

MODERN TRADE UNIONISM.

The origin of trade unions is very obscure, and, although we find comparatively early traces of them in England, yet it is not definitely known whether they are the successors of the trade guilds of the Middle Ages or whether they have an independent origin. The better opinion is, however, that they have no connection whatsoever with these guilds, and they are so essentially different in character that this view is probably correct. The trade guilds were organizations of different crafts or trades at a time when manual skill was all important, and they safe-guarded the interests of their particular crafts by their system of apprenticing and other means of this kind. They existed solely to better the work done by the artisan, and did not in any way endeavor to interfere with capital—for capital, as we know it, did not exist in those days.

With the advent of machinery, however, which supplanted human labor in almost every case, the function of the guild was at an end, and they gradually decayed. As the machinery used for manufacturing was very expensive, the craftsman was debarred from using it, and so it developed that this machinery naturally fell into the hands of capitalists, who directed the efforts of the laborer. It was probably the attempt of the hitherto independent craftsman to retain his control over this manufacturing machinery that gave birth to our trades unions as we know them to-day, though, of course, at first they were undeveloped.

When first we hear of the trade union in England it is purely as a social or friendly organization, meeting in secret, because it was not recognized by the law, and the members would have been punished for conspiracy had their organization been discovered. These small bodies were confined at first to local organizations, and the union in any particular place and in any particular trade was completely distinct from all other unions in every other trade.

In these early days the unions suffered greatly by reason of the fact that they were under the ban of the law—they were unincorporated, and hence, not being legal entities, could not sue or be sued. One of the greatest difficulties they had to contend with was occasioned entirely by this fact—the funds of the unions were constantly misappropriated by their officers, and in many cases the union was thus absolutely impoverished. They could not prevent this, however, as they could not expose their organization to the public, and even if they did they had no legal status to prosecute these defaulters. It is interesting to note that one of the reasons why the unions to-day are so strong is this very same fact of non-incorporation—and they have practically to-day placed themselves beyond legal responsibility for their actions because they cannot be sued. The great struggle waged by capital this past twenty years has been to make them in some way legally responsible for their actions. In Canada, in our last case on this subject, *Metallic Roofing Co. vs. Sheet Metal Workers*, in which the question of the ability to sue a union as such was carried to the Court of Appeal in Ontario, it was distinctly decided by that court that it could not so be sued, as it was not a "persona" known to the law. It was suggested, however, that it might be possible to sue it in a "representative action" under one of the technical rules of practice, and the *Metallic Roofing Co.* are

now trying this means of getting at the union, with what success it will probably take some time to determine.

During these early days of trade unionism, although they had to struggle hard for existence by reason of their internal troubles, yet the increased control of the machinery or capital in a few hands drove them to make greater efforts to perfect their organization, and they gradually evolved from their social basis into business organizations, with the object of resisting the control of capital and getting better wages. From this time on until the present day their organizations have been gradually extended, the first step being the welding of all the unions in any particular trade into one solid body. Subsequently, as the grip of capital tightened, these larger bodies were amalgamated into a national union, so that the business of the whole country could be stopped if necessary by means of their ability to enforce a sympathetic strike, which was practically their only weapon of self-defence. To-day we not only have the national organization of all labor into one huge body, but we have yearly a trades congress of the world, at which representatives from all the national organizations of all the industrial countries of the world meet and discuss the labor conditions of the various countries interested, and this body, to a large extent, directs the local labor situations. At the present day, therefore, we have an almost perfect organization of labor, the apex of which is this world-embracing Trades Congress.

(To be continued.)

PATENT RIGHTS AND TERMINABLE PRIVILEGES.

Many companies are organized for the use of patent rights and other terminable privileges which, of themselves, are of uncertain value. It is an interesting question what considerations should govern auditors in the investigation of records and balance sheets where these are taken into account as assets.

The patent may be practically superseded by other patents of improved processes or construction; it may require the use of very large capital for its operation; the success may be contingent upon uncontrollable conditions, or it may be untrammelled except as to termination by a time limit.

The organization of such companies is generally arranged by some very eloquent individual, who draws pictures of immense profits by comparing the cost of raw materials to be used with the gross prices of the commodities to be sold, ignoring the intermediate expenses and contingencies. This person usually approaches three or four prominent people, to whom he offers free shares and other advantages in exchange for the use of their names. These people do not invest any money, consequently are not in danger of losing any. The natural consequence is that the patent right appears on the books of the company versus the shares and cash which the organizers receive for it. In this manner the companies are generally overloaded from the start, and many of them are inevitably doomed to either liquidation or reconstruction unless such profits be realized and such reserves retained as will provide for all contingencies and avert the catastrophe.

If a patent has, say, ten years to run, it is a very simple matter to write off 10 per cent. of its cost

at the end of every year, and determine its value by a balance sheet by the approval of the auditors, and distribute the same to the shareholders in proportion to the values of assets and liabilities on the accounts.

In order to make a fair statement we will premise that the company has a large capital for the purpose of the patent. In other words, the risk it assumes is as reasonable as the interest it depends when value is determined.

An auditor must first year, in allowing a pro rata dividend, less a pro rata dividend, annual balance sheet, plainly and unambiguously justified in continuing reasons already stated.

Suppose the company has \$10,000, its life term is \$90,000, making \$100,000, the net value of the dividend is less \$1,000 written off, balance of the year is similarly sufficient deduction at the end of the year, contingencies accounted for, amount, so that as \$3,000?

The general principle is to make the dividend a terminable privilege, being that it is an assurance to the holders always commendations everybody is in the future; but the possibility unless made protest a counting.

The value of the limited period of special taxes on other catastrophes should always account, to provide for the future.

The fact of argument for it not be dependent on contingencies, as no allow any negotiations made avoidance of sight in respect values.

Mr. F. W. C. of the Department of Trade, in regard to the end of Lake Erie, the United States.