Does Rent Enter Into Price?

Anent the matter of "rent entering into price," current in the last couple of issues of HGN, would it not be easier to explain this statement to the student by saying that "rent does not make a *difference* in the price of goods? It is true that all the factors of production enter into the cost of producing goods, or selling them. But the *difference* of rent paid by the seller cannot create a difference in the cost of goods to the consumer.

It does not clarify the matter sufficiently to say that competition to sell takes care of that. *Location* is the answer. For example, a merchant in a large city may pay a thousand times the rent paid by one at a crossroads or in a small village, but he cannot, for this reason, charge a thousand times as much for his goods. On the contrary, he is likely to sell at a lower price. It may be argued that he can afford to do this because of the volume of business he does. But what makes this greater volume of business possible? His superior location, of course. He pays a higher rent because his location (affording him access to a greater or more affluent purchasing population) is worth that much more rent. Hence, while the cost of his rent (as all rent) is a factor in his accounting, it cannot enable him to charge more for comparable goods. In that sense, it does not enter into the price he charges.

Rent paid by the merchant to the landlord (whether or not they are one and the same) goes directly into the landlord's pocket, and does not enter, one way or another, into the price of the goods he sells. Rent is determined by the greater or lesser advantage of the location, and is always *all that this location is worth.* The seller, or producer, neither can retain it or pass it on to the consumer in higher prices. It goes to just one person, the owner of the location.

Which brings us back to the basic question; who is entitled to the price of the advantages adhering to a given location—the holder of the title deed or the public which gives the value to that location?

—Bessie Beach Truehart

THE FIRST STATE!

News has reached us that in the closing days of the Hawaiian legislature in June, a law was passed aiming at higher taxation of land and lower taxation of improvements. It will allow the state's four counties to establish lower rates on commercial, residential and industrial buildings than on land. As we get more information on this significant break-through we shall report on it.

Ken Hunt, a student at the University of Kansas City, has completed a term paper for a senior seminar, entitled: "A Brief History of the Single Tax Movement in the United States, 1920-1963." The paper covers the post World War I period, the formation of the Schalkenbach Foundation, the founding of the Henry George School, current legislative programs, etc.

An increasing number of students are finding rich material for papers and theses in the Henry George philosophy and movement, for history and political science as well as economic courses. The Henry George School will be glad to cooperate with students who are contemplating such a project.