

When did Profit become a Dirty Word?

Once upon a time in this land, the willingness to take on the challenge of using a combination of initiative, opportunity, hard work, good credit and other resources to make a profit was seen as worthy of respect. Success in business ventures was viewed as qualifying one for greater opportunities, as well as being entrusted with public service.

Take Russell Alger (of Alger Smith fame) as an example. He enlisted in the Union Army at the beginning of the Civil War, and by war's end had risen to the rank of General. His great skill was the ability to organize men and materials, move them across significant distances and have them ready to undertake whatever battle or project was at hand. He not only used these skills in the service of the Union, but after the war return home to his native state of Michigan where he applied this skills to business, venturing into logging, lumber and railroads. His success was notable, including his influence in our own Lake County. He eventually served Michigan as Governor, then US Senator and eventually in Cabinet level posts in Washington D.C. While some today may malign him as an environmental rapist who destroyed our precious white pine forest, his peers viewed him much differently. He was a creator of jobs that supported families. The logging of the pineries of Michigan, Wisconsin and Minnesota was not an end in itself. Those trees became lumber that built houses for tens of thousands of people in Chicago, Minneapolis, St Louis, and a myriad of other towns and cities. Reasonably priced housing for working class people, paper for everything from books and newspapers to building products, railroads for industry and transportation; it seemed like a fairly reasonable thing at the time.

From reading recent letters in this paper, one must pity the poor ignorant souls of yesteryear who would regard an entrepreneur with such esteem. In our enlightened day, if a person is in business and stands to make a profit, he must be morally bankrupt at least, if not criminal. Today, with our modern wisdom and insight, such people are not role models to be emulated and even entrusted with the public good. True role models are athletes and entertainers, which explains why we elected a boa-wearing wrestler to be Governor, and were so enamored with his ability to lead and manage we clamored for his re-election.

Color me archaic but I have a simple question: What exactly is wrong with making a profit from a legitimate business venture?

Consider who benefits from a successful business venture. Say a businessman makes a million dollar profit on a project. First, the money didn't magically appear, but customers gave it in exchange for goods or services provided. These customers must have received something that satisfied them for their money. Customers benefit. Second, employees of the businessman benefit. They earn wages in exchange for their labor. Third, investors who supply the capital needed for the project receive a return on their money. Fourth, the business that the employees do business with (gas stations, grocery stores, restaurants, etc) benefit from their business – which is why (by some studies) the

payroll of any local business has an economic impact 6 times greater than the payroll itself. Fifth, the suppliers of raw materials and services to the business benefit. Like the payroll impact, the use of local suppliers also has an expanded economic impact as these businessmen and women spend their money locally. Sixth, all levels of government benefit through the levies, fees and taxes assessed every business. If the million dollar profit is pre-tax, the Federal tax alone could be anywhere from \$350,000 to \$500,000 depending on the type of business. Seventh, all the recipients of the various forms of government largess will benefit, as this money is redistributed via the many programs the government uses to ensure wealth redistribution.

Profit seems like a good thing to me.

There are those who by this time (if they are even still reading!) will tell me how all of these categories of people are being taken advantage of. Customers are all overcharged and under serviced. Employees will receive far lower wages and benefits than they deserve. Suppliers will be forced to supply on razor thin margins that threatens their very survival. Finally, no businesses EVER pay taxes – they hire lawyers and accountants to make sure that never happens.

Trouble is – it just never happens like this. Dissatisfied customers don't come back – in fact, a dissatisfied customer will tell (on average) 12 people about his experience, while a satisfied one will tell three. Employees gravitate to the highest wages and general benefits they can earn. Investors want either a return or their money back. Suppliers who don't make a profit don't live to supply another day – hence good businesses make sure their suppliers are paid fairly. As for taxes – show me a businessman who doesn't pay his taxes, and I'll show you a prison inmate.

Certainly unmitigated greed has been the downfall of more than one person. But there is a vast difference between earning a profit, and grasping with avarice all one can obtain. Attempting to turn the former into the latter is not only poor logic, its bad economics. Perhaps Two Harbors as a community would benefit from more of its citizens understanding the difference