

The Commercial

WINNIPEG, AUGUST 8, 1887.

THE BONUS NUISANCE.

Notwithstanding all that has been urged against the bonus system by commercial writers and others, who have given the matter careful attention, it seems difficult to educate many communities to a proper understanding of the question. Usually when a bonus proposition is submitted, a very superficial view of the question is taken. It is argued that the establishment of the industry will bring a certain number of workmen into the place, who will receive a certain amount in wages, which latter will be distributed among the community. The proposed manufactory, it is generally supposed, will lead to the encouragement and development of other industries, and so on the steady and rapid progress of the town will be assured. The person who has the courage to oppose the proposed bonus will be dubbed a "moss-back," or some such term supposed to denote a party who is away behind the times, and not desirous of keeping in the van of progress. It will moreover be asserted that from some sinister motive he is opposing the best interests of the place, and endeavoring to retard its natural progress. The chances of the manufactory proving a financial failure are scarcely considered, when a bonus proposition is before a community, and the circumstances necessary for the success of the industry are all but neglected. Supply and demand, competition, markets, rates, etc., are minor matters. Only the bright side of the picture is presented, and showing a busy town, "booming" with industry. The glib-tongued, itinerant, bonus-seeker, with his perambulating industry, will easily dispel any misgivings as to the success of the undertaking, the bonus is granted, and the usual result is that a commercially rotten institution is established at the public expense.

In Ontario at the present time, the bonus-fever is raging at several points, in the face of the many complete failures of bonused industries which the recent history of that province furnishes. A feature of the business there is found in the movement of manufacturing establishments from one point to another. The managers of tottering concerns take advantage

of the bonus system to offer their business for sale to the community which will grant the largest bonus. Persons who, through lack of business capacity, see themselves nearing financial disaster, will grasp at a bonus proposition as a means of sustaining for a time at least their shattered business. This will account for the many instances of the removal of industries from one town to another, until the business has become a perfect nuisance. It may be taken for granted as an assured fact, that where an industry is in a prosperous condition, the proprietors will not pull up stakes and rush to a new field for the sake of a few thousand dollars in the way of a bonus. The loss of time and trade and the changing of a certainty for an uncertainty, would deter the proprietors of a prosperous business from accepting such a proposition. Only concerns which already smell of disintegration are put in the market for the largest bonus.

It is seldom that the "eternal fitness of things" is considered closely in connection with a bonus scheme. If such were the case the bonus would seldom be granted. It will usually be found that next to the parties who are to receive the bonus, certain speculative property owners are the most anxious to have the bonus granted. These latter have no real business interests in the town, and they indulge the hope, often to be dispelled, that whilst the excitement is on they will be able to dispose of their property and get out. Many communities, in Manitoba as well as in other parts of Canada, have realized this when it was too late, and when the burden of increased taxation had to be met, without the promised benefits.

The bonus business, from principle, is wrong. Commercial enterprises should be left to regulate themselves as largely as possible. If a certain industry is required, and the conditions for its establishment are favorable, private capital will generally be found for the development of the industry. Exceptionally favorable opportunities for the investment of capital are by no means plentiful, and all such are usually taken up in due time. On the other hand the offering of bonuses almost invariably leads to the bolstering up of unprofitable concerns, very often in the hands of incompetent parties. When a bonus is offered for the establishment of a certain industry, the idea is often followed of carrying out the conditions as cheaply as possible. Anything to get the bonus is not infrequently

the rule which parties will work on. Cheap and inconvenient buildings are erected, and inferior machinery is used. The industry never proves a success, and in a short time lapses into decay, in the meantime perhaps preventing the establishment of a similar industry in the town, upon business principles and on a solid basis.

The only excuse which can be offered for the granting of a bonus, is in cases where public necessity actually demands the establishment of a certain institution. Such instances, however, are very rare. Moreover, in cases of this kind, the bonus should not be looked upon as securing the establishment of an industry on commercial principles. It should rather be considered as something which the community would be prepared to submit to the tax to obtain. Where bonuses are granted purely with the idea of aiding the growth of a town, or securing the development of an industry for which the place is supposed to present advantages, the practice is simply vicious. If municipalities will persist in following such a course, the legislatures would be justified in adopting measures to effectually check a nuisance, which frequently results so disastrously to communities and individuals.

In Manitoba and the Territories, the customs flour mill has come nearest the idea expressed in the foregoing paragraph, regarding institutions which really are a necessity. Still it is a question if the bonus system, as applied to flour mills, has not been productive of more harm than good. In a few cases where reliable firms have accepted bonuses to aid in establishing mills which they had previously contemplated erecting, good results had followed. In not a few instances, however, mills which are defective in construction and incapable of turning out a good article of flour, have been established. Flour going abroad from such mills can only result in injuring the trade of the province. In other instances parties who have accepted a bonus have since had reason to regret their connection with the schemes.

THE BRITISH MILLING INDUSTRY.

We have heard a great deal of late regarding the depression existing in the British milling industry. At a recent meeting of the millers of the United Kingdom, a report was presented by a committee previously appointed to investigate the causes of the depression. The