

## ARE BUSINESS PROFITS TOO LARGE?

Attempts at co operation thus far have generally shown a strong if not fatal tendency to failure because of the difficulty of commanding the requisite skill and faithfulness in management. Co-operators are not willing to pay the price for service which their business needs in order to succeed. They always stand on the theory that the men who conduct great enterprises get too much for doing the business and operatives too little. In course of time, and usually not very long time, their scheme goes down. This is because in the nature of things no hired person on a salary of fixed amount will all the time keep his wits alive and study into the small hours of the night devising ways and means to make money for other people. They propose in their constitution to take from capital and skill a portion of the profit that has usually been accorded to them and give it to labor; but after thousands of experiments during forty or more years of good business in this country there is hardly a single case of such undoubted success as to warrant the assertion that demonstration of feasibility has been attained. The combined skill of all the co-operators in half a century has produced no concern of magnitude. The almost uniform failures seem to prove that great management must have great compensation, and in endeavoring to get the skill without the pay the co operators' dream has come to naught.

Now, this is equivalent to saying that the world finds its business can be done at less cost than by co operation. The latter fails because it is undersold and unable to compete with such skill as gets the better pay. Had Commodore Vanderbilt been content with the salary of a steamboat captain he would never have developed into a great business man and railroad manager. The prospect of great emolument brought into exercise great powers, so that he cheapened transportation in an astonishing degree and yet made money to an astonishing amount. The people who saved four or five dollars in a round trip between Boston and New York, and the people who got their barrel of flour twenty-five cents less because he ran a railway to Chicago, enjoyed the sensation at that time, but, when they saw his fortune, could not refrain from tears to think of the merciless robbery they suffered at his hands. The thing happened and succeeded, not because Vanderbilt was a robber, but by virtue of his giving better terms to people who had to travel and had to eat bread. His inducements were such that he got the business. Suppose he and some others of the same kind of enterprise had not come upon the stage, what would have been the result? Evidently the old ways of business would have continued. We would still be going to Buffalo on canal boats and creeping along the streets of our cities in dilapidated omnibuses, still be doing our journeying in stage coaches over dusty roads and tedious hills at a great sacrifice of time, money, comfort and strength.

The enterprise of the money makers has profited everybody else by exciting produc-

tion and accumulation. The money makers have taken pay, not out of labor, but out of the increased production and savings which their efforts have secured. Individuals have sometimes suffered. The omnibuses were killed when the horse car came, and A. T. Stewart did the business of a hundred small shopmen; but the people at large saved time in getting where they were compelled to go in one case, and got what they wanted at less cost in the other. The street railroad makes ten times the money that the stage did, and the people save money and time. The people can do better by buying of Stewart, and therefore they buy. They enriched him to the tune of thirty millions, clean cash. This is a great fact; but it does not show great robbery. It may show the very opposite.

Stewart was in business for about forty years, and for many years sold twenty millions of goods per year. Had he sold but fifteen millions per year at a profit of five per cent., and invested the profit with his usual sagacity, he would have been worth more than thirty millions at the end of his forty years. That he left but thirty millions proves that his profit was not over five per cent. on the average. The margin for labor to gain from is, therefore, in the neighborhood of five per cent., because Stewart has proved that the ordinary man can not part with more than that and continue business. In other words, business stops when the margin goes down much below that rate.

There are some lines of business in which the profit is at times more than five per cent., but, in the long run, the average can not amount to more than that. Competition increases from year to year, and profits tend downward all the time; consequently, it takes more talent and energy to make fortunes now than it did a few years ago. It is not so easy for a laborer to become a boss as it formerly was; and as the chances for rising to bossdom grow less, the hatred of bosses increases. This is a symptom of discontent, and an evidence of the unreasonableness of the philosophy which is at the bottom of the schemes for relief. Capital must be paid, skill must be paid, and, if they are each paid but two per cent. of the accruing profits, one per cent. only remains for labor to get as its share; and this to the laborer whose wages are one dollar a day would amount to but three dollars per year. That is something, to be sure, but as a means of elevating the laboring classes is of no account. J. R. Mann, in the *Popular Science Monthly* for November.

Goods that are in brisk demand pay the best profit. Such as accumulate dust may be marked at a heavy advance on cost, but they are not profit gatherers. Large sales, quick returns, ample profits follow the sale of goods that move briskly. There is an art in making goods which ordinarily move slowly go out freely. Some articles sell themselves, but most lines need pushing. Fancy groceries are as fond of public admiration as a vain person. Why then place them out of sight on rear shelves or inconspicuous places? Keep them where people are forced to see them.

## PROTECTIVE DUTIES.

It is understood that prior to the next meeting of Parliament the Government propose to consider the principles and the interests involved in the tariff, the object being not to, in any way, increase the burdens which it imposes upon the consumers of manufactured articles, the idea being that any branch of Canadian production which cannot live under the protection now afforded is unworthy of being continued, was in fact of premature birth and is unable to live. It is, indeed, said to be the wish of the Government as a whole to reduce as far as possible the existing duties so as not to give the people reason to groan under their burdens as the people of the United States are now doing under the oppressive McKinley tariff, whose sole effect has been to make the rich richer and the poor poorer.

As concerns British Columbia, we notice that the special claims of our miners to have their tools and machinery brought in free of duty are again being advocated. This, it is claimed, would not be an injustice to any one while it would allow him the use of all his capital to develop his mines. In this instance it is urged that the taking off the duty would form just as effective a mode of protection as putting it on as in others. Against this idea it has been urged by a newspaper correspondent that "we ought to give ourselves a chance first" and this declaration is supplemented by the remark, "I knew for a fact, though in no way connected with them, that the B. C. Iron works, of Vancouver, are going in heavily for the manufacture of mining machinery. It is the slight impost of duty that will enable them to do this. They employ a great many men, and with the development of the mining country will probably employ still more. Besides others may wish to assist in that way in our development—at any rate, the chance is there, but take the duty off and this infant industry is throttled right there."

This is all very well, on the general principle, but when there is only the one concern interested, the effect might be to build up a monopoly that would do just as much to handicap mining as does the existing difficulty on account of the high duties at present imposed on the miners plant and outfit. Our true protection is for the present free trade in mining machinery, and by reason of our distant and isolated position free trade in most of the articles that we can secure is the policy that ought to apply.

■ The mortuary returns for Toronto for the month of November show a decrease of 33 compared with the corresponding month last year.

The distress among the large number of idle sailors in the port of San Francisco has driven many of them to illicit means of subsistence and petty thefts from the boarding-houses are daily reported.

The very opposite of the experiences of Victoria, the public market at New Westminster is declared to be an unqualified success. But here we depend on the Chinamen. There the Fraser River farmers are their purveyors.