

A Union of the Middle Classes

The Middle Classes Union in Great Britain, which recently observed the anniversary of its foundation, has been justly described as one of the most interesting political phenomena of recent times. Inaugurated during a period of tremendous social upheaval, when the tendency of Labor and Capital to settle their differences without the smallest regard for "the third party to the social contract" had been thrown into glaring relief by the threat of a general strike, the Middle Class Union seems to have made an instant appeal. According to a statement recently made by Captain Stanley Abbot, the secretary of the Union, there are today 140 branches throughout the country. No branch can be formed on less than 250 members, and many of the branches have already as many as 1500 members. Everywhere, Captain Abbot declares, the movement is gaining ground "with increasing momentum."

This last fact alone renders it very important that the exact character of the Middle Class Union should be understood. It is not, in any sense of the term, a trades union or an amalgamation of trades unions. Its purpose is much wider than the mere safeguarding of special interests. For, whilst the union aims to secure justice for the middle classes where their rights are threatened, either by the striker on one hand or the profiteer on the other, using these exceedingly loose terms for lack of better, its main purpose is entirely national. It seeks, in fact, to obtain for the whole community those privileges and beneficial reforms which, at the present time, are all too apt to be regarded as the special right of a certain class. This is notably the case in regard to that very national question, the question of housing. The Middle Class Union is determined that all classes, and not merely Labor, shall benefit under the recent housing legislation, and it is actively moving to secure representation for itself on government commissions, conferences, and councils.

Then the union is quite determinedly opposed to nationalization of industries, on the grounds that "bureaucratic control is invariably wasteful," and because such a policy "must impose further burdens upon the taxpayer." The union also demands reforms in the imposition of the income tax, the suppression of profiteering, and "the strongest possible measures against Bolshevism." This last is perhaps the most prominent feature of the Middle Class Union. Its members recognize very fully that, in a strike of any magnitude, the chief sufferer, first as well as last, is "the third party," and that when a strike assumes anything like national dimensions it amounts to an open declaration of war upon the community as a whole. The Middle Classes Union, therefore, makes it perfectly clear that, whilst it does not regard itself as being, in any sense of the term, "a strike breaker," it is determined to prevent the "holding up" of the whole community by any one section of the community. It is determined to prove that "the people as a whole are greater and more powerful than even the most thoroughly organized minority," and it stands pledged to develop the organization of its members "so as to render effective help in the maintenance of essential public services during any emergency; and to prevent 'lightning strikes.'"

Another feature of the Middle Class Union which is worthy of special note is the fact that it is entirely non-party in character. Unlike Labor, it does not seek to secure direct representation in Parliament, but rather cuts entirely athwart the lines of party by urging its members to support that candidate, regardless of party, who undertakes to uphold the ideas advocated by the union. Where all the candidates at a given election afford satis-

factory undertakings on this point, the member is to regard himself as left free to make his choice, if he so desires, in accordance with his old party allegiances. What the result of such a political doctrine will be when the Middle Class Union secures an active membership anything like commensurate with the number of those that come naturally within its ambit, it is impossible to predict. The outcome largely depends, of course, on the extent to which the industrial problem is really solved. As Captain Abbot pointed out it was the aggressiveness of Labor and the challenge which certain sections of Labor offered to what the Middle Class Union believed to be essentially right in the existing social order which first brought the union into being. The continued existence of this challenge on the one hand, together with the aggressive policy of pure capitalism on the other, is the reason for its continued activity.

The next few months and years may see some far-reaching changes. At present, for instance, the union expressly dissociates itself from any adherence to such a narrow shibboleth as "Our Trade, Our Politics." The recent formation, however, of the Federation of Black-Coated Workers, and the tendency now observable to check the drift towards an alliance with Labor, which was, at first, so marked, are further indications, if any were needed, that the course of the Middle Class Union in Great Britain is by no means fixed and settled.

Our Partnership With England.

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conditions in England. I studied the past history of Nations and I found out that there were several essential and fundamental features that had built up the greatness, both economically and politically, of the British Empire. Outstanding amongst these things, stood the fact that they had been able to send out from England the basic material of the world; coal and iron and steel. The fact that they were able to send out full cargoes made it possible for them to build ships, and that by building these ships, they became the owners of a great mercantile marine, a mercantile marine which has achieved distinction as being known as having the supremacy of the seas.

The majority of people have an idea that the great mercantile marine made the success of England. That is an entirely erroneous idea. That great mercantile marine could not have been built up if there had not been the cargoes to fill these ships with, which went to the four corners of the world, where they traded in kind but always brought back a balance in favor of England, and thus was built up the great credit and wealth of the United Kingdom.

After studying these facts, I came to the conclusion that was very obvious, that the basic material which made England, and which is to-day the basic material of the world, was the best place where I could start to try and accomplish my dreams and aspirations as to Empire partnership. It is perfectly obvious to you Canadians why I did this. I knew of the great deposits of ore and coal in Newfoundland and Eastern Canada. I knew the unique geographical position that Sydney occupies, closer to any part of the world that consumes iron and steel than any other steel producing centre in the world, and having the greatest resources of coal and iron ore known of in the world to-day, side by side, on tide water, with some of the finest harbors in the world.

On the other hand, there were my friends and colleagues in England with whom I was fortunately associated, who had their great finishing

mills in England, but who had exhausted their ore, who had all their centuries of experience both in manufacturing and marketing their material. Well, the course was perfectly obvious. A combination of interests.

This combination of interests will not stop between us and the great steel masters of England. We can make most interesting arrangements with India and Australia, and what you have read of the British Empire Steel Corporation in the papers is only the beginning of the greatest industrial partnership that has ever been conceived within the Empire. You as Canadians can be proud that it is a Canadian corporation that is being the parent of this great consolidation. It is going to mean much to Canada.

There has been no consolidation of industries, to my knowledge, that has ever taken place, which has been worked out so scientifically, as fairly and on such conservative lines as the consolidation to be known in the future as the British Empire Steel Corporation. I only ask you to consider one comparison.

The United States Steel Corporation formed some twenty years ago, had not one dollar of assets behind their common stock. Their preferred stock represented the value of their minerals in the ground, and it was only their bonds that represented physical assets above the ground. It was a great conception—the United States Steel Corporation—and it took a great man like the late J. Pierpont Morgan to realize the advantage of consolidating the ore mines, the coal mines, the railroads, the steel plants, the shipbuilding works and the shipping companies, to make a complete unit, and, his conception has resulted in the greatest and most successful industrial organization known of in the world to-day. In spite of the fact that common stock of that consolidation was nothing but pure water, and there was half a billion dollars of it, to-day they have built up over \$200 a share of actual assets behind it, and their prices to-day in the markets of the world are lower than any independent company in the United States.

Now, compare the position of the United States Steel Corporation with the British Empire Steel Corporation, which I have had the honor of organizing. We start out in the first place by simply assuming a very nominal funded debt of 43 million dollars. We assume and put against the outstanding preference shares of the constituent companies an equivalent amount of preference shares, namely, 37 million dollars. We issue 25 million dollars of 8 per cent preference participating shares as against an equivalent amount of cash, and we pay for the combined properties 68 million dollars in 7 per cent non-cumulative preference shares and 77 million dollars of common stock. That makes a total of 250 million dollars.

What do we pay for it? We have an appraised value that has been substantiated by the greatest experts obtainable on the North American Continent and England, of 403 million dollars of assets, plus a surplus of some 42 million dollars of quick assets over current liabilities. In other words, we have a net asset value there of 450 million odd dollars.

In all practices in the past not only in this country but in others, the appraised value of assets has settled the basis of capitalization, plus an amount for goodwill. The latter item usually covered the water that was introduced in these concerns. Fortunately, most of our big Canadian corporations have been able under process of time to eliminate this water through their earnings. The water introduced in the United States Steel Corporation was an enormous amount, and yet they have been able to turn this half billion dollars of water into a billion dollars of actual assets.

But what are we doing in this consolidation? There is no such item as goodwill, which means

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