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EDITORIAL

A “REASONABLE PROFIT.”

By DANIEL DE LEON

PROFESSOR JOSEPH FRENCH JOHNSON of the New York University hemmed and hawed a good deal on the witness stand, during his examination before the Federal referee in the Standard Oil case, when requested to define a “reasonable profit.” The professor was summoned by the Standard Oil. Finally asked whether he considered a profit of more than 100 per cent. justifiable, he evaded the question saying that “economists had a hard time determining what a ‘reasonable profit’ is.”

Economists never had any hard time determining what a “reasonable profit” is. The thing has been determined with ease and accuracy.

A “reasonable profit,” true enough, is not a thing which can be determined by any hard and fast rule—like a cow or a cat could be determined. Hence, perhaps, Prof. Johnson’s confusion. Nevertheless there are specific rules to go by.

Say, a Capitalist operates a million dollar capital. A “reasonable profit” with him depends upon circumstances.

If he be an old fogy, lacking “push and enterprise,” he will be satisfied with a 5 per cent. profit. That will be reasonable to him.

If he be not quite an old fogy, and believes in expansion, and the need of some measure of credit, requiring him to keep a residence in the city and a villa in the country, then a 5 per cent. profit would be unreasonable, then a 10 per cent. profit becomes “reasonable.”

If he {be} two degrees further removed from the old fogy stage, and has to spend more money so as to fetch more—in other words, if his business genius demands of him outlays in fast horses and faster women to match, then nothing less than 50 per cent. can “reasonably” be considered reasonable.

In case he be still further removed from the archaic stage of capitalism, and has

to “accelerate” legislation, besides doing the things necessary to keep up the second and the third degrees pace, then 75 {per cent.} will barely be “reasonable,” but may just do.

Should the capitalist in question have progressed beyond the fourth degree—requiring expensive resorts, such as ostentatious winter quarters and luxurious summer retreats to keep up his “credit”; horses and women to promote “connections”; job lots of legislators, etc., to “accelerate” revenues;—should he reach the point where a labor fakir, or spy, in his slave pen, and a duke, or a count, at least a baron, becomes a desirable bit of bric-a-brac to his house furnishings, then 100 per cent. is unreasonably small.

Profits are a sort of sliding scale. There is no absolute standard. It all depends—all of which information is tendered to Prof. Johnson free, gratis and for nothing.

Transcribed and edited by Robert Bills for the official Web site of the Socialist Labor Party of America.

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