

## The Business Man—Stabilizer

*In this article HENRY WARE ALLEN of Wichita, Kansas, veteran commentator on matters social, economic and political, and a frequent contributor to THE FREEMAN, comes to the defense of the current underdog, known in happier times as the American business man. With the felicity of phrase for which he has long been famous, the sage of Wichita deftly punctures the myth that, by and large, Mr. Average Businessman, U.S.A., is anything other than a pretty good citizen after all.*

\* There is an evident tendency in certain groups to place the blame for the economic ills which afflict society upon the profit system and consequently upon that class which is most directly concerned with profits, the business man. An illustration of this is to be found in "The Country Doctor," wherein the two business men introduced are both, of them men of despicable character.

Seeking in the wrong direction for the cause of business depressions, the average economist arrives at the conclusion that the business man must be responsible for it all. Among politicians and social reformers business men are frequently referred to as economic royalists, holders of predatory wealth, princes of privilege, profiteers, Tories and grasping landlords; and still more pointedly they are penalized by such legislation as the National Labor Relations Act which is notoriously unfair to employers. Again, the business man is burdened with steadily increasing taxation upon what are considered to be his excessive profits.

A careful investigation of the matter will demonstrate beyond question that this prejudice against business men is wholly unjustified and that, on the contrary, no group is doing more in support of what is best in our daily life than are business men.

It is in order that some of the daily problems which beset the business man should be considered. In order to survive the ordeal to which he is subjected, the business man must have exceptional qualities for success. According to the report of Dunn and Bradstreet, Inc., there were 11,848 business failures in the United States during the year 1941, and in addition there were thousands of cases not registered where fortunes large and small were lost in business ventures which proved disastrous. Every Main Street in America is a graveyard of countless business fatalities. These facts are conclusive evidence that the profits of business are not excessive but are at all times dangerously near to the vanishing point, that extreme effort is constantly exerted in serving the public at lowest possible prices, many sales being made below actual cost, average profits constituting an irreducible minimum.

The business man has to have the constant cooperation of his banker and this necessarily presupposes integrity of character and sound business judgment on his part. If a retailer, it is essential that he have a good location and this involves the responsibility for high rent. In the selection of his employees he must engage only those who are capable, prepossessing, and well-dressed. He must, therefore, be prepared to pay good salaries but within reasonable limits. He must have good windows and high-grade furnishings for the display of his merchandise to satisfy fastidious customers.

The business man must at all times observe the fiction that "The customer is always right." To please his customers is his constant endeavor. He usually provides an expensive free delivery service. He must be diplomatic with his employees and with the public. He must take memberships in various business, civic, and social clubs. He must subscribe liberally to charity drives and see to it that his employees do the same.

The business man must always be prepared with the weekly payroll whether business has been good or bad, and regardless of cash receipts. He must at all times be ready to deal satisfactorily with labor leaders when demands for concessions or wages above the normal level are made. He must carry on even when his place of business is being picketed by strikers. He must contend successfully with social reformers who condemn him for paying "shamefully low wages." He must avoid surplus stocks of unseasonable merchandise and styles that may go out of fashion.

The business man must pay cash for all purchases in order to save the discount which frequently constitutes his only net profit. He must give liberal credit to his customers without interest and must be careful not to press them too hard for settlements. He must be vigilant in avoiding the giving of credit to those who will never pay.

The business man must be prepared to write off a certain percentage for shoplifting and for non-collectable accounts. He must incur heavy expense for many different kinds of insurance, including governmental requirements for Social Security. He must assume the expense of collecting and accounting for state sales tax. He must be ready at all times to satisfy government inspectors that this work is being done correctly. He must be ever ready to render extra service without compensation and to pay supplementary taxes to the government, no matter how unreasonable such requirements may be. An illustration of this was the Processing Tax a few years ago which compelled merchants to invoice all goods containing cotton and to pay a heavy tax on the cotton. This law was afterward declared unconstitutional, but only a portion of the tax paid was refunded.

The business man must be prepared to pay the federal income tax which in effect takes the cream of his earn-

ings. This tax makes no allowance for those years in which heavy losses have occurred. In effect the government sits across the table from him and says, "Heads I win, tails you lose." He must engage certified accountants to prepare his income tax reports and if additional payments are mistakenly demanded by the government he must pay the cost of litigation in order to prove his case.

The business man in his daily life is in constant intercourse on a give-and-take basis with all kinds and conditions of men, and this gives him a better conception of the world he lives in than is possible in the more solitary life of the scientist in his laboratory, the artist in his studio, or the teacher in his classroom. These are all of a class which has necessarily but slight knowledge or understanding of the business world, its mechanism and its problems. And it is precisely for this reason that this more isolated class is prone to accept so easily the theories of the parlor socialist and consequent disapproval of "capitalism," the profit system and its exponent, the business man.

The business men of America constitute the most vital and important factor in our social structure. It is the class which, more than any other, supports the churches, the libraries, art museums, universities, hospitals, and other institutions of a higher civilization which are not provided for by taxation.

The business man wants no special favors. He likes his work and is true to the principle of "live and let live" but he is entitled to appreciation for his services to the community and freedom from ill-founded criticism. If by exceptional genius a Ford, a Woolworth, a Wanamaker or a Rosenwald shall have, in free competition, amassed a fortune of many millions of dollars this has been incidental to unusual service provided to others and should not in any degree be regarded as unearned profits. The business man creates wealth, he does not take it from others. The wealth of a nation is not a fixed quantity, like a box of poker chips, but is instead the limitless product of industry. A man like Henry Ford may add billions of dollars to the wealth of the nation and millions of dollars to his personal estate without taking a single penny away from anyone else. And the field is open under free competition for all others to do the same.

Those who condemn the profit system and who therefore favor State Socialism would by a single stroke abolish all of the responsibilities of the business man. Under State Socialism the incentive for personal efficiency and economy would be gone, there would be no apparent losses, all deficiencies would be made good by additional appropriations of public money. The cost of all merchandise would, of course, necessarily mount, but the socialist government would generously increase all salaries and wages accordingly. This is well illustrated in nearly every governmental business enterprise.

The vitally important fact to be kept in mind is that the business man is at present serving the public to its very best advantage. When a wholesaler, manufacturer, or retailer determines the price to be placed on his product, he consciously or unconsciously takes into

account the fact that all of his competitors are doing the same thing and that he must therefore place upon his merchandise the lowest possible price which will pay him a reasonable profit. If his price is too low, this will invite bankruptcy; if too high, his sales will fall off and insolvency will then be quite as inevitable. Furthermore, under free competition, when any business man is for any special reason making unusually good profits this quickly becomes known and attracts others into the same line, thus bringing down those profits to a normal level.

As a result of this governing influence of competition, the successful business man as a rule has a profit at the end of the year which is no more than the equivalent of a normal salary, nothing more than a fair return for his services. Another controlling influence in business which protects the purchaser is the rule that honesty is the best policy. If a merchant misrepresents his product, if he charges excessive prices, if he gives light weights or in any other way tries to deceive the public, this invariably becomes known and sooner or later causes the downfall of the man who is foolish enough to experiment in this way. An active experience of sixty-five years in the business world leads to the conclusion that ninety-eight per cent of business men want to do the right thing and are constant in that endeavor in their daily transactions. Recently the president of a large wholesale house stated that this ratio should be more correctly stated as 99 per cent. It is to the interest of all concerned that the business man should no longer be regarded as getting more than his share of the national wealth but that on the contrary he should be accorded full credit for his invaluable services to society. The right procedure is to remove so far as possible all of the unnecessary burdens which now fall upon business and industry in order to liberate prosperity in accordance with the democracy of Thomas Jefferson and the perfected democracy of Henry George.

*Trade is not invasion. It does not involve aggression on one side and resistance on the other, but mutual consent and gratification. There cannot be a trade unless the parties to it agree, any more than there can be a quarrel unless the parties to it differ. England, we say, forced trade with the outside world upon China, and the United States upon Japan. But, in both cases, what was done was not to force the people to trade, but to force their governments to let them. If the people had not wanted to trade, the opening of the ports would have been useless. . . . It is protection that requires force, for it consists in preventing people from doing what they want to do.*

HENRY GEORGE