

Finishing.—The special shaped ampoules are labeled and cartoned by hand; the others by machine. We have machines that label from 50 to 60 ampoules a minute, and carton them at the rate of 40 to 50 a minute. The ampoules are so packaged that they are always in an upright position, and the stems well protected, so that they will come into the consumers hands in a perfect condition.

In order to maintain aseptic conditions in the department where ampoules are manufactured, it is absolutely essential that everything must be kept scrupulously clean. All cleaning and dusting should be done at night or at a time when manufacturing is not in progress. All employees in the department are clothed in white uniforms, not for the sake of appearance, but to impress upon them the necessity of cleanliness.

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IF THE DRUGGIST'S LANDLORD RAISED HIS RENT WOULD HE BE JUSTIFIED IN ACCUSING THE LANDLORD OF PROFITEERING?*

BY FRANKLIN M. APPLE.

In these stirring, troublesome war-times one repeatedly hears of profiteering; also of increases in rent, and frequently the profiteering and rent-raising accusations are directly associated.

The latter cases are the ones we will take up briefly for consideration, and endeavor to ascertain if there is any justice in the charge that an increase in rent, at this time, by a landlord justifies the accusation that he is a profiteerer.

In order that we may reach a clear and just decision, it is absolutely necessary that we carefully analyze the question, and "lay upon the table," as it were, the facts in the case as they apply to both parties concerned.

What are the facts involved?

The landlord supplies the property, which represents an investment of his funds, from which he is entitled to a fair net return, as interest earned by said funds.

The druggist supplies the tenant, upon whom the landlord depends, for income from his investment in the property, for, if the property were unoccupied, it would prove to be a source of expense instead of a source of income to the landlord; hence it can be seen that each one is a benefit to the other one.

The question as to profiteering upon the part of the landlord, quite obviously, depends upon the amount of net income he demands from his funds involved.

I will call your attention to the fact that I lay stress upon the question of *net income* enjoyed by the landlord as a reward for the use of his funds, the care needed in overseeing the upkeep of the property and the risks assumed by him.

Let us consider some of the facts in the case that cannot be ignored.

When considering the question of upkeep of a property we are confronted by the cost of materials and the demands made by the artisans and the laborers for their skill and labor, and everyone who has had any experience along this line can vouch for the unprecedented advance in price of these essential factors. When

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one observes in the daily papers that carpenters are offered seventy-five cents (or more) per hour, with time-and-a-half to double time allowances for time over 8 hours per day, we can judge of the deductions the landlord must make from his gross income (rent the tenant pays) from his property. A few days ago I was informed by a friend, who is a carpenter, that one of his fellow workmen had earned \$91.00 the previous week, having worked considerable overtime at the advanced rate offered for such extra hours of labor.

A recent experience with a plumber, who supplied about 3 feet of 1-inch black iron pipe, an elbow of the same size and one washer, for which a charge of \$1.00 was made, and a charge of \$2.50 per hour for a plumber and helper, shows what allowances must be made for repairs to the plumbing system of a property by a landlord.

What is true of plumbers and carpenters is true of other skilled artisans and unskilled laborers are offered at least 35 c. per hour for their efforts.

The experience of the individual, concerning the increased costs of maintenance of a property, is the case with municipalities, as a result of which the tax rates must be (and have been) increased, which adds another item to the expense account of the property, which must be allowed for in arriving at an equitable rent.

In the past two years the tax rate of Philadelphia has been increased 85 cents per \$100.00 assessed valuation of properties—25 cents in 1917 and 60 cents in 1918—hence it can readily be seen how fortunate the druggist tenant has been who had a lease for a term of years at a designated rent.

The managers of the Insurance Companies have learned that the increase costs of doing business had not made any exceptions to their companies, as a result of which increased premiums are demanded for fire and other forms of insurance, which added expense falls upon the shoulders of the landlord—to keep company with the other increased expenses he is privileged to enjoy.

If you will carefully inspect your insurance policy, you may be surprised to find among the conditions under which you are granted protection against fire is the following: "This company shall not be liable for loss caused directly or indirectly by invasion, insurrection, riot, civil war or commotion, or military or usurped power, or by order of any civil authority."

You will readily observe that in times of war or insurrection the risk assumed by the owner of a property is materially increased; hence he must protect himself as far as possible by demanding an increased premium on the risk (as is customary in all forms of insurance, the premium being regulated by the risks assumed).

As the Federal authorities are levying rapidly increasing income taxes, wherewith to carry on the war for democracy and liberty, into which we have been forced by the insolent, arrogant, brutal, treaty-defying hordes of Middle Europe, this fact must not be overlooked when tabulating the just claims of the landlord.

We have now compiled a list of expenses (all of which have materially increased in recent years) that the landlord cannot escape, and which he must bear in mind when endeavoring to decide upon an equitable and just rent for his property. All of these must be deducted from his income received as rent before he can calculate the rate of interest earned by his money invested.

We now arrive at a point where considerable difference of opinion may arise, but, if we will approach the question with an open mind and in a spirit of fairness, I believe that no serious discord will result.

Inasmuch as the cost of living has materially increased, and investments in all sorts of commercial enterprises are netting greater income to the investors, is the landlord entitled to a greater return upon his investment than he previously enjoyed? Quite likely it will depend somewhat upon the question as to "which side of the fence you are on" in this case, as the renter certainly does not relish an increase in expenses in the form of rent.

To those who entertain the idea that an increase in rent at this time indicates profiteering, I will direct their attention to the fact that the investor must protect his principal involved by guaranteeing a net income that will prove as attractive in proportion to other forms of interest as the past incomes have proven to be; otherwise he stands a good chance of losing a portion of his capital, through the diminished market value of his property. This certainly necessitates a greater percentage of net income than in the past.

Our Federal authorities are compelled to offer higher rates of interest upon the best securities in the world, in order to attract investors, and as all forms of investment are based upon the standard set by the Bonds of the U. S., it is axiomatic that other forms of securities, including real estate, must show higher rates of income than in the past, in order to safeguard the market value of the investments.

If such action is not taken by the landlord he will unquestionably be forced to sustain a loss when he disposes of his property—by desire or through necessity—as the net income of real estate determines its market value.

Many instances could be cited where the market value of properties were materially reduced through the reductions in rent that were necessitated by various influences beyond the control of the owners thereof.

Mistaken ideas of the carrying charges of properties are obtained by the public through the misleading displays made by some builders in their efforts to show how great an amount of rent can be saved by purchasing one of their houses, thereby making the landlord class of investors appear to be hard-hearted, usurious persons. This practice should be controlled by legislation as many innocent parties come to grief when they experience the true costs of maintaining their properties.

As far as the druggist tenant is concerned, he has no capital invested in the property and assumes no risk except the amount agreed upon in the terms of the lease to be paid to the landlord, and if he is an untried quality, the landlord must take a risk upon his integrity, his business qualifications and his application to business; hence it is apparent that the element of chance is decidedly in favor of the tenant.

I am not unmindful of the fact that the landlord, as owner of a specific property, has the final decision as to the use to which it shall be put—except those businesses that depend upon a license from the courts, and those possibly restricted in the deed for the property—; but he has his hands tied when he signs a lease for a term of years, just as the tenant is obligated to pay the rent for a like period of time—if he remains solvent.

When basic conditions of any country become so radically disturbed as they have become in our land, it is logical to expect the relations between the landlord and tenant will be more or less altered from the old standard and the greater uncertainties that all of us must look forward to in all walks in life, including retail druggists, necessitates greater elasticity in the terms of leases written and signed in the future.

If a landlord demand increased rent for his property from a druggist, his tenant, he should be willing to present a display to the tenant, upon demand, showing the increased costs of maintenance of his property, and the tenant should be willing to concede a higher rate net income to the landlord, for reasons previously stated.

If a lease is demanded for a period of years, to protect his business, the druggist should be willing to assume the payment of all increases in taxes, and extra upkeep costs of all sorts and descriptions, thereby guaranteeing a measure of protection to the landlord that his income from his property will net him about a certain percent upon the money invested—or more justly upon its market value—which amount he could invest in some other forms of security of equal stability.

As the landlord presents security to the lessee in the form of tangible assets, it would not be unreasonable upon his part to demand security in some form for the faithful performance of the contract upon the part of his tenant, and I look for greater demands along this line in the future than has been the custom in the past, as the uncertainties that will exist in business circles after the termination of this frightful war with its unprecedented and unknown amount of expenses, will add materially to the hazards of engaging in business—and the drug business will be no exception to the general rule.

Under such a state of affairs the landlord will be compelled to assume greater risks of failure by his tenant; hence he must demand a larger income from his investments.

Having presented for your consideration a number of facts that directly apply to the question of the relationship of landlord to tenant, and reversely, I will leave it to your sense of justice to decide if the landlord who has raised the rent of his druggist tenant can be honestly accused of profiteering.

If the increase of rent has been a moderate one (whether accompanied by an explanation as to the cause for the additional amount of rent demanded or not), I should not feel justified in entertaining any such thoughts. If the extra amount demanded is as great as 50 percent or more, I should expect a satisfactory explanation from the landlord as to the necessity for such action upon his part, and if it were not forthcoming I should be forced to believe that his silence indicated his inability to prove himself innocent of profiteering.

It is to be understood that these conclusions have been based upon economic conditions as they exist at present, and any serious alteration of basic conditions would demand a new investigation and more calculations, with probably a different decision.

It is a serious matter to accuse one's fellowman of profiteering in these days of stress and trial, for it is a more or less arraignment of their patriotism and humanitarianism; hence let us not judge harshly or unjustly.