

## Reflection on Profit-Shaming April 24, 2020

Can we talk about Profit-Shaming?

I meet a lot of business owners who approach their situation with what I call a Cost Recovery Mindset.

They'll only charge a high enough price to barely cover the costs they understand. Then surprise costs come along (because nobody is omniscient), and turn the whole situation upside-down.

When I took Econ 101, I learned that there are four factors of production, each with its price. The price of Labor is Wages. The price of Land is Rent. The price of Capital is Interest. And the price of Entrepreneurship is Profit.

But I meet a lot of Entrepreneurs who function more like non profit organizations because if they actually turned a profit, they'd feel ashamed, since they've been conditioned to believe that profit indicates greed. It's a kind of four-letter, six-letter word.

I have found, however, that profit is necessary, not just to line the pockets of greedy owners, but to replace deteriorating assets, pay debts, afford growth and development, and pay taxes.

I've seen non profit organizations that are more profitable than for profit businesses, because they get it. That's how they create endowments and foundations.

"Non profit organization" is one of the most disingenuous, morally condescending terms I've ever encountered. Those things are rolling in money, laughing all the way to the bank.

With nonprofits, it's very important to be skeptical, to watch what the other hand is doing, because you can be sure that money is involved; and sometimes, that smug "nonprofit" label is just a facade, a mask, a shell game. Watch what the other hand is doing.

Nonprofits can also be vacuous controversy magnets because their missions can be so unfocused. Think about it: "Non-profit" indicates what you are NOT. It does not indicate what you ARE. This vacuousness can result in a kind of existential free-for-all, a setup for all kinds of mischief and nonsense.

I say we need to recognize the importance, the necessity, of profit, stop profit-shaming, and start respecting business owners' needs to charge prices that are high enough to pay living wages to everybody (high enough wages to afford to buy a house and fund one's own retirement), AND turn a healthy profit.

Let's face it: there are needs, and there are wants. If a business owner raises prices and you feel the pinch, odds are you don't NEED what they're selling. You can find a work-around, like cutting your own hair if you feel the barber's prices are too steep. They don't OWE you a Starvation Price. You are not ENTITLED to a Starvation Price. You can cut your own hair.

I just find that business owners have let themselves be bullied into a kind of slavery (working for free) because of political correctness and virtue-signaling, peer pressure that isn't even based on fact.

If critics of business actually knew what's going on financially like I do; if they knew the kinds of hassles and sleepless nights business owners endure; they'd think twice about profit-shaming.

They'd knock it off, stop the nonsense, and realize that what their profit-shaming really does is pressure business owners into a kind of slavery that they'd never dream of imposing on anyone else.

And instead of hating, judging, and reviling business owners, looking for ways to "stick it to the man", they'd show some appreciation for what private sector entrepreneurs truly are: the engines, the drivers, the catalysts, and the creators of pretty much every good thing.

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