

is a valuable commentary on the general property tax. Farmers seem very anxious to retain this tax; but when they awake to realities, they will not be so anxious, we suspect, to tax either personal property or landed improvements. They will thereafter be more disposed, probably, to advocate exemptions of improvements and personal property, and to put all taxes on land by a value measurement. Taking the farmers of the whole United States, it is probable that while they pay considerably more than one-half of all the taxes that are paid, probably not less than 60 or 70 per cent. of all taxes, yet they own less than ten per cent. of all the land values of the country. But because the area of land which they own is so much larger than the area owned by other interests, these poor dupes imagine that a tax on land values would bear most heavily upon them. It would be interesting to hear them, or any of the persons who dupe them in this way, explain how a tax that would fall exclusively upon the value of a kind of property of which they own only one-tenth, could be prejudicial to their interests as compared with present taxes which fall upon them to the extent of six or seven-tenths.

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THE MAIL ORDER BUSINESS.*

About ten years ago the retail trade, as well in America as in Europe, was greatly disturbed over the introduction of a new departure in retail business, the department store. The small retailer, finding that his old time methods were not capable of competing with the labor-saving organization of the department store, considered himself entitled to protection against the new system, and demanded in many cases that legislation should step in, and new taxes be imposed, in order to check the growth of institutions which were, in fact, nothing but the outcome of a well-developed industrial and mercantile capability.

Such efforts, however, were futile. The department store proved to be a step in business progress, and had come to stay. To-day the agitation against the department store is not heard of any more; the fact, not only of its right to exist, but also of its important services, is realized.

At the present time, however, the small retailer as well as the department stores both meet with a new competitor, the mail order house. The same agitation which once turned against the depart-

ment stores is now applied to this line of business, and the very same arguments are used. It seems as if the prevailing idea is that every established trade or profession possesses a monopoly in its particular line, and that every proposition to perform a certain kind of work in a cheaper, simpler, or better way must always be met with opposition, in order to secure the continuation of the existing monopoly of a certain class in a certain field of industrial activity.

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The active phase of the agitation against the mail order houses was entered upon more than two years ago at a conference held at St. Louis by the hardware retailers and jobbers. The retailers, having found that their methods of buying and selling could not secure to them the trade which the mail order houses absorbed, instead of admitting the inferiority of their methods, declared war upon the mail order business. They adopted a committee report which, although well worded and carefully and sympathetically expressing the conditions of their trade, practically said nothing less than that the hardware dealers consider that they have a monopoly on the hardware trade. It belongs to them, and they are at liberty to carry it on by means of any methods convenient. In fact, the report expresses the sentiment that the present methods are practically perfect, and that no one should be permitted to buy or sell hardware by any other methods; and lastly, if anyone attempts to sell hardware in any other manner than by the route of manufacturer-jobber-dealer-consumer, he is to be considered as an enemy to the whole hardware trade, and manufacturers who supply such concerns are to be boycotted by jobbers and dealers alike.

At first it may seem that this resolution is somewhat presumptuous. However, the hardware dealers adopted it purely for self-protection, and however great may be the failure of the dealers to perceive the principles of economic laws, their report contains nothing which is not advanced continually by every defender of monopoly in any conceivable form. It will prove futile for the dealers to try to fight the natural development of the methods of commercial life. But they are no more to blame for trying to fight this development than are protectionists for trying to fight free trade. In both cases it is a one-sided view of things which leads to a one-sided conclusion.

A great impetus has recently been offered to the combination of the war upon mail order business by the reported incorporation of a large Chicago mail order house under the laws of New York

*When referring to mail order business in this article only mercantile houses of business integrity and established reputation are considered. All "get-rich-quick" schemes which have often in the press been termed mail order business, are left entirely out of consideration.

State. The capitalization is greater than anything as yet heard of in purely mercantile business, and the amount of the trade of this house is surprising, and indicates plainly the superiority of methods employed. While in the past the mail order business was carried on mainly in the West, originally only for supplying places and territories with only a very inferior retail trade, it is now appearing in the East, and it is safe to predict that its success here will equal that gained in the West.

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That the influences which have inaugurated the agitation against the mail order business have not neglected to bring pressure upon persons in high political office is evident, and in at least one instance we have heard reported antagonism to mail order business by one of our most prominent public men. Governor Folk is reported to have said in a public address that the town which was good enough for a person to live in, and to earn a living in, was also good enough for him to buy and trade in. It is doubtful whether Mr. Folk actually meant exactly what he said. However, if he did, while we have the highest respect for all that he has achieved for good and pure government, we must differ with him on this particular point of commercial economics. For while his statement as reported above seems very reasonable, it will be found upon the slightest analysis of its real meaning to be an impossible proposition for a modern community. It does not conform to the fundamental conceptions of the laws of trading, and it is essentially monopolistic in its character.

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Having established beyond doubt that there does exist an antagonistic feeling toward mail order houses, this antagonism having found expression through so many different channels, we will now see to what extent, if any, this antagonism is justified, or whether it is solely on the ground that the mail order business constitutes an undesirable but powerful competitor. We will also examine the causes for the existence of a mail order business, and if our examination carries us to the conclusion that this exponent of modern commercial life is a step toward progress, and a factor in the interests of the general public, then we will endeavor to find what could be done to further the progress of facilitating distribution in this way.

The success of a mail order house depends upon a simple economic law. The methods employed must be such as to permit the reduction of the cost of handling goods in order to offer them to the consumer at a smaller price than that asked for

the same class of goods by retail dealers. The cost of manufacture is the same in both cases. The goods differ in price solely on account of reduced selling expenses, effected by the simple system of the mail order house which either itself is the manufacturer, or which buys directly from the manufacturer in such quantities as to permit the most favorable prices. It is unreasonable to demand that goods, which can be sold cheaper by distributing them as directly from the manufacturing establishment to the consumer as possible, should be handled in a more expensive way only in order to make the final consumer pay for the living of a number of people not necessary in the distribution. In fact, such a proposition seems so absurd that it would not be worth mentioning, if it were not for the fact that our economic system has impressed upon us that what we want is to create the greatest possible amount of *work*, not the greatest possible amount of *products* of work. If the men who are now finding their services to a great extent superfluous in the distribution of goods, were free to turn their activity to production of more goods instead of asking for a monopoly of handling those manufactured by others, then the increased production would mean cheaper prices (price being compared with the amount of labor expended in securing the goods), and the greater economy which could be exercised as well in manufacturing as in distribution would be welcome to all. But when these same men know that the channels of useful activity are limited, although they may not perceive the cause for this, it is natural that they should use all their influence to resist the progress which would force them out of employment. Thus we realize that, while any means for cheapening production and distribution are desirable in themselves, the effect upon the conditions of the larger class of people, as long as we permit economic maladjustment to exist, is not one of the greatest common good. The same fight that organized labor has always fought against improved machinery is now reappearing in the fight by the retail traders against improved facilities for the exchange of products. But in the same degree as the antagonisms of labor toward machinery have been unjustifiable, so the antagonism of dealers on a small scale toward the more economical mail order house is unjustifiable. The attention of the small dealers as well as of men working for wages in the manufacture of goods should not be directed so much upon wanting *work*, as upon wanting an adequate distribution of the *products* of their work. If this could be forcibly put before them and acted upon, then objection to

producing and distributing goods with the least expenditure would not meet with opposition.

The justification for the antagonism is thus solely one of ignorance of true economic principles. While such ignorance makes the opposition to progress explainable, and partly excusable, it still cannot stand for any length of time in the way of true development, and the existence of the more economical way of distributing goods is in no danger from the agitation from such opposition.

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If we now turn our attention to the causes for the development of the mail order house, they are more apparent, even to the superficial observer. In the first place the cheapness of the goods effected by the manner of buying and selling, is the greatest factor. In the second place we must count upon the reduction of expense for advertising. The mail order houses as a rule advertise very little in regular papers and periodicals, but their main advertising strength is in their catalogs. By means of the catalog a fuller description of the goods can be afforded than by regular newspaper advertising, and a possibility of reaching the customer with convincing arguments is afforded the mail order house in a greater degree than it is to the small retailer. The third great factor in building up the mail order business has been the necessity in such a business to treat customers fairly and honestly. The mail order house has to sell at its own risk, if it wants to sell at all. No one would wish to buy on a mail order basis, if he were not at liberty to return the goods if not satisfactory. In this particular perhaps the mail order house has been a great factor in securing business integrity and honest representation of goods for sale. In fact, the mail order business has universally earned a reputation for honesty, and it has become a well established fact that a customer is more sure of getting honest value for his money when buying goods he has not seen, than when buying goods he is at liberty to examine, but is not an expert in passing judgment upon.

Besides these main causes for the success and development of this new line of business, there are a number of minor ones. The large mail order house can afford to keep a greater variety of goods in stock, and thus to suit its customers' requirements better. They usually sell only on a cash basis, thus securing to their customers the benefit of not having to pay the "bad debts" of others. In short, the mail order house is, if viewed from an impartial point of standing, the most perfect factor in the distribution of manufactured goods as yet devised, and, whatever the opposition, as

long as the public is served satisfactorily the mail order business is not only bound to succeed, but fills a place in modern business life which no retailing business, however perfected in its local management, could replace.

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The further progress of the mail order business would be greatly facilitated by the establishment of a parcel post in connection with our postal department. The opposition to this has hitherto been carried on by the express companies, but it is reasonably expected that in the future the small retailers and the department stores will be willing to join in the opposition. However, such an opposition is simply an expression of the same spirit of monopoly referred to above. The customers who patronize the largest mail order houses usually pay their own transportation charges, and while the establishment of a parcel post would be a great impetus to mail order business, it would confer special privileges upon no one, inasmuch as the advantages could be shared by the public in general, and still more because the mail order business is a purely competitive business. The establishment of a parcel post would *establish* no new monopoly, but would *destroy* a very powerful and extorting one, the express monopoly.

It has been argued that the parcel post with a uniform rate all over the country is inequitable. It is true that it is. But the uniform rate exists in all postal matters, and it has never been argued that, for instance, a publisher in New York should pay any higher rate for his bulky magazines when sent to San Francisco than when sent to Albany. If, however, a more equitable system is demanded in regard to the parcel post, it is not impossible to divide the country up into zones, a provision novel to postal business, but still not inconceivable, if it should be deemed best in order to secure a satisfactory adjustment.

The rural free delivery system, for instance, is as inequitable in itself as is the parcel post with a uniform rate. But we never hear any serious objections to the former system. The postal department is not organized on the principle of exacting the precise price for every individual service. To attempt to do that would involve such an expenditure of labor as to increase the expense which it takes to handle all the mail at uniform rates. And it is purely a case void of logic to assert the inequitable features of a parcel post with uniform rates, but at the same time not attack our existing uniform rates for second, third and fourth class matters. The mercantile mail order business has an equal right to consideration with the publishing

business. If a line is drawn between them, it must be drawn on well defined grounds, and logical reasons must be offered.

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Lastly, let us consider the more sentimental objection to mail order business—the objection that one should be a true patriot to one's locality, and spend one's money at home. Supposing a person buys a suit of clothes from a local dealer. Does he actually spend his money "at home"? Perhaps the wool came from Australia, the goods were spun and woven in an English mill, part of the price constituted customs duties paid into the United States treasury, a New York tailoring firm made the cloth into clothes, the lining was cotton from Mississippi, spun and woven in a New England cotton mill, and perhaps some silk for the buttonholes came from France. The buttons were of German manufacture, and the goods were finally handled by a wholesale house in Chicago, which sold it to the local dealer in a small town in Missouri. Now, *how much of the \$20 paid for the suit is actually expended in the local town (well, of course, the local dealer knows)?* And what injustice to his town's industrial development does the man do if he buys the same suit for a few dollars less from a mail order house in Chicago? Would not the man have the few dollars saved by such a transaction to spend on something which perhaps was actually manufactured in his own town? At any rate, what more good would the money he saves do in the pockets of the local dealer than in the pockets of the man who had himself earned them in the same town, and continued to live and work there?

If the mail order business does fail to live up to its past and present standards it will disappear by itself. But as long as it is honestly conducted, as long as it is a labor-saving device in modern business life, and as long as the local dealers do not try to perfect their methods, so long the mail order business is a purely logical outcome of existing conditions, and the monopolistic spirit which denounces this business, because of the keen competition it affords, is entitled to no consideration.

ERIC OBERG.

EDITORIAL CORRESPONDENCE

AUSTRALIA.

Corowa, N. S. W., July 20.—In the Federal parliament the first business taken up was the "Australian Industries preservation bill," usually called the "Anti-trust bill," which was thrown out last session (vol viii, p. 781). This time the Labor party supported it; and it has been passed by the House

and sent to the Senate. As it may be amended I shall not go into details at present; but as it stands now it is the worst example of paternalism and government by regulation yet passed.

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You will have heard of the very sudden death of Mr. Richard Seddon, premier of New Zealand. He had been on a short visit to Australia, and died at sea the day after leaving Sydney on the return voyage. Though without definite political principles he was democratic in most respects. Much of the legislation passed by the governments of which he was head was beneficial, and New Zealand suffers a great loss by his death.

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Rabbits have increased so rapidly in the eastern States of Australia that they have become a terrible pest. The New South Wales minister for lands stated recently that the government lands in the western division, which are let on lease, had decreased in value £8,000,000 owing to the rabbit plague, and rents had to be lowered in proportion. Private landowners are put to great and continual expense to keep down the number of rabbits. On the other hand, a large trade has grown up in the rabbit carcasses and skins which are largely exported. But of course it is far more profitable for the country as a whole to grow sheep and cattle than to export rabbits.

Some time ago a committee was formed in New South Wales, funds raised by subscription principally among the large landowners, and negotiations entered into with the Pasteur Institute, Paris, with the object of trying to destroy rabbits by disease. An agreement was made after some time, and now Dr. Danysz has arrived to make experiments. The New South Wales government set apart Broughton Island off Newcastle, N. S. W., for this purpose, and all experiments are to be carried on under government supervision. Dr. Danysz proposes to use a microbic disease called a "pasteurella," somewhat akin to chicken cholera. He declares it will not affect any animal but the rabbit. The scheme has aroused a great deal of opposition on the grounds that the disease may affect human beings and domestic animals, and that the rabbit trade will be destroyed.

ERNEST BRAY.

NEWS NARRATIVE

To use the reference figures of this Department for obtaining continuous news narratives:

Observe the reference figures in any article; turn back to the page they indicate and find there the next preceding article on the same subject; observe the reference figures in that article, and turn back as before; continue until you come to the earliest article on the subject; then retrace your course through the indicated pages, reading each article in chronological order, and you will have a continuous news narrative of the subject from its historical beginnings to date.

Week ending Wednesday, August 22.

Earthquakes in South America.

Earthquakes which rival if they do not surpass in destructiveness San Francisco's "tremblor" of last April (pp. 56, 78) have nearly wiped out Valparaiso,