly is this so in the British Empire. The colonies, and especially the Australian Commonwealth, aim steadily at increasing their manufacturing output. By no means feeling pressure from the growth of population, Australian leaders certainly fix before them a definite goal, seeking to develop equally industrial and agricultural resources, to spring fully armed from the forehead of Jove. The economic position of the old countries before the economic independence of the new provides at least some cause for misgiving.

MARION PHILLIPS

Teoria di valutazione. By LEOPOLDO DI MURO (Fratelli Gallina, Padua, 1906).

ALL systems of land tenure have their defects; in England we are familiar with a leasehold system which, on the whole, is most successful in discouraging improvements to the land, whether urban or rural; in addition to this our system of settlements of real property increases the difficulty of improvements. From time to time the Legislature intervenes with a Land Drainage Act, a Settled Land Act, or a Market Gardeners' Act to deal with the evil when the scandal has become very great; but wherever various persons have interests in one piece of land there is the fundamental problem: if the land is improved how ought the costs of the improvement to be borne and how ought the benefit of the improvement to be shared? Unless some general guiding principles can be laid down, no legislation can hope to solve the difficulty in a way which is beneficial to the community at large. Professor di Muro attacked this fundamental problem in his now well-known *Economia ed Estimo dei Miglioramenti Fondiarii*.¹ It is not surprising that his views were subjected to a good deal of criticism; the question is so important that the more discussion of it the better. His present book consists of three chapters; in the first he briefly expounds the system, in the second he gives numerous illustrations, in the third he discusses various points of economic doctrine, and in so doing answers many criticisms. The first two chapters are little more than a re-exposition, with some develop-

¹ See ECONOMIC JOURNAL, 1903, p. 92.

ments, of the theories contained in the earlier work; the third chapter is the one to which the economist will naturally turn. Probably few readers will need to be convinced that there is not complete free competition in the matter of land, so that the State must in some respects limit freedom of contract in regard to it. In England, where freedom of contract in ordinary matters is the general rule, the Legislature has continually intervened in the matter of land. Professor di Muro next proceeds to discuss the element of risk in profits. He contends that risks which are actuarially determinable, and can therefore be insured against, are to be included in cost of production; profits are due to taking risks in the strict sense, that is, risks which cannot be estimated and insured against. When capital is expended on improving land there is a risk that the increased value of the land due to this expenditure may be less than the capital expended. If so, how should this loss be borne? We may perhaps vary the question: How is it, in fact, borne, and is this the proper way to bear it? How the loss is, in fact, borne depends upon law and custom. In England, for example, the capitalist who lends money for an improvement in land generally takes very little risk; unless he happens to be the owner of the land, when he frequently does risk and lose a good deal of capital. Whether the actual method is the best depends partly upon the actual state of economic and social development of the country. It would be most interesting if some economist well acquainted with the land law of his country were to describe the actual methods of financing improvements and then criticise these in the light of Professor di Muro's views. Unfortunately, few persons have the requisite grasp of theory and knowledge of facts.

Although *Teoria di valutazione* is primarily meant for those who have read *Economia ed Estimo*, etc., it must not be supposed that it is necessary to read the earlier volume before the latter. The first chapter of the latter work sets out the author's system for the benefit of those who are unfamiliar with it; it would be most unfortunate if any person was prevented from reading the third chapter of the present book, either because he was ignorant of the earlier book or because he was frightened by the many tables with which *Teoria di valutazione* is adorned.

C. P. SANGER