

The Commercial

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EVILS OF THE BONUS SYSTEM.

Each succeeding issue of the *Manitoba Gazette* contains one or more notices of by-laws to raise sums of money to aid in the establishment of various local enterprises at different points throughout the province. This season there has been a regular rage for the establishment of flour mills, and the town, village or hamlet which has not been agitating for an institution of this kind, if not already in possession of one, is indeed an unimportant place. A commencement was made by granting a public bonus at several points to aid such enterprises, to the amount of from \$3,000 to \$10,000. Of course a man desirous of going into the milling business in this province, would not invest his means at one place, when he could get a cash bonus from another and equally as desirable a place for such an enterprise. Many would even prefer a less desirable location in view of a consideration of several thousand dollars to aid them. Hence it has come to this, that to have a flour mill located at any particular point means the payment of a bonus in proportion to the producing capacity of the mill. The bonus is not always raised by means of an issue of municipal debentures and a tax to provide for the same. Sometimes it is provided for by means of volunteer subscriptions of cash or a donation of a certain number of bushels of wheat to the contracting miller. This latter is perhaps the less objectionable, though of course the burden falls upon fewer shoulders, while some who will be equally benefitted, do not contribute a share to the assistance given. But come how it may, by public bonus or individual subscription, the assistance must be given or the advantage of a flour mill cannot be enjoyed.

Perhaps this system of bonusing flour mills is the least objectionable feature in connection with the whole bonus system and there are many arguments in its favor. The principal among these is the argument that a better market is provided for the farmers' leading crop, and that the enhanced price which he will receive for his wheat will more than compensate him for his share in the bonus expenditure. Then there is the convenience to be de-

rived from having a mill for custom gristing purposes, instead of having to purchase flour. Looking at the question from this standpoint there may be exceptional reasons for granting aid in establishing flour mills in a country like Manitoba, where wheat and flour must continue for some time at least to be the leading support of the country. From a strictly business standpoint, however, this whole bonus system is wrong in principle. At the commencement it is safe to infer, that where there is a fair prospect of a commercial enterprise proving successful and remunerative, there will always be found many men of capital ready and anxious to embark in it. In this age of accumulating capital and decreasing dividends and rates of interest, the inference is doubly certain. In the case of a new country, capital for the purpose of developing natural resources and establishing industries is usually timid and at a premium. In the case of the milling industry in the Northwest, however, there is every reason to believe, that development would have been ensured, perhaps less rapidly but none the less permanently, without the adoption of the wholesale bonus system which has been gone into all over the country. Indeed, it is not improbable that the milling industry would have been established on even a more solid and business-like basis, had the bonus plan not been adopted, for with the opportunities for development presented in this province in this line, it would at least be but a matter of time when practical men of large capital would see the advantages of embarking in such enterprises.

This leads us to consider one of the principal disadvantages of the bonus plan. A large or even moderate bonus is always a temptation to adventurous men to embark in undertakings for the successful conduct of which they have not the requisite experience, relying upon the bonus assistance to stand them in place of practical knowledge. Then again, unprincipled men of a speculative turn of mind, not unfrequently get mixed up with these schemes, their object being to turn the business over to a second party at a profit to themselves, as soon as the bonus is completed. When an enterprise is gone into with the latter object in view, the main point is to get the business established as cheaply as possible, which often results disastrously to the successful continuation

of the business, by reason of defective work and inferior machinery. When a failure results either from lack of practical knowledge or through the use of cheap and inferior plant, the outcome is, that discredit is brought upon what might otherwise have proved a flourishing industry, and men of experience and capital are discouraged from undertaking similar enterprises. The bonus system is also liable to lead to over production and unhealthy rivalry. Because one town has established an industry by the aid of a large bonus, and adjoining town must also do likewise, and establish a similar or some other branch of manufacture, often with little regard for the fitness of the undertaking; for where the bonus is offered it is not hard to find somebody ready to undertake the scheme. Through this rivalry a heavy debenture debt is sometimes incurred, often on future prospects which fail to be realized. The chickens are counted before they are hatched; the eggs turn out addle, and as a result a heavy debt has to be borne by the residents. As a rule the safe and only solid business plan to follow in the establishment of manufacturing industries, is to leave them alone until circumstances warrant their establishment upon business principles, and when that time comes it is not likely there will be delay sufficient to cause any great hardship. Industries that cannot be established on straight business principles and without the aid of a bonus, as a general thing had better not be considered.

LIFE INSURANCE PREMIUMS.

The question of reduced life insurance premiums has come in for quite a share of discussion of late, and interest therein has been thoroughly awakened. The symptom is an encouraging one, especially when it is manifested through trade papers, for a life insurance policy may now be considered an absolute necessity to the struggling business man, and failure to possess one on the part of the trader who is not financially beyond the reach of disaster, may be looked upon as an evidence of impropriety.

The complaint that life premiums are too high is a very common one now a days, and it must be admitted that indications pointing pretty clearly in this direction are not few. Still it must also be admitted that these are only indications and cannot be accepted as decided proofs.