PROFIT-SHARING

AND THE LABOUR QUESTION

BY

T. W. BUSHILL

A PROFIT-SHARING EMPLOYER

WITH AN INTRODUCTION BY SEDLEY TAYLOR

LATE FELLOW OF TRINITY COLLEGE, CAMBRIDGE

AUTHOR OF "PROFIT-SHARING BETWEEN CAPITAL AND LABOUR"

"*Our measures should be healing.*"—BURKE

Methuen & Co.

18 BURY STREET, LONDON, W.C.

1893

TO

F. B.

CO-OPERATOR—PATIENT AND TRUE.

INTRODUCTION.

At Mr. Bushill's request, I very gladly write a few words introductory of his work. The sole justification I possess for doing so lies in my having, in 1884, published the first English book containing anything like a general survey of profit-sharing undertakings in industry, agriculture and trade.

The fact of my being personally unversed in "practical business" was in some quarters seized on in order to weaken the effect of my representations, although these largely and avowedly consisted of direct translations from statements made by foreign profit-sharing employers and employed. It gives me, therefore, especial pleasure to be allowed now to introduce an account of a particular instance of successful profit-sharing by a writer whose position absolutely excludes this form of depreciation, while the fact of his firm being an English one cuts a second string of the detractory bow, that profit-sharing "may be all very well on the Continent, but will not do in this country."

A treatise on, or history of, profit-sharing would be alike out of place in this introduction, but I ask the reader's attention to a few general remarks on that mode of remunerating labour, made solely on my own responsibility.

Mr. Mill has said that one of the modes in which the Co-operative movement tends to increase the productiveness

of labour, consists in "placing the labourers, as a mass, in a relation to their work which would make it their principle and their interest—at present it is neither—to do the utmost, instead of the least possible, in exchange for their remuneration."[1] Profit-sharing in a private firm or public company is a system which aims at effecting as much of this change of relation as is compatible with retaining in unimpaired efficiency the function of the trained *entrepreneur*. It therefore would appear to appeal, not only to employers who are willing to see a purely capitalistic organisation of industry gradually replaced by one of a completely associative character, but also to those who, though they regard the *entrepreneur's* function as permanent and indispensable, are prepared for reforms of a democratic tendency which do not menace or undermine its authority. Thus, enlightened and unterrified supporters of the existing *régime*, and collectivists of all shades who recognise systematic training of the working classes as an essential preliminary to the realisation of their plans, might well accept profit-sharing as the next step, which perhaps is all that is definitely within the ken of any but our youngest and least disillusioned social reformers.

There are, however, particular groups whose point of view legitimately constitutes them the foes of profit-sharing. Employers who conceive it to be their mission to extract from "their hands" a maximum of work for a minimum of wage, will rightly resist all modification of the existing *régime*, which has too, in their eyes, the merit of "keeping the workman in his place." Similarly, workmen who conceive the whole class of employers to be their natural and unalterable enemies, will only be consistent in rejecting

[1] *Principles of Political Economy*, Book iv. chap. vii. sec. 6.

profit-sharing as presumably but a veiled attempt at further exploitation of their labour.

The legitimate opponents of profit-sharing are thus those employers, and those workmen, who agree in desiring what the French call "*la lutte des classes*," and who only differ from each other in wishing that in every bout of the encounter their own class may fall uppermost.

As it is hardly fair to characterise the standpoints of others without indicating one's own, I may be allowed to say here that I regard profit-sharing, as I did at the time of the 'Industrial Remuneration Conference' in 1885, "not as a final solution of the labour-question, but as a stage on the road towards co-operative production and the emancipation of labour."[1] In support of this view, I will quote, by way of conclusion, a passage from Mr. Mill which still deserves, I think, not less than when it was written, the attention of those whose industrial position calls on them first for thought, and then for action:—"In the present stage of human progress, when ideas of equality are daily spreading more widely among the poorer classes, and can no longer be checked by anything short of the entire suppression of printed discussion and even of freedom of speech, it is not to be expected that the division of the human race into two hereditary classes, employers and employed, can be permanently maintained. The relation is nearly as unsatisfactory to the payer of wages as to the receiver. If the rich regard the poor as, by a kind of natural law, their servants and dependents, the rich in their turn are regarded as a mere prey and pasture for the poor; the subject of demands and expectations wholly indefinite, increasing in extent with every

[1] *Report* (Cassell & Co., 1885), p. 335.

concession made to them. The total absence of regard for justice or fairness in the relations between the two is as marked on the side of the employed as on that of the employers. We look in vain among the working classes in general for the just pride which will choose to give good work for good wages; for the most part, their sole endeavour is to receive as much, and return as little in the shape of service, as possible. It will sooner or later become insupportable to the employing classes, to live in close and hourly contact with persons whose interests are in hostility to them. Capitalists are almost as much interested as labourers in placing the operations of industry on such a footing that those who labour for them may feel the same interest in the work which is felt by those who labour on their own account."[1]

SEDLEY TAYLOR.

[1] J. S. Mill, *Principles of Political Economy*, Book iv. chap. vii. sec. 4.

PREFACE.

As an apology for placing a book before the public—an apology specially called for in the case of a business man—the writer would plead the advice of Mr. Sedley Taylor, who, after reading a report of the evidence on Profit-Sharing recently given before the Royal Commission on Labour, wrote: "I hope you will publish the matter in a separate form; such a publication would have one palpable recommendation, viz. that of being the work of an employer of labour who himself practises successfully the system about which he writes, and who gives the opinions of his own employees." Further, the receipt of numerous inquiries from business firms for information respecting profit-sharing has created a special occasion for the present publication.

Business men will, it may be hoped, recognise the drawbacks inseparable from such a proceeding, necessitating, as it does, the unveiling to a large extent of the internal economy of the writer's establishment. Only a swarm of exceptionally well-behaved bees should be exhibited under a glass hive. And one is only too often reminded that, under the existing state of competition, business life is almost necessarily attended with many failings. In the attempt, however, to do one's duty towards the community at large, one is often called on to face the possibilities of misunderstanding and misinterpretation.

A business man has at least the advantage of being under no necessity to apologise for the absence of literary

style in his book; the writer's efforts have been concentrated upon the endeavour to give a truthful representation of the experiment which is the basis of the work, and to avoid the intrusion of any rosy colouring upon his canvas.

The writer has pleasure in making grateful acknowledgment of the very important help rendered to him by Mr. Sedley Taylor in the preparation of this publication; he also feels indebted to the Rev. W. J. Henderson, of Coventry, for his kindness in looking through the proof-sheets, and to Mr. D. F. Schloss, of London, for supplying him with much valuable information respecting Trade Unions and other matters.

A summons to give evidence before a Labour Commission naturally led to the endeavour to appreciate, as comprehensively as might be, the trend of the forces now operating in determining the social condition of the people. Thanks to the generous nature of his active partner, and to the loyalty of his staff, an opportunity has been afforded the writer to step aside for a time from the mill-round of daily duties. The review of the situation which he has thus been enabled to take has led him to form increased hopes as to the measure of comfort attainable by the honest members of all classes.

On the one hand, from observation, the writer has noted the modest livelihood which, with thriftiness, may admit of a thoroughly comfortable life to the artisan; and, on the other hand, from experience he can testify to the moderate style of expenditure which may provide for the employer an abundant degree of real enjoyment. But this is not all.

The social reformer has hitherto based his hopes of ameliorating the lot of the mass of the people on curbing the greed and checking the thoughtlessness whereby undue proportions of wealth have been clutched and enjoyed

by a comparative few. He has sought, whether through labour combination or legislative action, to arrest or even to reverse all tendencies which would make the rich richer. But there is a new hope dawning, based on the discovery that under modern achievements of invention and of moralised economics, the concerted energies of employers and employed may be made productive of an immensely increased sum of wealth. All results, therefore, of mere arithmetic—*e.g.* the present total national income divided by the number of the existing population—seem, in the light of this consideration, to be utterly beside the mark.

It is with deep satisfaction that the practical student of industrial life begins to distinguish an increasing group of indications which prove the inhuman course to be, in reality, the senseless course,—the unhealthy labour condition to be the wasteful condition,—and the ill-educated, ill-fed, ill-housed, ill-paid, overworked "hand" to be the "unprofitable servant." The benign bearing of this consideration upon the results of competition, which at present seems to be a necessary dispensation, will not be overlooked.

The logical deduction from these premises is, that employers who have viewed in an unsympathetic way *all* attempts on the part of working men to increase their wages, or to improve their labour conditions, have pursued a mistaken policy. As a counterpart to this reflection, it should be further stated, that it is most desirable that friends of the working classes should endeavour—following Carlyle's advice—to distinguish between "what the people need, and what they think they need."

Profit-sharing is not herein advocated as a panacea, or as equally desirable in every case. The main purpose of the publication is to induce the cultivation of the sane and enlightened spirit which has usually been the actuating

motive of profit-sharers; if this be cherished, its manifestation and application can safely be left to the conscience of the individual. But while still desirous of avoiding the style of the self-engrossed "faddist," the writer is bound to say that his recent critical examination of profit-sharing has led him to place a higher estimate on the plan than he had held before. If only the system be granted by workmen and masters an unprejudiced examination, he ventures to anticipate that both classes will admit that profit-sharing offers a most simple, practicable, and efficient means for elevating, both economically and morally, the lot of the worker, and for preserving the essential functions and the fair remuneration of the employer.

It will be observed that, in the letters now published for the first time, there is testimony of a character generally favourable to profit-sharing, from co-operators, Trade Unionists, employers, and capitalists. Perhaps a still more striking testimony is furnished by the secret *plébiscite* of the employees primarily concerned in the experiment, in which an unanimously favourable verdict was given by a staff of a mixed character, comprising society and non-society men.

As the writer does not propose to divest himself of the *rôle* of a "witness," readers may needfully be reminded that a man in such a position is, by common consent, absolved from charges of egotism. He will count himself fortunate, and rewarded above his deserts, if he receives from public opinion as attentive a hearing as that which was granted to him, with so much courtesy, by the Royal Commission on Labour in Westminster Hall.

T. W. B.

BRANTWOOD, COVENTRY,
New Year's Eve, 1892.

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"A question arises here: Whether, in some ulterior, perhaps some not far distant stage of this 'Chivalry of Labour,' your Master-Worker may not find it possible, and needful, to grant his Workers permanent *interest* in his enterprise and theirs? So that it become, in practical result, what in essential fact and justice it ever is, a joint enterprise; all men, from the Chief Master down to the lowest Operative, economically as well as loyally concerned for it?—Which question I do not answer. The answer, near or else far, is perhaps, Yes; and yet one knows the difficulties. Despotism is essential in most enterprises; I am told, they do not tolerate 'freedom of debate' on board a Seventy-four! Republican senate and *plebiscita* would not answer well in Cotton Mills. And yet observe there too: Freedom, not nomad's or ape's Freedom, but man's Freedom; this is indispensable. We must have it, and will have it! To reconcile Despotism with Freedom:—well, is that such a mystery? Do you not already know the way? It is to make your Despotism *just*. Rigorous as Destiny; but just too, as Destiny and its Laws. The Laws of God: all men obey these, and have no 'Freedom' at all but in obeying them. The way is already known, part of the way; and courage and some other qualities are needed for walking on it" (*Past and Present*, Carlyle, 1843).

ROYAL COMMISSION ON LABOUR.

(SITTING AS A WHOLE. TWELFTH DAY.)

AT the invitation of the Commission, Mr. T. W. Bushill, of Coventry, attended the sitting in the Commission Room, Westminster Hall, on December 1, 1892, to give evidence upon Profit-Sharing.

His Grace the DUKE OF DEVONSHIRE, K.C., presided, and there were present—

The Right Hon. A. J. MUNDELLA, M.P.
The Right Hon. Sir MICHAEL HICKS-BEACH, Bart., M.P.
The Right Hon. LEONARD COURTNEY, M.P.
Mr. T. BURT, M.P.
Mr. MICHAEL AUSTIN, M.P.
Mr. W. ABRAHAM, M.P.
Mr. GERALD W. BALFOUR, M.P.
Professor MARSHALL.
Mr. DAVID DALE (Chairman of Group A).
Mr. J. C. BOLTON.
Mr. G. LIVESEY.
Mr. TOM MANN.
Mr. S. PLIMSOLL.
Mr. H. TAIT.
Mr. E. TROW.
Mr. W. TUNSTILL.

Mr. JOHN BURNETT, Mr. GEOFFREY DRAGE, } *Joint Secretaries.*

The substance of the witness' evidence-in-chief is embodied, together with new matter, in Chapters I., V., VI., VII., VIII., IX., and X. of the present publication. The "cross-examination" will be found in Chapter II., being a reprint (with parenthetic additions) of the official Report E. 73,890—Ev. 12.

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