

## THE LIABILITIES OF CONTRACTORS

It is one of the commonplaces of commerce that a builder's business is financially one of the most risky that exists. Recognition of this fact comes from the periodically published lists of bankruptcies, in which, however, there is no discrimination between the builder who speculates on his own account and he who acts solely as a jobbing man, and a contractor working under architect's directions. If discrimination into these three classes were practicable, it would probably be found that by far the greater majority of failures take place amongst the speculators, who, more often than not, are small men of limited capital, and sometimes none at all, who are little more than the catspaws of financiers. They are in many instances to be pitied rather than blamed for what eventually happens; but their failures, which are extremely numerous, being classed in the lists with those of other builders who work on different lines, give in the bulk a distinctly wrong impression. There are, in fact, few sounder businesses, from a financial point of view than that of the jobbing builder with a well-established connection, who does repairing work and odd jobs, with occasional small alterations and additions to private premises; preparing his own designs when such are needed, and presenting a bill upon completion without previous arrangement, or, at the worst, submitting an estimate in advance which need not be cut fine through fear of competition. He is under no supervision; but, as a general rule, he finds it to his benefit to produce honest work, and to use sound material. He is well, or, at least, fairly well paid, and year by year there is comparatively little variation in his income. Men of this type, honest and straightforward tradesmen, rarely fail, if they as rarely make fortunes. At any rate, their risks are small.

The contractor stands upon a different footing entirely. Sometimes in a small town he is of necessity a jobbing builder also; but in the larger places he is distinct. Generally speaking, he is a man of capital who deliberately takes great risks, being perfectly prepared to lose heavily here and there, while with keen business acumen he so arranges things that on the whole he stands to make much money. He has, however, a great deal to contend with, and the possibilities of loss are only to be overbalanced by the possibilities of gain in the hands of a thoroughly capable business man. To begin with, almost all his work is obtained upon a competitive basis. We all know the procedure perfectly well. Plans for a house are prepared, quantities are got out, and these have to be priced item by item, keeping in mind the two prominent facts that it is necessary to make a profit and at the same time to produce an estimate which is less than that of any of the other contractors who have been invited to tender; for it is the lowest tender that is almost invariably accepted. As a general rule variation in the tenders is but slight, so thoroughly is the science of estimating now understood; but it may very well happen that a clerical error will place a builder at the bottom of a list and secure him work at what to him is an unremunerative rate. It must always be borne in mind that no two contrac-

tors are quite similarly situated. The possession of suitable plant for a particular class of work or not may make all the difference in the price at which it can be remuneratively done, and it may happen by an undiscerned mistake such as we have just referred to that the builder who is least in position to carry out a particular building at a profit is the one who is called upon to do it. It sometimes occurs, too, that a contractor possessed of large capital, and having many workmen in his employ, finds that times are slack, and is willing to undertake a few small contracts at an unremunerative price, or even at a loss, in order to keep his plant in use and his men employed; for he knows well that if he once dismisses trusted workmen it may be a long while before he can replace them by others as good when the need arises. A single such contractor, competing with the knowledge of others, will lower the estimate price of all; for there are not many who can afford to throw work away. Under such circumstances, all the estimates are cut extremely fine, no margin being left for the many possibilities of loss which are still to be reckoned with during the progress of the work. How serious and how many these are is patent to all who consider the clauses of the R. I. B. A. conditions of contract, which are now invariably used. To begin with, these call upon the contractor to furnish the architect with a verified copy of the original estimate for the purpose of valuing variations and omissions as such occur. There is just a chance that there may be deliberate inaccuracies in this copy, the details being rated on a higher scale than the total warrants; but as this amounts to fraud, it is extremely rarely done. The contractor, as a rule, though a strictly business man who looks after his own interest, is also a strictly honest one, in spite of what is frequently said to the contrary by those who do not know. He probably runs more risks of loss by submitting this detailed estimate than in any other way, for it is, as a rule, unreasonable to demand that he should execute small and troublesome alterations and extras upon the same basis as his general contract. Certainly the architect has power to allow day work prices where he thinks measurement and valuation do not fairly meet the case; but, as a general rule, he will be found to insist upon the latter procedure, in accordance with the schedule which the estimate furnishes. Many contractors are greedy for extras, hoping to make more out of them proportionately than out of the contract itself; but they form a double-edged weapon when they are to be priced at the estimate rates, and may cut greatly against, instead of in favor of, the contractor. Beyond and above this there is an even greater risk which every contractor has to face when he undertakes to do for a lump sum work which must extend over several months or years, and that is the possibility of a rise in the price of materials or labor, over which he has personally no control. This is, it may perhaps be said, a matter for judgment; but who, six weeks ago, for instance, would have foreseen the recent considerable advance in the price of coal? A building contractor at that date might very well have estimated a large amount of steelwork for delivery