

manufacturer does not always pay to his employes as high wages as he ought to pay, considering the extent of the protection he enjoys under the tariff; that protection encourages trade combinations and monopolies in which wages are depressed and the employe is made a helpless sufferer. If trade combinations existed only in protection countries, and was not practised in all parts of the world, this argument might have some force; but such combinations in Canada are the exception and not the rule. There are but few industries in this country where monopoly or unjust combinations is possible; but because there are some, the enemies of the National Policy declare that the possibility is open to all industries, and that, therefore, it is not to the best interest of the country that the National Policy should endure. They endeavor to show that because of the possibility of these combinations and of the frequent existence of them, the interests of the manufacturer and of the employe are not identical.

While we entirely repudiate this contention, and declare that the argument is unsound, unfair and misleading, we cannot close our eyes to the fact that it carries some weight with unthinking men; and whether they are unthinking or not, if they are influenced by this argument to the extent of supporting it at the polls, the matter calls for the most serious consideration and action on the part of the manufacturers to prevent a catastrophe. Recent elections in Canada have demonstrated that the National Policy is in high favor with the working classes, but it is the part of wisdom for the manufacturers to do what they can to steady this phalanx and to prevent any diversion of its forces. How can it be done?

Industrial partnership is suggested. It should be borne in mind that there is a great difference between industrial partnership and commercial partnership. In any commercial partnership which might exist between employer and employe, the employe would be privileged to inspect the books of the concern at his pleasure and to have a voice in the management of the business. In an industrial partnership the employe is stimulated by an expectation of gaining something more than his regular wages; and he knows that faithfulness, sobriety and good work will ensure to him a share of whatever profits may accrue in the business through his exertion.

This sort of co-operation originated in France many years ago, where it has taken a firm hold, and where it is practised by probably a hundred large concerns with the most gratifying results. Since then it has been established in England, in Switzerland, in the United States and in Canada, and its operations is not confined to manufacturing establishments alone, but includes other occupations where there are large number of employes, and where the success of the business depends largely upon the conscientious performance of the duties assigned to them. Under this system no ambitious employe feels that he can afford to perform his duty in a merely perfunctory manner. He is spurred on at the prospect of obtaining something more for his labor than mere wages. The success of his employer is his success. He is punctual, careful and diligent, none the less in times of depression than when prosperity beams upon his concern. At no time is he responsible for losses, for he is not a contributor in any way to any thing by which losses may occur except it be through bad workmanship; and if he is a bad workman it is to the interest of

the whole concern, employer and all the rest of the employes, that he should retire. When money has been made by his concern, after all legitimate charges have been met, the balance is divided and the employe is assigned his share. If no money has been made—if losses have been incurred—the employer bears all the loss—the employe none of it. The workman performed his part of the contract honestly and faithfully.

It may be asked, "If the workman is to share the profits, why should he not also share the losses?" If the partnership were of a commercial character he should. But it is not of that character; for the employer does not surrender any part of the management of his business to his employes. The system commands itself with much force to manufacturers. They are the ones to initiate it, and they alone must work out the details of it, and put the machinery of it in operation. It must be done intelligently, and if it works satisfactorily its continuance is assured. No manufacturer would find any difficulty in inducing his employes to join him in this industrial partnership. It is worthy of close consideration, perhaps of a trial. A trial of it would certainly bring employer and employe into closer and more friendly relations than what now usually prevail. It would obviate labor troubles, and strikes would become a thing of the past.

A brief description of the industrial partnership arrangement which was adopted by the N. O. Nelson Manufacturing Company, of St. Louis, some seven or eight years ago, and which has been in operation ever since, will illustrate some of the advantages of it. Workmen are paid the same rate of wages as are paid for the same work in other establishments, and the capital of the company is paid six per cent. per annum as its wages. After this, one-tenth of the net earnings is set aside as a surplus fund to meet losses in bad years, and a similar sum goes to a provident fund for sick employes. An equal dividend is then made to capital and wages, payable in cash or convertible into stock. This stock, held by the employes, is convertible into cash at par whenever the employe severs his connection with the company. During the first four years of this arrangement 43 per cent. was paid in dividends on wages. These wage-earners who accepted stock in lieu of cash, received as dividends thereon 61 per cent. on the first year's amount, 47 per cent. on the second, 32 on the third, and 16 on the fourth, besides compound dividends on the first three.

#### TARIFF INCONGRUITIES.

UNDER the McKinley tariff, where American manufacturers import foreign raw materials for consumption in their factories, and export their product to foreign countries, a rebate of 99 per cent. on the duties paid is returned to them. This enables them to compete in foreign markets with manufacturers of other countries, and under this system the foreign trade of the United States is rapidly assuming large importance.

A similar law prevailed in Canada until a recent date. If the raw material is not produced in Canada, the rebate is granted, but if it is made here the rebate is not granted; and we think we can show that the present arrangement operates very unfairly and oppressively in certain instances. We have knowledge that but recently a prominent Canadian manufacturer of shovels visited Mexico in the interest of his business,