

PROFIT-SHARING

AND THE LABOUR QUESTION

BY

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A PROFIT-SHARING EMPLOYER

WITH AN INTRODUCTION BY SEDLEY TAYLOR

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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.

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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. MUN-
DELLA, 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.

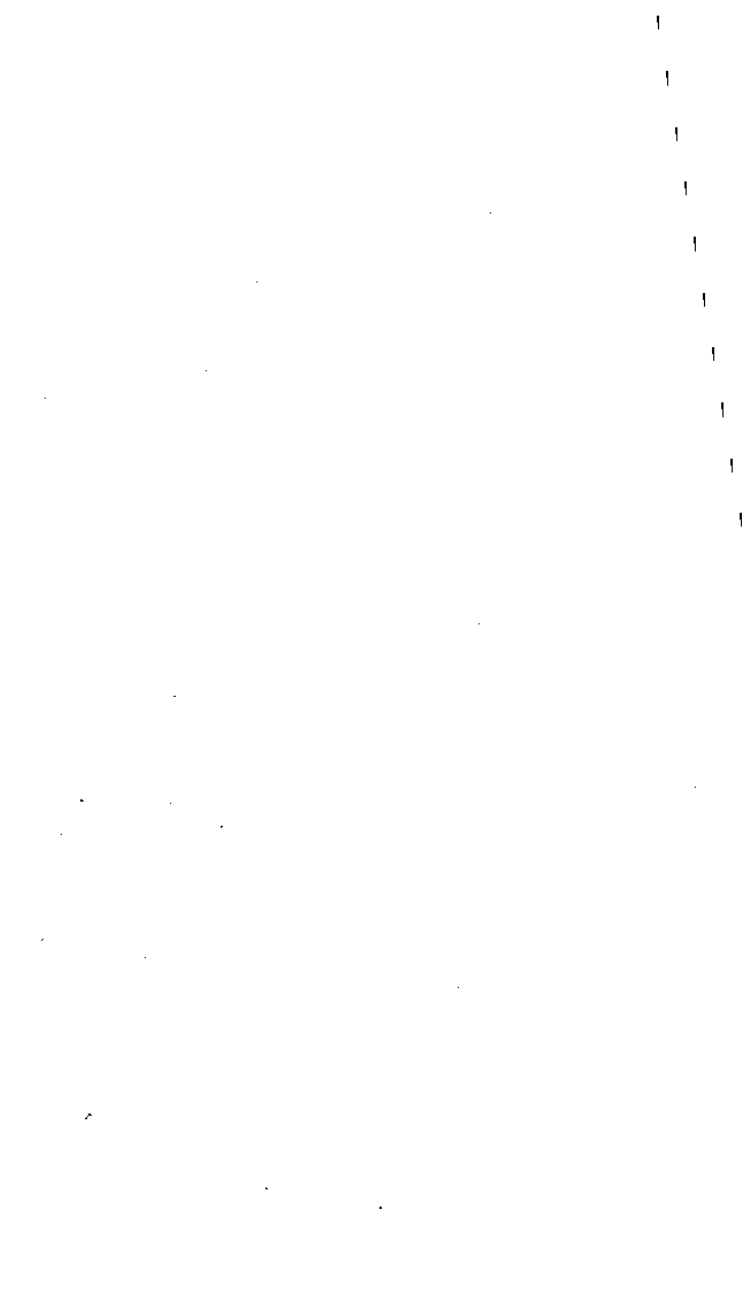
Mr. E. TROW.

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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PROFIT-SHARING AND THE LABOUR QUESTION.

CHAPTER I.

PROFIT-SHARING AS PRACTISED BY THOMAS BUSHILL & SONS, COVENTRY.

I. CONDITIONS OF BUSINESS.

*History of Firm.*¹—The business was commenced in a small way in 1857 by my late father ; the present partners are my mother, my brother, and myself. I was apprenticed to my father in 1873, at the age of fourteen. Since his death, fourteen years ago, my brother and I have been responsible for the active management of the business.

Nature of Business.—Our business is printing, lithographing, bookbinding, box-making, pasteboard-making, and several smaller cognate trades. We have no patents or monopoly ; all our trade is secured in the competitive field.

Conditions of Labour Remuneration.—The number of our employees is 185. We employ no half-timers or married

¹ The fact that the above matter was given in the form of answers to the questions of the Chairman of the Labour Commission will explain the personal style of expression.

women. Seventy-nine are paid time-wage, 47 are premium workers (that is to say, they are paid "progressive wages"¹), and 59 are piece-workers. As regards the rate of pay, the minimum wage of the letterpress printers, which may be taken as a fair indication, is 28s., with 7d. per hour over-time. We are working now fifty hours, the Trade Union limit being fifty-five. Other wages, owing to their variety, cannot well be given. The employment is fairly regular; out of the 185, 46 lost some time during the last twelve months, and they lost an average of three days each per year. In previous years, there has not been so much lost time as that; for several years there was none at all. We reduced our working hours from fifty-four to fifty in October 1892. Our present hours are—eight till one, two till six, on Saturdays closing at one.

2. CIRCUMSTANCES LEADING UP TO PROFIT-SHARING.

In order that a proper estimate may be formed of the value of the experiment as a precedent, I ought perhaps to state what led up to profit-sharing. In the year 1878, my brother and I were left to carry on a sound and fair-sized business. At the time of our father's death, however, the business was barely developed, and the limited amount of capital at our command made it for a short time doubtful whether we could carry it on. Owing, however, to the noble and genial character of my father, the employees and the customers were well affected; and with hard work, and, as some thought, with the Divine blessing, the firm every

¹ Under this method the worker is paid a fixed weekly wage with the addition of a bonus on output. "Progressive wages" in some trades have a piece-work basis.

year improved its position. Under the influences of a virile Christian ministry, and of Ruskin's economic teaching, I began to doubt whether the wage system, as generally practised, was altogether justifiable, for I did not see how the average workman could have a fair chance of a man's share in life. About five years ago, during a talk at a men's Bible class, which is attended by several of our own workmen, a remark was made by a thoughtful mechanic to the following effect: "He did not believe in the applauded munificence of employers who built churches, or endowed large charities out of a fortune which they had got together while paying their men practically only a subsistence wage." Mr. Sedley Taylor's little book on *Profit-Sharing*¹ seemed to indicate a plan whereby the position of the employees might be improved, and some provision be made for their future needs; my partners happily agreed to try—at first, for one year—a scheme which was drawn up with the valuable aid of Mr. Sedley Taylor, and a sympathetic legal adviser, Mr. Browett, the Town Clerk of Coventry. The system became operative in September 1888.

3. DESCRIPTION OF SCHEME.²

Method of Profit-Sharing.—In making out the profit and loss account, the working capital of the partners for the time being is credited with 5 per cent. interest, and from the balance—the clear profits—a certain fixed sum, called the "Reserved Limit," is credited to the partners as a first

¹ Information as to the publisher and price of every English book referred to in the text, will be found in the Appendix (p. 238).

² A verbatim copy of the Rules will be found in the Appendix (p. 206).

charge for salaries of management and payment for risk, and the residue is equally divided between the employees and the firm. I may perhaps illustrate it by an example: Supposing a firm, making an average profit of £1000 a year, were to start profit-sharing, it would fix the Reserved Limit according to its sense of what was right, probably at something less than £1000—say at £900. Then, if in the following year, under the stimulus of profit-sharing, the profits should go up to £1100, the firm would get the first charge of £900, plus half the unreserved portion,—which in this case would be £100,—that is to say, they would get £1000 and the employees would get £100.

The amount of the Reserved Limit is not made generally known, but it is communicated to a chartered accountant, and he certifies, year by year, what bonus, if any, has accrued to the employees. It has not so far been altered in our own case, but power is retained to raise or reduce it prospectively at the commencement of any financial year.

Beneficiaries and Allotment of Bonus.—In practice all the employees, from the errand-boy to the head manager, participate. The two qualifications are—(1) to be a member of the Works' Sick Club at the beginning of the financial year, and (2) to have put in a request to participate. There is, of course, no desire to force the scheme on any one, though as a matter of fact every qualified person has put in that request.

The basis of the division is *pro rata* to the normal week's wage.

Of each person's bonus one-third is paid in cash, and two-thirds go to form or increase his provident fund. The cash portion is paid through an individual account in the savings bank, a course which was adopted with the idea of encouraging thrift.

Rights of Employees who Leave.—An employee leaving in any regular way gets his bonus credited (not reckoning fractions of a month) for the portion of the year during which he has worked. In the event of embezzlement or felony, the employee forfeits the whole of his provident fund; the firm have a first claim thereon for any actual loss or damage inflicted, and the balance is at the disposal of the employees' committee for the benefit of the employees generally.

Withdrawal of Provident Fund.—An employee attaining the age of sixty-five, or on completing twenty-five years of continuous services, receives his provident fund. An immediate payment can be claimed, however, upon the death of any employee, or by any female employee leaving for marriage. Any employee leaving retains his full right to his provident fund, and can claim it at the same time or date as he would be entitled to do if he had not left. The firm and the committee can jointly vote an earlier payment at their discretion in such cases.

Provident Fund Interest and Security.—As long as the provident funds are held by the firm, interest at the rate of 4 per cent. is credited to them. With regard to security, the firm gives to two representative trustees security upon property for the provident funds for the time being in their hands. A copy of the deed or "Equitable Charge" will be found in the Appendix (p. 216). In the case of a limited liability company, the hypothecation of debentures would seem to be a simple way of arranging such security. Some valuable hints on this head will be found in Mr. Rawson's useful book, *Profit-Sharing Precedents*.

Consulting Committee.—The actual allotment of the bonuses is self-acting, and is managed by the cashier, whose

work is checked by the accountant ; but the Works' Sick Club Committee form a Consulting Committee, and a valuable channel of communication between the firm and the employees under this scheme.

Partnership not Conferred.—It is expressly provided that the employees are to have neither the rights nor liabilities of partnership. So far there has been no sign whatever of troublesome interference with the conduct of the business on the part of any of the employees ; the discipline, which has never been bad in our works, was never so good as it is at the present time.

The scheme can be terminated by the firm at the close of any financial year. In such a case, the provident funds would be payable to their owners on the following 31st day of December.

4. EFFECTS OF SCHEME FROM POINT OF VIEW OF THE EMPLOYEES.

Plébiscite taken to obtain Unconstrained Opinions.—It seemed to be important and not very easy to get at the real opinion of the employees on the subject. The value of such testimony when given openly is naturally discounted by misgivings as to how far it is affected by either fear of censure or hope of reward. The matter was left with the Consulting Committee of the employees ; our manager, Mr. Sharp, whose co-operation throughout has been most valuable, talked it over with them, and they carried the following resolution :—

COW LANE PRINTING WORKS, COVENTRY.

The Employees' Consulting Committee hears with satisfaction that the "Royal Commission on Labour," now sitting, is seeking evidence

as to the success or non-success of the profit-sharing system, and with a view to secure a free and independent expression of opinion from each adult employee, they propose :—

“That a paper be given out on Saturday, November 12th, to each employee above the age of twenty-one, on which he may write briefly (in ink) his opinion *from his own point of view* :—

I.—Of the principle of profit-sharing.

II.—Of the results here (no figures to be mentioned).

III.—Of the details of our system.”

Own handwriting not necessary, and no name to be signed. A free expression is invited.

If any one wishes to express an opinion on the *Shortened Hours*, the space on the back of this paper should be used.

This course, as will doubtless be seen, promised for the experiment a severe ordeal. There would be few of us who would lightly invite the sending in of anonymous letters even from the circle of our intimate friends. Papers were issued to all the adult employees, numbering 69, and the papers were handed back (in such a way as to guard against any identification of the writer) by every one, with the exception of one person who had left his paper at home. Two of these papers were blank : seven of them, selected in order to bring out special features of the system, are printed in this chapter ; and the remaining 59 will be found in the Appendix (p. 218).

It was thought desirable to distinguish between the replies of male and female workers, and this purpose was gained by the use of distinctive coloured papers. No other distinctive marks were allowed ; but since their receipt, the opinions have been numbered consecutively for reference.

The papers are printed *verbatim*, with the following exceptions. Several passages have been omitted which only gave descriptive details of the scheme ; in two cases,

private figures have been omitted ; and in one or two cases slight verbal corrections (denoted by parentheses) have been made, and punctuation has been added in order to make the sense clear.

BALLOT OPINIONS OF EMPLOYEES.

(1.) *Of the Principle of Profit-Sharing.*—A principle if carried out by all masters would prove very beneficial ; for master and employee would be working for each other's interest. Master would be sympathising with employee, and employee would feel a pleasure to work for master's interest.

Of the Results here.—The results at our own workshop are very encouraging. When an employee knows that at a certain age he or she has a little sum to which he can lay claim to, the encouragement is very great, and vigour that seemed spent revives.

(2.) I. I cordially approve of the principle of profit-sharing, and I consider the results of the first four years' working in this establishment to have been most satisfactory.

II. The results have been good not only financially, but also for creating a feeling of brotherhood and mutual helpfulness throughout nearly the whole staff, and for adding a new and pleasant zest to all our duties.

III. We understand better now than we did at first the meaning of the scheme, how and where we can economise, and where we may suggest.

I like to think that my provident fund cannot be drawn upon for immediate use, but is safely locked up for the future. It is a great stimulus to see the balance steadily growing, and at the same time to know that it is a perfectly safe investment under the ample security given by the firm. Severe personal losses in the late Building Society smashes have rudely shaken any thriftiness of character I ever possessed, and consequently increased my appreciation of

this provident fund. I trust the firm will be willing to assist me to find an equally secure investment, when it comes to my return to withdraw it. I consider the annual audit and general details to be thoroughly satisfactory.

(3.) I. The principle is very good, and undoubtedly more beneficial to the workman than the employer. I look upon it as a *free gift*, for I should have had to work had nothing of the kind ever been started. I wish it had been started years ago.

II. Results have been simply grand, and might be kept up or even beaten if the foremen in each department would take the lead and set the example. . . .

III. All right.

(4.) The principle of profit-sharing to my mind is an exceedingly good one, as it decidedly tends to promote that peace and harmony which should exist between all employers and employees. In fact, it is a principle which I should like to see established among all working classes.

Of the result here since the system has been in vogue, I feel sure a better understanding now exists than formerly; because, in the first place, the men recognise the fact that by doing better work he benefits himself as well as his employers. In the second place, I believe it has been the means of strengthening the good feeling which is essential for the welfare of every community.

Of the details of our system, I do not think they could be improved upon. The method of distribution is to my mind the best possible arrangement, which, while it gives us the pleasure of having a portion at the time, is also the best and surest way of doing that for which it was intended—namely, providing for old age. That it may be long continued here with equal success, and copied elsewhere, is my sincere wish.

(5.) I. *Of the Principle of Profit-Sharing.*—I am sure it is by all means the best thing that ever has been brought forward for the benefit of employees, not only for its good

sources, but for the way in which it causes that great motto to be preached, "Help one another."

II. *Of the Results here.*—It is with my great desire that the results have proved to be a great satisfaction, owing to competition and shortness of trade. I feel that we, the employees, generally have done our very best endeavours to help our masters to this great success; not only us, but owing to masters economising powers which they possess in the buying of materials used, for these splendid results we receive.

III. *Of the Details of our System.*—We are not "sweaters," nor "match-box makers," but we are the people who, by means of doing our work well, keep to it without always having to be watched; then we know ourselves, that which we waste we have to make good, so by this cause it is a sure system that it is to our advantage we do our utmost to please our masters.

(6.) I. I think that the principle of profit-sharing as carried out by Messrs. Bushill & Sons is an excellent scheme, as the money accruing therefrom to each individual forms a nucleus or "nest egg" of a saving or thrifty person, and acts also as an incentive for those who are not so inclined. Then again, at the end of twenty-five years' service (if the scheme is still in existence), a person would have a small competence of his own, and if they have been careful also, they should be able to live in comfortable circumstances when unable to work.

II. I think the results of the scheme as tried at Messrs. Bushill & Sons most satisfactory and successful.

III. I consider the details of the scheme are carried out most harmoniously amongst the employees, who appear to be in thorough accord with the masters upon the subject of detail in the working of the scheme.

Ballot Opinion No. 7 will be found on p. 38. The remainder of the Ballot Opinions are given in the Appendix (p. 218).

Financial Results to Employees.—It is found inexpedient

to publish the exact figures. Some competitors and customers are inclined to make a use of the information, which, although irrational, is annoying. (An abstract of the Bonus and Provident Fund Accounts, giving full details for the past four years, was handed in for the private information of the Commissioners.)

In our own case, the workpeople are satisfied with our regular accountant's certificate; but in some cases it would be desirable for a second accountant to be appointed by the men's committee, and paid out of the bonus fund.¹

With regard to the general satisfaction of the people as to the results, the ballot opinions give striking evidence.

Temporary Retention of Provident Funds.—The fact must not be overlooked that one-third part of each person's bonus is paid out in cash. The accumulating provident funds are payable after twenty-five years' service, or at sixty-five years of age, at disablement or death, and to females leaving for marriage. But the temporary retention of the funds seems to demand some explanation.

In the first place, it may be remarked that, as regards the retention of part of the additional income, many employers are practically in a similar position. It is arranged frequently, as in our own case, that the partners draw out only enough to live upon, and that the balance is left in the business for extensions, etc. A partner's saving, therefore, is to a large extent automatic. The question does not seem to have been duly considered as to whether the more speedy economical advance of the average employer, as compared

¹ In 1892, at the suggestion of our accountant, it was decided to allow one of the workmen (who was nominated by the Employees' Committee) to inspect the Provident Fund Cash Account, year by year.

with that of the average workman, does not to a pronounced degree just depend upon this accident. Take the case of an employer with an income of, say, £1000 a year (the majority of employers would be only too glad to have such an income); my strong conviction is that he would not be half so likely to save a competency for old age if he drew £20 in cash every Saturday, as he is likely to do under the conditions usually existing, when a certain portion of his income does not reach him in cash at all. A professional friend communicates to me, in support of this contention, his conviction that for the same reason professional men do not as a rule save so much as employers. This retention, then, of the provident fund under such a scheme as ours removes from the workmen what I think to be a serious disadvantage. In their case, especially, thrift is often a tender plant, and requires some nursing. As time goes on, perhaps it will be possible to arrange to pay out a provident fund earlier—if the owner wanted, for example, to build a house.

It is remarkable that when our employees are asked for criticism of the details of the scheme, not one of them has asked for a change of this provision. As their ballot opinions will show, it is clear that some of them even express a liking for this provision. The way the interest, added year by year, makes the total grow is impressive to them. One of our foremen said to the cashier on receiving his book, "I never expected to be worth that much, all my life." But it is important to notice that this feeling of satisfaction is acquired, and is not natural. When the scheme was started I feel sure that an overwhelming majority of our people would have preferred the whole bonus to have been paid out in cash. My belief is that experience has made them wiser, as I believe it would with hosts of other wage-

earners. Besides, it would be impossible for them elsewhere to get so safe a 4 per cent. investment for such small sums.

I have received a letter which gives gratifying evidence of a similar inclination on the part of workmen in another quarter, from the firm of Ross & Duncan, Engineers at Glasgow. This firm, by the way, has been erroneously reported to have tried profit-sharing, and to have found it a failure. The fact is, that they suspended their profit-sharing for a short time for a disciplinary purpose. They write (Nov. 29, 1892):—

“In 1892 we offered the workmen an alternative, either to have a larger sum-total on condition of putting a considerable portion into the Works' Benefit Society, which is managed by the men, or a smaller total unconditionally into their hands. We are pleased to say, that after a little deliberation, the men chose the former, though it has put less money actually into their pockets.”

My impression, moreover, is that a firm could, under such an arrangement as ours, afford to give a more liberal bonus than otherwise. It would be crippling to the financing of some growing business to pay out the whole of the bonus yearly. Even if the provident funds cannot be made absolutely secure, if the workmen are to have some of the advantages of co-operation, I do not see why they should be placed in a better position in this respect, relatively, than the employer. *It should be noted that the workman receives his ordinary weekly wage without risk or deduction.*

There is a great deal in a man's sense that he has some stake of capital in a concern. Profit-sharing has been for many years in force in the *Maison Goffinon* (now Barbas, Tassart et Balas) of Paris. During the troublous times of the

Commune in 1871, it is narrated that the workmen regularly mounted guard on their employers' premises.¹ Among the criticisms of profit-sharing given in Mr. D. F. Schloss' useful book²—(it should be stated that Mr. Schloss fully believes that profit-sharing is a desirable institution in many cases, and under many conditions)—it is objected that profit-sharing and similar methods tend “to get the men working under them out of line with their fellows.” There may have been good reason for drawing attention to this point,—the reported action of the workmen in the *Maison Leclaire* in 1876 was certainly not calculated to add to the good fame of profit-sharing,—but the foregoing incident suggests the reflection that, under exceptional circumstances of popular aberration, this tendency may be of distinct public utility.

Bearing of Provident Funds upon National Pension Schemes.—A prominent scheme for old age pensions requires the payment of £5 by the beneficiary before the age of twenty-five. As bearing on the practical chances of such a scheme, I have to state that all our employees, male and female, above the age of nineteen, who have participated for three years and upwards, have £5 or upwards to their credit. In the desirable event of the institution of a national pension scheme, our rules would no doubt be altered to fit in therewith.

Weak Point in Provident Funds.—If a man recently employed were to die, there would not, of course, be much in his provident fund. The firm and the employees have arranged a benevolent fund (for Rules, see p. 252) which meets a case like this by providing for such a man from £5

¹ *Patrons et Ouvriers de Paris*, p. 219.

² *Methods of Industrial Remuneration*, p. 175.

to £13 according to the size of his family. This would be independent of any other club grants; in fact, all our arrangements aim at stimulating, and not supplanting, individual resort to other benefit societies.

Precaution against Fluctuations from Bad Debts.—It is evident that it would be disheartening if the bonus were to make a sudden drop in any one year owing to a big bad debt for which only the employer or manager or traveller might be responsible. This risk can easily be obviated by a course which we adopt and recommend. Supposing the total of a firm's bad debts to be about £100 a year. Let the firm write off profit and loss account a percentage of sales which would make the sum, say, £200 a year. This course can be continued till a reserve of £500 or £1000 is reached, when there will be no fear of any sudden drop of bonus on this account.

Bonus not intended to affect Ordinary Wages.—It is not intended that the bonus system should affect the rate of normal wages. In considering applications for rises, to the best of my ability, I exclude considerations of probable bonus. About two years ago there was a movement in Coventry for an advance of wages amongst the printers, and our course of action therein should perhaps be quoted. A deputation from the Trade Union waited upon us, and although the rate of our bonus exceeded the asked-for advance in the minimum wage, the fact of our having any profit-sharing arrangement was not so much as mentioned during the interview. It was mutually arranged to defer the decision for two or three weeks, and in the meantime, in conversation with one or two of the principal employers in the town, I advocated the concession, thinking it at the time a just demand, and the advance was shortly afterwards

generally conceded. But here the only critical ballot opinion of the employees should perhaps be given.

(7.) I. *The Principle of the Scheme.*—(1) Unity between master and man; (2) Harmony among the employees; (3) The utilising of economy throughout the firm.

II. *Results.*—The results have been very gratifying during the four years the scheme has been in working.

III. *Does the Scheme affect Wages?*—In my opinion. *Yes.* The wages are *weekly*, therefore the younger and journeymen employees find it very hard to get an increase in their wages. I think it has no effect on the elder employees who have reached the top of the ladder.

Inasmuch as this opinion is almost certain to produce an unduly sinister effect, I should perhaps add a few words thereupon. When I read it, there rose up before my mind the figure of a brisk young man who applied for a rise a few months ago, and who seemed to be much surprised to find that the estimate of the value of his services formed by his fellow-workmen and his employer was not as yet proportionate to his own self-appraisal. That is, of course, only my guess. Our wage-book would, I think, show that during the last four years of profit-sharing, rises have been as frequent and substantial as during any four years of the firm's history. The Trade Union interview, above quoted, gives, I think, some support to this statement. I must confess that one is not altogether sorry at this last opinion, because, as will doubtlessly be inferred, the complaining voice of this solitary individual, one out of 69, favours the idea that the rest of the witnesses, who gave satisfactory opinions, spoke also without fear or constraint.

On the general question Mr. Schloss authorises me to say that he had met, a year or two ago, with the allegation that

profit-sharing firms underpaid their men in ordinary wages; he obtained returns from Trade Union sources respecting a large number of the principal profit-sharing firms then known. After studying these reports, Mr. Schloss arrived at the conclusion that no such general allegation, as above mentioned, could with truth be made.¹

Relations with Trade Unionism.—Under our profit-sharing arrangements there is no desire or attempt to undermine Trade Unionism. Society and non-society men are treated exactly the same. The rules do not contain an anti-strike clause. In the first draft, any one terminating his engagement during the year lost his right to participation for the incomplete year; but three years ago, chiefly owing to the influence of Mr. Schloss, this was altered, and now, even if a strike occurred and the strikers worked out their usual notice, they would be entitled to a share of the bonus, proportionate to the part of the year actually worked; but we have had no whisper of a strike.

Stimulus to mutual Good Feeling.—We think that a decided increase of good fellowship amongst the employees is discernible. To illustrate this feeling I may perhaps quote a little incident. The year after we commenced profit-sharing, one of our workmen came into the office and said

¹ "Although it would not be correct to say that all the firms in question, without exception, pay their employees according to the scale of wages and the regulations recognised as 'fair' by the Trade Unions, yet, speaking with some knowledge of the circumstances, I may express my opinion that in one only of these cases are the employees receiving lower wages by reason of their sharing in profits, this exception being the case in which the employees have received the abnormally high bonus of 26·9 per cent. on wages. In all the other instances, I believe that the bonus is a clear addition to the normal remuneration of the employees" (*Methods of Industrial Remuneration*, p. 179).

to me: "We should like your advice, sir; we want to know how we can best arrange to send so-and-so (naming a fellow-employee who was on the sick-list) to the seaside." I said I was glad to hear about the plan: when the workman—a clever, hard-headed, unsentimental fellow by the way—continued, speaking of the sick man, "As you know, sir, he wasn't over civil to us when he was here, but after what you done for us last year, we think that now we ought to do what we can for one another." This incident, I confess, lingers in my mind as the most gratifying occurrence in my whole business life.¹

5. EFFECTS FROM EMPLOYERS' POINT OF VIEW.

Economical Gains.—It should, in the first place, be noticed that the effects have not been uniform throughout the period of the four years' profit-sharing. When the scheme was first introduced there was a spurt, and nearly everybody showed some extra zest in his or her duties. Then after a few months there was a slackening, only the foremen and some others of the more intelligent workers keeping up with the increased zest. I am afraid that some firms halt at this stage, and report the system to be ineffective, before it has had a fair chance to succeed. The really important fact is, that for the last year or two there has been a pro-

¹ The economical results under profit-sharing have been obtained, apparently, without overstrain of the workers. Under the regulations of the Works' Sick Club, the balance of subscriptions beyond what is required for sick pay is divided up at the end of each year. During the eighteen years which have elapsed since the institution of the club, the subscribers have received back, on an average, 90 per cent. of their payments—that is to say, for every 20s. paid in, they have received 18s. in dividend at Christmas time. (For Rules and Accounts, see p. 247.)

gressive pulling up all round—a process which has been accentuated under the recent shortening of working hours.

One consequence of profit-sharing has been that there is less need of supervision, because it induces a system of mutual foremanship. It is, of course, a great lubricant, for there is less liability to friction between individuals and between departments. Again, the firm, owing to the fact that the staff are more attached to the establishment, and are not so likely to leave to start on their own account, or to go to competitors' establishments, feel it to be safe to delegate to employees more of the buying and other duties, thereby saving the employer's time and worry.

The workers also show an increased fertility of resource in overcoming difficulties. There have been distinct economies in time and material (for illustrations, see p. 46). There has been noticed greater intelligence in devising cheaper methods of production. The fact of such a system being in vogue with us tends to secure and retain for us the best workers. This was seen especially two or three years ago when there was a boom in the cycle trade, and everybody was crying out for boys and youths. We suffered, but we did not suffer so greatly as other people who employed this class of labour. It may be objected that this tendency was advantageous to the employer, and possibly disadvantageous to the employed; but experience in the present case clearly points the other way, for the majority of the youths who left us have been idly hanging about the streets for many weeks, being victims of a trade which, unfortunately, is at present subject to excessive variations of employment.

The provident fund feature provides a valuable guarantee against embezzlement. In the case of some firms such a

feature would be very valuable in respect to a cashier or traveller who might have large sums of money in his hands.

The last economical feature I would now mention is the advantage which has come to us through the introduction, owing to profit-sharing, of a professional audit. We thought that our book-keeping before was very well done, but my conviction now is that all employers who have not a professional audit are losing money thereby. This advantage is, of course, gained by many firms who do not have any profit-sharing arrangement: my point is that a scheme like ours makes a professional audit practically a necessity.

Moral Gains.—There has been an improved tone amongst the workers. Practically, we have had no loss of time through intemperance; I only remember one case during the last few years, and that was the case of an elderly weak-minded labourer who has now come back as a reformed character.

One interesting accompaniment of the system has been the spontaneous cessation of applications to me for recommendations for the charities in Coventry. We have a large number of charities: under one of these 200 or 300 doles of £4 each are distributed every year; and as I know one or two of the trustees, I could easily get for one or two men, in whom I might be interested, one of these £4 doles. Naturally, I used to have from year to year applications from men in our employ for such recommendations. Since the inauguration of this scheme, I have had no applications (with the exception of one from a new-comer) for charity recommendations, and this seems to show that the new system tends to increase manliness and independence of character.

The increase in the sense of moral satisfaction to the

employer is considerable, though under the existing state of competition a feeling of entire complacency is not likely to be readily attained by any thoughtful person. Personally, however, I feel wholly free from the fears which seem to possess the minds of many employers as to the possible results of the continued demands of labour—of some impending industrial Armageddon which is to overwhelm everybody.¹ The sense of insecurity as to the means and measure of one's livelihood is reduced almost to a vanishing point when one feels that his future is bound up with that of several score of honest people, who entertain towards him feelings of such respect and attachment as are manifested in the ballot opinions already referred to. The pleasure which one feels on the day of the bonus announcement, at the thought of the hundred homes which are brightened with the news of the declaration of some additional remuneration upon the year's work, is, I can assure my fellow-employers, a very enviable experience.

Qualifications.—There is a certain increase in clerical work, though not so much as might be anticipated. In a business employing about 200 persons, I reckon that the extra clerical work necessitated by such a scheme as ours can all be done by the cashier, and amounts in the aggregate, on an average, to one week's work per annum. In the first year it would be more, perhaps double or treble

¹ Lowell, in his Birmingham address, argued that this alarm was no new thing: "To the door of every generation there comes a knocking, and unless the household, like the Thane of Cawdor and his wife, have been doing some deed without a name, they need not to shudder. It turns out at worst to be a poor relation, who wishes to come in out of the cold" (*Democracy*, p. 17).

that time. Even with 400 or 500 employees, it is probable that the cashier by putting in a little overtime (for which, of course, extra remuneration might be arranged) would be able to do the necessary work without any increase in the staff. (For Forms for necessary Account Books, see Appendix, p. 213.)

In our case the institution has meant a slightly lessened income to the firm, but I do not think this is an essential accompaniment of a successful profit-sharing scheme. It all depends, of course, where you draw the reserved limit—where you draw the line of reserve.

When it is possible, a half-yearly balance is perhaps better, because twelve months is a long sight for the average employee, and the more quickly you can bring the reward before him the better; though, of course, when you have to show him the twelve months' result it is larger and perhaps more impressive. In many processes it is possible and desirable, even under profit-sharing, to introduce premiums or piece-work, so as to give a more immediate stimulus to industry.

Some annoying mistakes still occur, though it is doubtful whether this fact should be advanced as an objection to profit-sharing. No doubt the mistakes would have been more frequent without the system; the incidents referred to are such as one would wish to see absent under this *régime*. But one has the satisfaction—a grim sort of satisfaction—of feeling that the person who makes the mistake suffers for it.

Jottings of Experience from Note-Book.—In order to aid the formation of a reliable estimate of the virtues of profit-sharing, I have made, from time to time, jottings in my note-book of incidents, whether satisfactory or unsatis-

factory, more or less associated with the system. These incidents have not been searched for—indeed, I do not think that any of our employees have known of my practice; we have tried to avoid giving any theatricality to our experience.

Typical Unsatisfactory Incidents.—It may be remarked that the following incidents are not in any strict sense due to profit-sharing. They are quoted in order to show that the system is not a panacea. It must not be relied upon to bring about any magic instantaneous change in the characters or habits of the people. After its institution, there will still be necessity for careful guidance and working. It may be observed that when the faults are not due to a personal feeling among the people, they lie with the younger and less intelligent members of the staff.

Economical—

Dec. 1888 .	Apprentice . . .	Wasting time.
Jan. 1890 .	One department .	Female workers. Bad work.
Oct. 1890 .	Two machines . .	Bad work.
Nov. 1891 .	Two journeymen .	„
„ .	Some work-girls .	Careless work.
Sept. 1892 .	New sub-overseer .	Unnecessary overtime and bad work.

As to Morale—

Dec. 1888 .	Journeyman . . .	Trouble with foreman.
Jan. 1889 .	Youth	Discontented and left.
Nov. 1889 .	Youths	Quarrelling.
Oct. 1890 .	Two overseers . .	At loggerheads.
Nov. 1891 .	Box-maker . . .	Coming late for special work.
„ .	Youth	Saying (? seriously) "I shouldn't trouble about bonus if I could get 1s. a week extra somewhere else."
Nov. 1892 .	Foreman	Friction with other departments.

Typical Satisfactory Incidents.—It will be seen that some of the following incidents are clearly due to the institution of profit-sharing :—

Economical—

Nov. 1888 .	Two rooms . . .	Gas turned down (spontaneously) during tea-time.
„	Journeyman . . .	Suggestion of improvement in design of machine.
Dec. 1888 .	Foreman . . .	During holidays thought out improved plan of working.
May 1889 .	Foreman . . .	Communicating to subordinate recipe of process (without usual payment).
„	Machineman . . .	On leaving in evening spontaneously helping box-packer during a rush (of course, without pay).
July 1889 .	Journeyman . . .	Making a machine self-delivering.
Aug. 1889 .	Foreman . . .	Using certain material twice over.
Sept. 1889 .	General . . .	Saving in gas bill for the year, a larger trade having been done.
Nov. 1889 .	Machineman . . .	Suggesting grinding to be done by boy.
Jan. 1891 .	Foreman . . .	Discovering preparation to improve work.
„	Foreman . . .	To girl who had spoilt some work, “That’s so much out of your bonus.”
Nov. 1892 .	Foreman . . .	Process paper to be coated by girl instead of by self in overtime.
„	Foreman . . .	During press of work, “We’ll do without overtime somehow.”
„	Office staff . . .	Saving stamps by collating letters of two departments.

CAUSES ASSIGNABLE FOR SUCCESS ATTAINED. 47

As to Morale—

- Junc. 1889 . Late Foreman . . . Words to witness during last illness, "I thought I should like to see you once more, sir. Not because I want anything, but for friendship's sake. You've been a good master to me."
- Sept. 1889 . One department . . . Started a Trade Magazine Club.
- Feb. 1890 . Sub-overseer . . . Words to witness, on applying for rise—work having been changed: "If you think that the reason I apply is because of last year's bonus, I'd rather you did not give it me." The rise was not given, as we thought the old rate was the full market rate for his services. He remains with us as one of our best and most willing workers.
- Jan. 1891 . Journeyman . . . Words to witness, on leaving to take overseer's position: "I hope, sir, I shall always get treated as well as I have been here." This man has just returned to us.
- Feb. 1891 . Journeyman . . . Refusing offer of a situation elsewhere at 4s. rise.

6. CAUSES ASSIGNABLE FOR SUCCESS ATTAINED.

Candour perhaps demands that some intimation should be given of the grounds to which, in my opinion, the satisfactory operation of this system may, in our case, be attributed. I cannot do better than quote, as a key to the measure of success which has so far attended our experiment, the teaching of Ruskin:—

“The largest quantity of work will not be done by this curious engine”—he is speaking of the working man—“for pay, or by help of any kind of fuel which may be applied by the chaldron. It will be done only when the motive force, that is to say, the will or spirit of the creature, is brought to its greatest strength by its own proper fuel—namely, by the affections.”

But his warning must also be given: “The affections only become a true motive power when aroused by disinterested action. Treat the servant kindly, with the idea of turning his gratitude to account, and you will get, as you deserve, no gratitude, nor any value for your kindness; but treat him kindly without economical purpose, and all economical purposes will be answered: in this, as in all other matters, whosoever will save his life, shall lose it; whoso loses it, shall find it.”¹

This argument, I am aware, is to many employers “foolishness;” they cannot understand the economic value of good-will on the part of the employees. A friend, generally reputed to be a smart business man, argued with us thus: “I know something of the competition in the trade: there are only two ways by which you can pay your bonuses; either you underpay your men in their ordinary wages, or you ‘sweat’ (overdrive) them.” If this were so, we had to reply, it was strange that some of the best workmen in the trade seemed always ready to come to our establishment.

¹ *Unto this Last.*

CHAPTER II.

“CROSS-EXAMINATION” OF WRITER BEFORE THE LABOUR COMMISSION.

MR. DALE.

6038.¹ I think you said that the total number of persons in the employment of your firm is 185?—Yes.

6039. Do all of those participate in your scheme?—Practically all.

6040. I think you said that the ballot papers had been sent out to 79?—To about 70, because ballot papers were only sent out to those above the age of twenty-one. You see we have a number of young people—youths and girls.

6041. Then one may take it that of the 185 in your employment rather more than half are under the age of twenty-one?—Yes.

6042. Who are nevertheless admitted to and in fact are members of the scheme?—Yes.

6043. Participators in the scheme?—Yes.

6044. What notice to terminate service exists between

¹ The numbers correspond with the questions in the official report of the evidence, December 1, 1892. In cases where more than the verbal alteration has been made to this report, the alterations are marked by [].

you and your workpeople?—Generally speaking, one week's notice.

6045. And service is terminated either by the giving or receiving of the notice?—Yes.

6046. I understand that, so far as the person's interest in the fund is concerned, that would be retained till he could naturally claim it, unless it was agreed by the committee, representing both the employer and the employed, that the circumstances justified its earlier payment?—That is so.

6047. As a matter of fact, has your profit-sharing scheme had any influence on the non-necessity for your giving notice and the non-disposition of your employees to give notice?—[I think there has been less need for giving notice and less inclination on the part of the employees to leave.]

6048. Are the cases comparatively few?—Our staff was very permanent, I think, compared with other businesses, before this came into force.

6049. As a matter of fact, where service has been terminated, has the person's share of the fund been usually handed over to him?—No. The rules provide that he shall not have it before such a time as he would have it if he remained.

6050. I think you said subject to the committee's discretion?—Yes, certainly.

6051. I am asking whether that discretionary power has been exercised?—On one occasion, and only on one occasion; in the majority of cases it has not been.

6052. It has rested?—It has rested. Girls leaving for marriage have, of course, always been paid out. [This reply should be supplemented by the statement that the provident fund had been paid out in several cases upon

the death of the employee. Moreover, every year there have been a few cases in which the fund has been paid out owing to the fact that it was less than £1.]

6053. You recently reduced your hours from fifty-four to fifty, I think?—Yes.

6054. Was that in connection with a similar reduction of hours by other persons in your trade in the same locality?—No. . . . We put it to our people, who voted on the subject. [See p. 154.]

6055. Was there a corresponding reduction in the rate of payment?—There was no reduction in the rate of payment.

6056. One of the ballot papers you have handed in says, “The wages are *weekly*, therefore the younger and journey-men employees find it very hard to get an increase in their wages.” What did the writer mean by that?—I cannot discover. [For remarks on this ballot paper, see p. 38.]

6057. You handed in a specimen provident fund account, which you desire to be considered confidential. I presume that that desire merely arose from your wish that what you have taken as an illustration should not be deemed to be the expression of an expectation on your part?—Yes, that is so.

6058. It is merely illustrative?—Yes.

6059. What it means is, that assuming a workman’s provident fund share of the bonus equalled £4 per year, he would at the end of twenty-five years have accumulated, I suppose, about forty times as much?—That is so.

6060. In other words, if a girl were receiving 12s. a week, and if, by way of mere illustration, her provident fund share of the bonus per year amounted to £2, she would under your scheme, with 4 per cent. added, be able to

accumulate, at the end of twenty-five years, £83, 5s. 10d.?—
That is so.

6061. A man, on the other hand, whose provident fund share of the annual bonus amounted to £6, 13s. 4d. would have accumulated £277?—That is so.

6062. And that in addition to having received from year to year in the interval a third of his share of the bonus in cash?—That is so.

6063. That is the meaning of it?—Yes.

6064. If the results in any year fall short of the reserved limit, is the deficiency carried forward into the next year?—
No.

6065. Each year stands by itself?—Practically so.

6066. The amount of capital to bear the 5 per cent. interest was a matter of declaration, as it were, by the firm in the first instance, I suppose?—The amount of capital has not been made public; in fact, the capital is a varying sum from year to year, but the accountant sees to that.

6067. It is for the firm and the accountant to define what is the amount of capital which should bear interest as a first charge upon the profit?—The balance-sheet shows that amount each year.

6068. You used the expression, I think, in reference to your own undertaking, but I am not sure as to that, that “the income of the firm had been reduced”?—Yes, it has been slightly reduced.

6069. That is to say, your own experience has not been that the greater industry, or the greater efficiency, or the greater economy of the employees, has effected a saving equal to the employees' share of the profits?—No, but I think it is possible that in other cases it might.

6070. You said, I think, that the system which you

adopt was not very well adapted to piece-work?—The impression I wished to give was that piece-work brings an additional incentive to zeal of itself, so that, supposing a business is all piece-work to begin with, there is not presumably the same margin as regards speed as there is in a business which is on time wage.

6071. In other words, the piece-work system would in itself be an incentive, rendering it not so necessary to have the further incentive of a participation in profits?—Yes, not for that purpose; but, of course, profit-sharing has other qualities which I think render it very desirable even in the case of a piece-work firm. [Profit-sharing is just as useful in a piece-work trade as in other trades, for inducing economy in the use of material, tools, etc., and specially useful for lessening the risk of scamping the work.]

6072. You do not see any difficulty in the way of applying it to a business in which piece-work prevails?—No, you see that nearly half of our people are on piece-work.

6073. Then you simply mean that there was already an incentive in the piece-work system?—Yes.

6074. Which rendered the profit-sharing system not so important?—From that point of view.

MR. TAIT.

6075. Was it from the men that the advance came for the purpose of reducing hours, or from the firm?—From ourselves—from my brother, in fact.

6076. You pay the standard wage and you work four hours per week less than any other firm in a similar trade to yours in Coventry?—I think so; the Trade Union number of hours is fifty-five, and we work fifty.

6077. Then that is five hours less?—Five hours less.

6078. That would be equal in the case of men having over 25s. per week to a tax upon you of from 2s. to 2s. 6d. per head?—I suppose I must not go into the matter of the results of shortened hours as time is short, but we have found that the reduction in hours has not so far lessened the production.

6079. That would be a reason then why you have not found the reduction of the hours hamper you in the open competitive market?—We only reduced the hours two months ago; we do not feel any effects in that direction, and we do not anticipate them.

6080. You have also said that you favour profit-sharing as against municipalisation. How would you define the profits of the municipality for workmen engaged under a municipality?—[I do not think that my statement bears quite so definite an interpretation as you allege. Judging by our experience in Coventry, I should say that it is very desirable that the municipality should own the water and gas supplies.] The scheme adopted by the South Metropolitan Gas Company could, I think, be applied to the gas undertaking of a corporation.

6081. But there are other employees of corporations besides them; you have not thought that out?—[It seems clear that profit-sharing, pure and simple, would not come in. But with a determined effort and a fair degree of ingenuity, it seems to me that it should be possible to devise, with respect to most of the occupations in question, some system of annual award—a portion of the benefit desirably to be deferred—which should be in some way, or at least to a certain extent, proportionate to the zeal displayed by the worker.]

6082. Have you ever thought of taking your workpeople

into your confidence—if I may put it in this way—into your board room, for the purpose of administering your business?—No. Of course we invite suggestions, and the men see from the fact that many of them are carried out that those suggestions are valued.

6083. But you have not thought of taking them as partners as it were, or of taking in a representative man as a partner in the concern?—Anything connected with the internal regulations, or the welfare of the people, we always talk over with the committee of the employees, but not more than that.

6084. Do you consider the good understanding between you and your workpeople as being the result of that profit-sharing enterprise?—We had a fairly good understanding to start with, but it has become accentuated under this system.

6085. Do you think it is better?—Distinctly so.

6086. Do you look forward as the result of such a scheme as yours to a complete industrial partnership?—I scarcely grasp the question.

6087. In the course of time if a large number of employers were to act similarly to yourselves, do you think it would ultimately lead to complete industrial partnership?—That is to say, to the adoption of profit-sharing by employers generally?

6088. Yes?—Personally, I distinguish between profit-sharing and industrial partnership. Our own case is profit-sharing, and Mr. George Thomson's case is industrial partnership.

6089. That is a Huddersfield manufacturer?—A Huddersfield woollen firm. [Mr. George Thomson gave evidence to the Commission on November 13, 1891, respecting

his most interesting system.] I am certainly hoping that the system of profit-sharing will extend.

6090. Do you think that for the purpose of cementing the interests of employers and workmen, a complete industrial partnership as against a profit-sharing scheme, similar to yours, is best, or which do you think is the best?—I think for the time being profit-sharing is as far as we can go. For myself, I hope that there is something beyond in the future.

PROFESSOR MARSHALL.

6091. The provident bonus is invested in the general capital of the firm, is it not?—Yes.

6092. Have you thought of insuring that with a mortgage insurance society?—No; we have given a sort of mortgage, the terms of which I have handed in.

6093. Yes, I understand that; but all that stands or falls with the prosperity of the society; you have only made it a first charge on the company itself?—It is a first charge on the actual property—the works—which are, of course, considerably more valuable than the amount which we owe to the provident funds.

6094. Would that first charge hold against all other debts, without notice having been given of it?—It is a charge on the actual buildings, and the trustees hold the deeds of those buildings. Perhaps I may have given a slightly wrong impression in my reply to the Duke of Devonshire; it is not a charge on the whole assets of the firm; it is on our actual works—the premises, which are, of course, kept properly insured.

6095. And you have had legal advice that that is a perfectly sure security?—Yes. [The security would seem to be a better one than the security of debenture bonds in

a commercial undertaking, because the beneficiaries have an exclusive claim, with a good margin, upon real property. Of course, if the provident funds grow beyond a certain limit, we should have to find some additional security, or we should have to invest part of the funds in a savings bank, or in Government or Corporation stock, in which case the owners would only be entitled to the public rate of interest.]

MR. COURTNEY.

6096. You executed a deed in reference to this charge, I suppose?—Yes.

6097. Mortgaging your buildings, in fact, as a security for the provident fund?—That is it.

6098. You yourselves have complete control over that provident fund?—Yes; but I imagine that each holder of a part of that provident fund has a legal claim against us for the amount of his provident fund.

6099. But you have invested it in your business as a matter of fact?—Yes.

6100. Could the investment have been in any way controlled by any workmen interested in the fund?—The trustees know all about the investment. One of them is an employee, and presumably he would speak if he thought it unsatisfactory.

6101. Who are the other trustees?—The other trustee is the manager of our bank in Coventry.

6102. Do you suppose that those two trustees could call upon you to pay up the sum at any time?—No, it could only be called up in case we discontinued the profit-sharing system; of course, we have to pay money out as it becomes due to the respective owners.

6103. In fact, the trustees have no control over the investment?—I imagine not.

6104. What is the mode of distribution contemplated in connection with this fund; under what circumstances does it get distributed amongst the workmen?—When a man has worked twenty-five years for the firm, he has a claim to draw out all that belongs to him in the provident fund; say it is £100 or £200, we pay it to him in cash.

6105. And at the end of twenty-five years he can draw out the whole?—Yes, the whole.

6106. In the case of sickness or any other casualty before that, has he any claim?—No; but the rules give to the committee and the firm the option of paying out in such cases, which no doubt we should avail ourselves of.

6107. Has it been exercised in the case of sickness?—I think not.

6108. You have had four years' experience?—Yes.

6109. And there has only been one case in which it has been withdrawn, I think I understood?—[Only one case under this clause, in which the sum was considerable.]

6110. What was the special characteristic of that case? Was it for some purpose of using the fund as a capital in pursuing a new mode of life?—Yes. [The holder also was in a special position, because she happened to be a married woman, one of the last of that class employed by us.]

6111. And that would be recognised as a rightful claim under similar circumstances?—Yes.

6112. But a person who had left your employment in order to take up a position of better pay possibly elsewhere would not be able to withdraw his share until twenty-five years had elapsed from his first entering your employment?—No, he would not be able to do so, and for a good

reason; otherwise it would give a premium to a person to leave; it would be a direct temptation to an unthrifty man.

6113. It would be an inducement to a man who wanted the money to leave on purpose to get the money?—Yes. In fact, our rules first of all provided for that, but we altered them. We saw at once that it was a weak point.

6114. Did you find that people were leaving and claiming?—No; the fund was quite inconsiderable then, but we could see that it might have that effect.

6115. Obviously that would operate as a deterrent from leaving now; it would be inconvenient for a workman to have a fund in your hands which he could not claim the benefit of till fifteen or twenty years had passed by?—I do not quite admit that point, because he is getting interest all the time upon it, and while it is in our hands at 4 per cent., he is getting better interest, considering the security, than he could get elsewhere.

6116. The interest is not paid to him; it accumulates?—It accumulates.

6117. Still, if a workman left your employ after being five years with you, he would have to wait twenty years, wherever he went, before he got the money?—As a rule; but if he were going to emigrate, we should no doubt vote him the money before he went.

6118. You might consider the case?—Yes.

6119. If he were going to another town in England, still more if he were going to another shop in Coventry, you would not vote him the money?—No.

6120. In fact, that would tie him by the leg—it may be a good thing, but it would do so?—Seeing that he has a full right to it, it does not seem to me to do so.

6121. You do not think if you were in that position

you would consider your leg was bound?—No, if I was satisfied that the firm who held my money held it safely. [It would not be as though part of my regular wages had been detained. I should know that the money was to be had on demand in any emergency, whether of incapacitating illness, or death. Even if I felt inconvenienced from not having the handling of the fund in the meantime, and I knew that I could use it wisely, I should also know that many of my fellow-workmen were not yet thrifty enough to make good use of the money, and I hope that I should cheerfully resign myself to the regulations for the sake of the weaker brother. I happen to know, moreover, that one of our thrifty employees is feeling very thankful that the provident portion of the bonus was not paid out to him, because, if it had been, it would have been invested in a certain building society, and would have been lost.]

6122. Do your business products vary much in selling price from time to time, or is there a steady trade for them?—The price has been a steadily diminishing one, but the trade is not liable to great fluctuations.

6123. Steadily diminishing, possibly because the cost of production is diminishing also?—Yes, and owing to the increasing keenness of competition.

6124. But it is not a trade liable to great fluctuations?—No.

6125. Have you considered whether your scheme would be equally applicable to a trade, the products of which were liable to great fluctuations in the selling price?—I think the plan then would be to adopt the percentage basis instead of the reserved limit basis, and give to the employees so much per cent. of the clear profits. Of course, it might be that that would reveal to outsiders, in a bad year, that the firm was doing very badly, but that might be guarded

against by having a top and a bottom limit—bonus not to be declared for more than a certain amount (to be held over)—and no bonus to be declared for less than a certain amount.¹ [In some way there might be arranged a reserve fund for equalising dividends. Compare Rule 7, as to the Employees’ Reserve Fund in our scheme (p. 207).]

6126. Your work is piece-work, I understood?—Nearly half of it.

6127. Does that affect your interest in the question whether you work fifty-five hours or fifty hours per week?—The fact that we have many piece-workers?

6128. Yes.—No; the curious thing is, that in the two weeks after we reduced the hours, the production in one of the departments which is on piece-work went up higher than it had ever been before. It has not kept up to that limit, I believe, because we have not needed the work.

6129. You say half your work is time work; do you mean half the workers or half the money earned is for time?—We have nearly half who are paid the fixed time wage.

6130. Does their receipt amount to half the weekly wages altogether?—I should think it would amount to a little more if anything, because it includes the payment of the staff as well as the time-wage earners.

MR. LIVESEY.

6131. Your reserve limit was fixed arbitrarily by the firm without any consultation with the workers, I suppose?—Yes.

6132. Now, about this provident fund; does it not take the form of compulsory saving for the workpeople—the keeping of two-thirds?—Yes, I should think that is about it.

6133. And does it not convey this by keeping back this

¹ Cf. *Sharing the Profits*, p. 58, by M. W. Calkins.

two-thirds, that the workers have no absolute right to the bonus even after it is earned. Have not they a right to the money year by year?—To the sum after it has passed to their provident fund, do you mean?

6134. Yes. Let us take the full amount merely for illustration at three weeks' wages?—Yes.

6135. The worker has a right only to receive the equivalent of one week?—That is so.

6136. And the other two weeks are retained?—Yes.

6137. Now was that arrangement made by the firm as an arbitrary arrangement in propounding the profit-sharing system?—Yes, and it was embodied in our offer to the workmen.

6138. Do you think that after you have admitted them to this limited partnership, and have told them that if they work more and the results are satisfactory they shall have their share, it is fair to keep back two-thirds? Would not it be better to give them the whole, or give them the option of taking the whole?—It is a question whether they are able to bear it. I think that in the present stage of the thriftiness of the working classes, it is desirable in their own interests that the whole should not be paid out.¹ [In our own case, I think that any one who knew all the facts of the situation would admit that there was for this proviso a special degree of justification in the liberal lines on which the offer was framed.]

¹ Cf. a letter received January 12, 1893, from an employer in the North:—

“I find by giving them cash direct that it benefits them little indeed. For instance, I asked my foreman what he intended to do with his last year's bonus (about £2, 12s. 6d.). He replied that he had arranged to go and see the Lincoln Handicaps run off, and he went. What I propose will prevent such foolish waste.”

6139. Would you be surprised to hear that in our case the annual bonus is absolutely free at the end of the year, and nearly one-half of the men leave their money in at 4 per cent. voluntarily?—I am very pleased to hear it. But it is just the other half of your men that we want to inculcate thrift into.

6140. Will you inculcate thrift if you take away all the responsibility from them and say, "I will save your money for you, whether you will or not"?—I think the opinions by ballot show that our course for all that does inculcate thrift. [I may here quote some figures kindly sent to me by the Actuary of the Coventry Savings Bank, through which the cash portion of our bonus is distributed. He spontaneously wrote me on November 16, 1892 (it is understood that I am not in a position to learn what individuals do with their cash bonuses), stating that, of the 92 new accounts opened in 1889, he found—

There were still open, with sums under £1,	35
" " " over £1 and under £5,	18
" " " " £5,	11

There are thus 64 accounts open by the free-will of the depositors, while there are 28 closed, of which 25 may possibly be accounted for by the fact that their owners have left our employ. The majority of these are boys and youths who have been attracted into the cycle trade during the last two or three years. If our plan were calculated permanently to damage the growth of thrift amongst the work-people, I should be inclined to object to it, even although temporary good might result.]¹

6141. Would not the other plan have a more highly

¹ See a striking letter of a well-known co-operator, Mr. Charles Shufflebotham (2) on p. 110.

educating and better effect upon the people in teaching them to save their own money?—I shall be very glad when they are ripe for that. I think there is a great deal in your argument.

6142. When will they be ripe if they do not have the opportunity?—Our rules are not like the laws of the Medes and Persians.

6143. I am very glad to hear that. Now it has often been said as an objection to profit-sharing that the workers cannot share the losses. Have you ever heard that objection urged?—Yes, with some frequency. But the answer to that is that they do lose in this respect, that they have presumably been putting extra value into their year's work, and if there is no profit or if there is a loss, they get nothing for that extra value.¹

6144. That is a further argument for what I have been urging before—that they are entitled to the whole of the money if they put extra effort into the work. But going back to the sharing of losses, you say they share losses if they have put extra effort into their work under the stimulus of profit-sharing?—In some cases it has been arranged that there should be a reserve fund—so much out of the employer's share, and so much out of the employees' share, which shall go to a reserve fund which is held over from year to year to meet losses, and in our case that actually obtains with regard to bad debts.

6145. That seems very reasonable. Then supposing an arrangement of this sort were made, in case of the workers being entitled to the whole of their bonus year by year, have you made an arrangement that after they have received 5 or 6 per cent., or whatever it may be, a certain

¹ Cf. *Methods of Industrial Remuneration*, p. 194.

percentage, if earned, should be carried forward as a reserve fund to meet losses on bad years; that would make them share losses as well as profits?—Yes.

6146. I have only one other point about this question of partnership. Your rule is that the employees or any of them will have neither the rights nor liabilities of partnership, nor are they any of them to intermeddle or be concerned in the management of the business or book-keeping or accounts of the firm. From what you said to Mr. Tait I rather gather you are prepared to see an extension of the principle in that direction?—Yes, but I do not think the time is ripe for it at present.

6147. How will it become ripe if you do not make a beginning?—I think we have made a beginning in giving them an interest in the profits.

6148. You have made a beginning four years ago, and there you stand still. I do not say that they should have more than their fair share in the management, because capital has its share in the business, and that must be protected; but if the workers were allowed as of right a fair share in the responsibilities of management, do not you think it would be a vast improvement on the system of profit-sharing now in vogue?—I cannot think that the times are ripe for it. I think that one's motto should be *Festina lente*.

6149. Cannot you begin?—I think a private industrial concern like ours is better managed if that management is exclusively in the hands of the firm—that is to say, I consider that the captain should have sole command of the ship.

6150. Take a limited liability company, there the management is in the hands of the directors, and the

directors are elected by the shareholders; why should not the workers also have their representative on the board?— I think when you come to the case of a limited company, the case is somewhat altered. [But even here I have understood that the more the control is left to the single able managing director, the better it is for the prosperity of the concern.] I thought you were arguing from our own case only.

6151. It is the same in principle?—Scarcely so; I should think in an undertaking like a gasworks it might be a very good thing. (Laughter.)

6152. I am quite willing to accept that. The only question is how to do it; but do you not think that giving the workers responsibility, not merely the responsibility of taking care of their earnings, but also responsibility in the direction of sharing in the management of the work from which they derive their living, would be an educative operation that would be invaluable, and beat everything else in the direction we want to go?—I think so, if it is found to be wise and expedient, at a given time in a given factory.

6153. Then you agree that the principle is right, and the only question is the right practical application of it?— In a large concern, such as the companies you have referred to.

6154. I have sometimes thought it would be easier in a small one. Where you have 3000 or 4000 men, as we have, it would be rather a difficult matter to get them to select a representative fairly; but if you have only a hundred or two, surely it would be easier?—I think the man would be looked upon rather jealously by the others.

6155. I daresay he would. There are practical difficulties, I admit, but the principle you agree with?—Yes. [I do not wish to preserve any unreasonable class privilege; in fact, I quite believe in a “levelling-up” process; but the practical difficulties in the way of carrying out the course you seem to recommend are, it seems to me, at present insurmountable. Besides, it would seem that only one in the three thousand would be actually in a position to benefit from this higher education.]

6156. Do you agree with what I heard Mr. Albert Grey say the other day, that the workman has passed from the slave to the serf, and from the serf to the hireling, and he hoped to see him pass to the position of partner through the agency of profit-sharing. Is that the ultimate end of profit-sharing, do you think?—I would rather not commit myself either one way or the other. [That may be the goal, but it is out of sight. If Mr. Grey would substitute the term “shareholder” for that of “partner,” I think that his scheme of evolution would be both admirable and practicable.]¹

6157. Is there a co-operative watchmaking society in Coventry?—Yes; my friend Mr. Shufflebotham, who is manager, has given me one or two particulars respecting it.

6158. How is that managed?—By a committee, all of whom, except the president, are working watchmakers.

¹ Mr. Livesey writes me, when returning proof-sheet, February 3, 1893:—“I am now inclined to agree with you on this point, and I think that facilities should be given, wherever practicable, for workmen to become shareholders, and that these shareholders, although their holdings may be small, should, *in consideration of their also being workmen*, have their representative or representatives on the board of management of the company.”

6159. They have shares in it?—I think so—nearly all of them, at any rate.

6160. Then this is the sort of thing that we are talking about. Do you know how the profits are divided?—After paying 5 per cent. on share capital and $3\frac{3}{4}$ per cent. on loan capital and $2\frac{1}{2}$ per cent. to education fund, the profits are equally divided between labour and custom.

6161. Then is the profit paid in cash to the workmen?—It used to be so paid, but they have been capitalising the profits since 1887, manifestly to the benefit of the workmen and the society.

6162. That is a voluntary act on the part of the workmen, I suppose. They have been leaving their profits in to increase the capital?—No, it is compulsory. If a workman in that society wishes to draw his year's profit, he cannot.

6163. But that has been arrived at by agreement with the workmen themselves, has it not?—It was arrived at by vote of the society, which includes a considerable number of people who are not workmen; I think that about half the members are workmen and half are investors.

6164. That has been determined on in order to make them all shareholders?—That would be the idea, but also to give an incentive to thrift. The manager is very strong on that point. [In fact, in this democratic concern, "the common sense of most" compels not only every workman, but every customer to leave the *whole* of his bonus in the concern.]

MR. TOM MANN.

6165. I think you have said that the working hours in

your establishment are five less per week than the general working hours in the same trade?—Yes.

6166. I think you have also stated that you got the same output practically under the fifty hours system as you did under the fifty-five?—That has been our experience so far.

6167. Of course, I understand that you are favourable to profit-sharing as one means whereby you hope to see the labour problem effectually solved?—Yes, as one most promising means.

6168. Has it fallen to you to give any attention to the unemployed question?—No, not to any great extent. Of course, our experience in the shortening of hours has a bearing on that problem. That is to say, in a trade such as ours, the reduction to the eight hours day, basing one's argument on our experience, would not employ the unemployed. Of course there are certain trades, like tramways, in which it would tend to employ the unemployed.

6169. Have you formed any opinion as to what would be the probable effect of the reduction of working hours in the manufacturing trades generally?—My impression is that it will be similar to our own—that practically the same amount of work will be done.

6170. And therefore, from the point of view of absorbing the unemployed, it would not be very effective?—No.

6171. Have you anything you would care to add as to how the unemployed should be dealt with?—I think, considering the time of the day, I had better not put my ideas on that subject before the Commission; they are mere *obiter dicta*.¹

¹ See p. 199.

MR. COURTNEY.

6172. Your point about the security of the provident fund is this, that although it is invested in your business it is secured by a mortgage of your trade premises, and is therefore independent of the vicissitudes of your business? —That is so.

CHAPTER III.

ANNUAL ADDRESSES TO THE EMPLOYEES.¹

AT INAUGURAL MEETING, OCTOBER 13, 1888.

AFTER a supper, at which about 130 employees were present, Mr. T. W. Bushill said:—

If you look about on trades generally—I am speaking to some who are thinking men and can see beyond their own plates—I think you will notice that there is nowadays a marked tendency towards big businesses. The small man finds it more and more difficult to hold his own—and on all sides one sees examples of small businesses becoming merged into great concerns. Now to my mind this tendency is fraught with possible, if not probable, evils to the individual workers in these large concerns, and also with possible, if not probable, dangers which are not so generally recognised to the truest and highest interests of their masters too. It seems useless to fight against this tendency: one may interpose certain wise checks—the maxim “Live and let live,” is one of the old traditions of the firm; but in the main the tendency is irresistible under present trading conditions. It is surely, then, worthy of

¹ The following reports, originally issued privately for the use of inquirers, are reprinted, with the idea of giving information upon the development of the experiment.

the earnest study of right-minded men to discover if possible how the working out of this tendency may be reconciled with the general good, and how its attendant dangers may be averted.

Now, I think I may say that in these works the employees gain some outside advantages from belonging to the place. For example, there is the Sick Club, through joining which you obtain substantial relief during sickness for a quite nominal sum: the average net payment for the past five years has been only 3*d.* per share; *i.e.* you have paid in 4*s.* 3*d.* per share per year, and have received back 4*s.*, so that one may say you have obtained a substantial insurance against sickness, at a cost in the case of boys of only 3*d.* per year, and in the case of foremen of only 1*s.* 6*d.* per year.

This provides for sickness; but there are times, I know, when some look forward with apprehension to the *future*, when perhaps they will no longer be able to work. We must look things in the face; and it does not seem to me a final answer to say to such, "You should save, and so make provision." Some *do* save; some more *might* save if they so resolved; but after all is said, it must be confessed that to the average workman the making of adequate provision for old age is a matter of extreme difficulty. And so this fear haunts the mind like a recurring spectre—the fear, I mean, of becoming in old age a burden to one's relatives; perhaps of being driven to solicit aid from the parish; or what to a rightly sensitive mind is only less objectionable, the necessity of cultivating the good graces of some trustee, in order to secure the benefit of one of the charities with which Coventry is perhaps too richly blessed.

Well, the time has come when we as a firm ask ourselves

whether something more cannot be done to dispel this fear from the mind of every hard-working thrifty man in our employ; and to-night I have the honour of laying before you some proposals which are the outcome of prolonged thought and investigation.

[After describing the proposed scheme, the details of which may be gathered from Chapter I., Mr. Bushill continued]:—

So much for the rules! Now for a few less formal remarks as to their possible effects. All the staff having a direct interest in the result of the business, it may be expected that increased zeal on the part of the workers will be stimulated. In alluding to one or two directions in which improvement may be desirable, my remarks may not perhaps be so generally palatable. Let me, however, say once for all, that any censures which may be implied are not by any means universally applicable. We hold the belief with pride and satisfaction that we have had for years, without this incentive, examples of hard and excellent work which it would be difficult to improve upon. It is one of the most pleasurable considerations in presenting the scheme that to these it will come as a well-earned reward. Indeed, but for this faithful service on their part, we should not be in a position to offer any such advantages at all.

Now, in speaking of the other side of the subject, I will be just as frank; but let only those whom the cap fits put it on their heads.

We have not perhaps very much of what is termed "Shackling;"—you know what I mean—expressed pretty well in a phrase I have heard, "Come day go day, God send Sunday;" but wherever that tendency exists, I anticipate

that under the new scheme it will, from motives of personal interest, be checked; and if this failing should prove incurable, it will, I think, soon be brought home to the individual in question, by his or her fellow-workers themselves (leaving the firm out of the question), that some other place—other than Cow Lane Steam Works—will be more suitable to his or her genius. Shackling, and *unnecessary overtime*, will be opposed to the general interest.

Then as to waste, through carelessness, of gas, material, or what not. It will, I imagine, gradually come to be seen that such a course on the part of a workman is just like taking his own money and throwing it into the sea.

Improvement in the taste and quality of manufactures is another point which is imperiously insisted on by the demands of the time, and the scope for which is almost infinite. Here it will come to be seen that, as the firm's reputation in these respects increases, so the prosperity in which you all will share will also grow.

Then, as you know, in our business there is a good deal of necessary working into one another's hands, not only between individuals, but also between departments. Now the spirit in which this is done makes all the difference in the world to the time that is occupied. Here it must come to be recognised that the interest of all is the interest of each, that friction is therefore suicidal, and that the more quickly orders can be turned out, the more quickly orders are likely to come in.

The firm will also expect to be promptly and heartily supported by foremen and others in any alteration in system or procedure which they may think wise and necessary.

I have spoken of some results which we want: just a word on results we do *not* want.

Of a foolish or wrong use of the provident fund when it may come into the participant's hands I have already spoken. This would be most unsatisfactory—in fact, altogether disheartening.

Then, the scheme provides, to such as hold themselves in readiness for such feelings, a new source for possible discontent or dissatisfaction. I mean in this way—one year, say you get three weeks' bonus; the next year, possibly only one week's bonus. "I don't see this"—such a one may say—"I've worked as hard, why should not I have as much?" The answer is, of course, that there are some things in business over which no firm has control, such as bad trade, bad debts, increased competition, etc. That you get what the rules prescribe, the accountant will see to; and in the fluctuation alluded to, the firm will, of course, also share.

One other warning under this head will suffice. I am told that there is just one firm who has in recent years discontinued this system after starting it, and this is how the failure came about. In a Paris firm in the painting trade, a certain bonus was distributed at the end of the year. Thereupon the men said to the master (you will recognise, I think, a different tone in their relations from that which has, happily, always existed here), "If you can afford to give us something extra at the *end* of the year, we don't see why you should not *during* the year; we should prefer it weekly, and we want it added on to our wages." The men had, of course, missed the real principle of profit-sharing altogether, which is to reward the workmen *in proportion* to the energy they put into the work, as far as can be done under the inevitable risks of business. The master not unnaturally replied, "My bonus seems to make you think that, from week to

week, I am keeping back something that justly belongs to you. I have always paid the full current rate of wages weekly." (I think *we* can truly say the same, and the scheme is not intended to interfere at all with our wage customs.) "And as that is the way in which you look upon my bonus scheme, I withdraw the same, and in future you shall have the market rate of wage, and no more."

I have felt it right to dwell to this extent on these matters, because the ship's head is being turned this year into new and little known waters; and if I thus indicate beforehand a few of the rocks and shoals to be avoided, it may conduce to what we must all heartily desire, a safe and prosperous voyage. We are concerned in fact, as Mr. Browett reminded me, in an industrial experiment of the first importance; and though the exact lines of this scheme may not be applicable to all businesses, yet it is most important in the interest of the great army of toilers that this first application of the root principle to a private firm in the Midlands shall be successful.

It is not necessary for me to say much more. The advantages which may accrue to you are, I think, manifest. In fact, you stand to lose nothing, and to gain a good deal. Besides the prospect of bettered fortunes, there will be experienced an added sense of dignity in the daily calling. What more honourable position than that of the diligent and unservile producer of honest goods conducive to the public weal?

And then there is this consideration,—one which cynics will laugh at as sentimental and absurd, yet one which some here will already appreciate, and which as years go by an increasing number will rise to share in,—namely this, that you will feel, as you come to your work and put forth your

best energies, that the result will be not merely for your own self-advantage, but that while you are benefiting yourself, you are also working for the good of your fellow-workmen and your employers.

AT ANNUAL MEETING, SEPTEMBER 28, 1889.

On this occasion about 150 employees were present at the annual reunion, held in a new portion of the works. Mr. N. Bushill announced the results of the year's profit-sharing, which were received with marked gratification.

Mr. T. W. Bushill, after announcing several intended alterations in the rules, continued:—

Without more on this point, I should like to say a few words about the past twelve months—our first year of profit-sharing. We are glad that you are so satisfied with the result. We join in this gratification, though this good year deprives us of the possibility of providing an answer to a very common criticism of profit-sharing. We have of course been favoured with many opinions on this subject—many of them valuable, and which we have been glad to make use of; but what is said to us, not unfrequently, and in most cases, I doubt not, with all honesty, is substantially this: "You'll find it answer all right in good years; your people will doubtlessly receive any number of bonuses gladly enough; but wait till you have a bad year,—till you have to give them a disappointing statement,—then you'll have a bad time!" Well, it is pretty certain we cannot test this point this year—(laughter)—but, speaking for myself, I do not think that I regard such a possibility at any time with dismay. (Hear, hear.) If on some future occasion we should have to meet you with the announcement that the profits do not permit of a bonus, we shall not expect that your faces will

be as bright and satisfied as now, but we *do* trust—and we will hold to this trust until it is falsified by experience—that your confidence will not be destroyed. (Hear, hear.) It would be a bitter and melancholy thing if, added to the personal disappointment of a bad year, we should be met with suspicion and disaffection on the part of those with whom the benefits of good times have been shared, and upon whom no actual loss is inflicted. For, however much bad times might affect the Reserved Limit, you are not called upon to contribute towards any deficiency.

It is gratifying to find that there has this year been a substantial increase in the profits compared with the previous year; and this fact taken in conjunction with another, viz. that competition has been as great, or greater, than ever before, goes to prove that the system has resulted in considerable economies of time and material. (Hear, hear.) A few of these savings have come before our notice, a far greater number must have been silently effected. I once heard a wise teacher give the counsel, "Don't cackle!" It is good advice, suited to be taken by successful reformers of great or small degree. Well, some of the reforms in the works have been accomplished with a complete absence of fuss, and one has only heard of them by accident, and perhaps not at all. But you must all understand that all these economies tell on the year's result. One item I must quote, and that is the fact that our gas bill is lower for the past year than it was for the preceding year, although the volume of work has been decidedly greater. (Hear, hear.) There has been advance also in what writers would call the "solidarity" of the place. I mean, departments and individuals have pulled better together. Any special emergency has been met with the determination to get

over it, while the discipline of the works has been excellently preserved.

You must not conclude from these remarks that there is no room—and indeed ample room—for further improvement in various ways. During the past year I do not think that we have used the existence of this profit-sharing scheme as an argument with any of those who sometimes seem to need a spur. But now that the practical benefits of the thing have been made manifest to you, I may give notice to those whom it may concern that in future we shall not have this hesitation. . . .

In thinking of our future course, we must not be forgetful of the fact that our experiment has issues reaching far beyond our own circle. In order to answer a sinister criticism upon my attitude in this matter, I should perhaps say that this last year of profit-sharing, which has been attended with such substantial advantages to you, endowing you with several hundreds of pounds, gives to the firm a clear profit less than did the previous year, when the system was not in operation. Do not think that this result is any disappointment to us, or that we grudge you the difference it has made. On the contrary, such a result was inevitable under the lines laid down, and we rejoice at the extent of the benefit to yourselves. (Applause.) We have enough,—for present requirements, at any rate,—and for myself, I am anxious to test the theory of life which I have been led to adopt as the best,—and in these days of strikes and rumours of strikes, I fancy it will be found the wisest too,—that he gets out of life the maximum of real enjoyment and satisfaction who, content with a simple style of living for himself, strives to benefit to the utmost the lives of those with whom he comes in contact. (Loud applause.)

A few of my friends who advocate this system of profit-sharing think that I make a mistake in alluding to this side of the matter. They say, in effect, "We must show employers that it will *pay them* to adopt profit-sharing." I cannot agree with them altogether. The appeal to the pocket is likely to be very influential, I know; but, thank God, it is not yet all-powerful. There is the tribunal of public opinion—and the more imperious and worthy motive power of an awakening social conscience. At the same time, I am sure that there are many employers who do not now get an undue share of the fruits of industry. It is desirable that these should realise that they may adopt this plan, without necessarily incurring a loss, which they can ill afford. And I am certain, judging by the result of profit-sharing here during the past year, that the system may be made *to pay both employers and employees*. It all depends upon where it is thought right to draw the Reserved Limit or dividing line. . . .

Besides, there are real gains besides those which can be expressed in pounds, shillings, and pence. There is the saving of worry. Business men often say, "It is not the work, it is the worry that kills." Well, here is my experience. During this last year we have done considerably more business than ever before, and yet the demands upon me in connection with the general oversight and conduct of the business have been lighter this year than during any of the ten preceding years. For me it has been the happiest year of my business life. Then, there is the gain of being surrounded and supported by a contented band of workers. I believe that the time is rapidly coming when no employer of intelligence and feeling will be able with any peace of mind to enjoy a life of affluence himself without seeing that

every man who contributes to his comfort has the chance of a man's share in life. (Hear, hear.) Not a horse's share—not, as Mr. Sharp has well put it, the share of a machine, fed with oil only to make it work and nothing else. No; but a man's share. "Give him the *chance* of a man's share!" observe. Why not *give* him a man's share straight away? Because, my friends, no employer, and no Trades Council, and no Government *can give* a man what in the nature of things he can only acquire for himself. That is just where, in my opinion, a few working-men, leaders of an extreme school, make a mistake. "Redistribute property," they say, and so on. Those of you who observe and think know the fallacy of this. Share up all property in the kingdom to-day, and long before the New Year is in, a large percentage of the neediest of our fellow-creatures to-day will have got through their share—(hear, hear)—and will be wanting it shared up again. (Laughter and applause.) The history of the French Revolutions shows how little permanent good may come to the working classes from a sudden bestowal of property and power upon those who have not been educated in mind and character to deal with them.

And the share of a *man* is, to my thinking, a much bigger thing than the possession of property and political power. There is included all the possibilities of mental and moral attainment, as well as of material advantage; and these can be only gained by strenuous endeavour and patient continuance in well-doing. But, as I said just now, the conditions of society ought to be such as to give every man a fair chance for these acquisitions.

I have spoken perhaps long enough, but before I conclude I wish to say how gratified I am to think that the good

results which you have worked so hard to bring about will stimulate the spread of the movement.

Last year I reminded you that, as we each went about our daily duty, we could cheer ourselves with the idea that our efforts would be beneficial to all our fellow-workers here, as well as to ourselves. This year I think I can give you a larger incentive. I am safe in saying, owing to the semi-public position into which circumstances have forced our relations, that every effort of yours during the ensuing years to make this undertaking a harmonious success will tell to the advantage of hundreds of toilers in many parts of the land. A few months ago I saw a letter which appeared in a Leicester paper referring to our experiment, and it closed with a fervent appeal to the employees of Messrs. Thomas Bushill & Sons, emphasising the important part which they would play in this matter ; how "the eyes of all social reformers would be upon them," and so on. I won't read the extract to you ; it might overwhelm you with a sense of responsibility. (Laughter.) But, seriously, there is no plan for bettering the position of the working classes at present before the public, which, in the judgment of many thoughtful men, unites to such a degree the qualities of ready practicability, safety, and equity, as that of profit-sharing. Already three firms, employing some 400 persons, have adopted schemes more or less on our lines, and after this year's results, and especially if we are able to report that the improvement still continues and grows, I confidently anticipate that many more will follow. (Hear, hear.) All I can say is, "Go on as you have begun." There is in this plan an appeal to self-interest. I would not despise this motive, but I have been gratified immensely to discern signs in the cases of not a few present that the increased

efforts have been apparently called forth quite as much by the desire to respond to the spirit of the new privileges placed in their hands, as by the expectation of prospective personal gain. Let us go on as we have begun, and then, although we may not have—and in all probability shall not have—the same substantial bonus every year, we shall go through our working days with mutual esteem and confidence, and with the inspiring hope that, by the time when our share of this sort of work is done, we shall have earned some modest competence which will enable us to spend the evening of our life free from care and want. (Loud applause.)

In the course of the subsequent speeches one of the employees (Mr. J. Austin) said that, when they were young, they had perhaps heard the song, "There's a good time coming, boys!" He thought that many would agree with him in the opinion that, as far as they were concerned, the good time *had come!* (Applause.)

AT ANNUAL MEETING, SEPTEMBER 20, 1890.

The meeting was this year a purely business one, being held at 12.30 on Saturday, September 20.

Mr. N. Bushill read the Accountant's Report for the Second Year of Profit-Sharing, which was cordially welcomed. Continuing, Mr. N. Bushill said that there was one point on which he hoped the new year would be more satisfactory than the last, and that was in respect to "mistakes." It was quite true that they were doing more business—that they were working at rather high pressure; but as one who had to do a good bit of the travelling, he could tell them that customers nowadays would not accept that as an effective excuse for anything wrong with the goods—

they would simply transfer the orders to a firm which was not so busy. The firm were doing what they could to make the lot of their employees agreeable, and he hoped that each one of them would do his best to make business easy and free from worry for the firm. (Applause.)

Mr. T. W. Bushill, in acknowledging a vote of thanks, said :—

I think that what has passed this morning forms a pleasant contrast to some meetings of employees and employers which have been reported in the papers during the last twelve months. (Applause.) Your spokesmen have each been with us for over twenty years, so they ought to know something of the spirit of the firm, and their words ought to have some influence over those who meet here for the first time. I suppose there are about fifty present who were not here twelve months ago, and these bring up the number of our staff to about 180.

This year no alteration is proposed to the rules, but with respect to one alteration which was made last year, I should like to mention one fact. You will remember that there is no compulsion in connection with this scheme. Your freedom of action is respected in this as in all other matters. What I have to report is, that so far every one has sent in his or her application to join, so I think we may say that there is a unanimous acceptance of the scheme on the part of our people. (Applause.) . . .

In this connection I wish to mention a calculation which I have made. I suppose it would not be very difficult on an average for every one to save—whether in material, or in time, or in taking more pains in their work—a penny a day. If this were done—if each one saved during the ensuing year only a penny per day—there would be an

addition to the total fund, in which you would all share, of over £200. (Applause.)

This system will only be satisfactory in the long-run if it is proved to be mutually satisfactory, then other firms will adopt it in increasing numbers.

It is only fair to say that the remarks about avoidable mistakes, etc., apply rather to the few than to the many. Take it altogether, there is no doubt that the bonus just declared is a well-earned recompense for a good, solid, honest year's work on the part of, well, *almost* everybody present. (Hear, hear, from Mr. N. Bushill, and applause.)

Since last autumn, I have had reported to me as having started profit-sharing about twenty firms, with altogether over 5000 employees. (Applause.) I would not say to working men that all profit-sharing schemes are equally worthy of confidence and support, but it is evident that the system is making headway, and I believe that in the main the progress is on fair and sound lines. We want to keep in the front rank of these businesses, and I am sure that we shall do so if you respond to the resolution which you have passed, and if all of you determine this year to make this business more and more of a success, acting on the motto, "Each for all, and all for each." (Applause.)

AT ANNUAL MEETING, SEPTEMBER 19, 1891.

Mr. T. W. Bushill, after reading the Accountant's Report for the Third Year's Profit-Sharing, said :—

I may say that the result to me has been a pleasant surprise. I did not expect that it would be so good. As some of you know, the prices which we have been able to obtain for our goods have been forced lower than

ever before, and there has been, speaking generally, no reduction in wages. It is true that by re-arrangements in certain processes we have been able to economise production, but this advantage has had to be given to the customer almost entirely. In one of our most important departments, for instance, the costing rate of manufacture has been lowered,—and here I am speaking subject to the knowledge of some in the room,—this costing rate has had to be reduced from 20 to 25 per cent. Well, that has probably not been all loss to you and to us, because the lower the price at which things are manufactured and supplied to manufacturers and to distributors, the cheaper those goods ought to reach us as consumers. And, of course, most are aware that many commodities and things that we use in daily life—clothes and so on—are cheaper than they used to be. Yet, as far as we are concerned as a business firm, if the price we are able to get for our goods is reduced, and the rate of wages is maintained, there must be a diminution in the profits, unless there is an increase of zeal on the part of the employees to counteract the other reduction. In this respect,—of course this is a business meeting, and we have to speak frankly,—the year has not been free from causes of disappointment. With some—not a few, I am glad to say—the working of the profit-sharing has been quite satisfactory; yet, in some cases, the way in which careless work has been done and sent out, has shown that the thing is not understood, or else better effects would have ensued. It is true these cases have occurred, as a rule, with the younger and less intelligent employees; and we are able to trace, to a certain extent, the parties at fault, because we enter in a Loss Book each case which comes to our know-

ledge against the department in question. Well, with those who cannot understand that bad work means discredit to the firm, and a certain loss to them in their bonus, we shall have to apply very strictly the premium system, and try to bring it home to them in that way. If it were not for such cases as these, I am persuaded that—though we have every reason to be gratified regarding the present result—I am persuaded, from what I have seen, that the bonus would have been better still.

Well, now as to the future. As you all know, this system is only worked from year to year. Of course, if such cases as I have referred to were to become more numerous or more serious, the scheme would be in danger. There is no doubt, at any rate, that the question would arise as to the desirability of making *a selection* of those to whom the bonus should be given, as is done in the case of some firms—the bonus being given only to those who show themselves capable of understanding and responding to the system. Well, for the ensuing year, we have decided to continue the system on the same broad lines as hitherto. (Applausc.) As to the basis, the rules state that the Reserved Limit can be altered after three years, and three years have now elapsed. Well, although circumstances may possibly arise in the natural order of things which may necessitate some alteration in the amount of the reserve, yet for this year, I am pleased to say, it will remain the same as for the last three years. (Applause.)

After other speeches had been made, the meeting terminated with the following remarks from Mr. Bushill:—

I am glad to acknowledge your vote, and I need scarcely add that nothing will give me more pleasure than to find this thing is generally appreciated, and in that case we shall

not have to bring up hints of the possibility of its discontinuance.

I may just mention that one of our friends who left during this year to be married drew out a sum of over £5; of course, as time goes on, such amounts will increase.

By our exertions we can counteract, to a great extent, the effects of this excessive competition. What we have to guard against especially is giving ground for complaints about mistakes, and that sort of thing. Such things make a traveller's task still more unpleasant than it need be. Ours is a "catchy" trade, I admit,—I mean, there are many possibilities for mistakes; but in order to avoid them, we must keep our eyes open, and our full attention on the work we have in hand. We do not want anything unreasonable—we do not wish to try to drive our people to *over-exertion*; but seeing that all employed, whether the young apprentice, the labourer, or the skilled mechanic, benefit under present regulations, we want all to do their level best, and "with a long pull, and a strong pull, and a pull all together," we shall attain, I hope, to a still more satisfactory result. (Applause.)

AT ANNUAL MEETING, SEPTEMBER 17, 1892.

No report was taken of the proceedings on this occasion. The reading of the Accountant's Certificate for the Fourth Year's Profit-Sharing was applauded in the usual manner. The firm had the pleasure of testifying to the fact that a larger proportion of the members of the staff seemed to be responding to the system.

The firm laid before the meeting a proposal to reduce the working hours from fifty-four to fifty per week, as to which fuller information can be obtained from p. 151 *et seq.*

CHAPTER IV.

EXTRACTS FROM LETTERS FROM CORRESPONDENTS.

THE letters which follow have been selected for publication chiefly on account of the representative character of the writers. It has been thought well to divide them into two classes—namely, those from business men, and those from preachers and teachers. It will be found that among the correspondents are prominent capitalists, employers, co-operators, and Trade Unionists. The letters range in date over the past four years: they appear, generally speaking, in order of date, with the exception that Mr. Robert Duncan's comprehensive contribution is placed first. Matter for thought may be extracted from these communications apart from the immediate question of profit-sharing.

1. FROM BUSINESS MEN.

FROM ROBERT DUNCAN, Esq., of Ross & Duncan,
Engineers, Glasgow.

“WHITEFIELD WORKS, COVAN, GLASGOW,
“10th January 1893.

“It gives me much pleasure to have an opportunity of expressing, through the medium of your Manual, some of the opinions I have formed on the labour subject, as

probably that is the most important branch of our internal national policy at the present time.

“As to Remuneration and Profit-Sharing.—Every industrial undertaking may be said to be a co-operative concern, in which men agree to work together to supply some special wants of the public in the home or outside markets. The wages question is the problem of remunerating each person so co-operating to an extent having some approximate proportion to the importance of the service to the general efficiency.

“For harmony and good working, each individual should feel himself to be a part of the whole, and desirous of its prosperity for the sake of others as well as of himself; that prosperity to be attained by fair remuneration of good service to the public.

“When there is mere buying and selling of labour between employer and employed, it seems certain that the better forms of relationship are absent, and hence the importance of not only recognising, but of cultivating the sense of responsibility and vested interest of workers as well as of directors in the establishment that gives support to all. Profit-sharing seems to be the best practicable means of carrying out this principle in many, if not all, business undertakings.

“For efficiency, for permanence, and for improvement of production in quality or quantity, capital is generally necessary. This capital has to be obtained as the result of thrift, self-denial, and foresight, and undoubtedly it is entitled to remuneration. In the past, capital has principally been in the hands of few persons, and the welfare of society has greatly depended upon the character and aims of those persons possessing this power. An advance in general

prosperity and intelligence I believe to be accompanied by a general increase of share in this instrument of improvement. At the same time, the need for the best and ablest directors being at the head of undertakings is not thereby cancelled. Those undertakings which have able and trustworthy conductors or directors will evidently survive in that struggle which seems to be the condition of all life, in some degree.

“The history of Leclair and his firm is an exceedingly instructive one, and worth the attention of all employers of labour, as showing in practice the solution of many problems which are likely to come before them. This is the example of a private firm gradually converted into a kind of industrial partnership.

“For businesses involving great risks, great enterprise, and great fluctuations, there is proportionate difficulty in applying such methods, but the general principle of co-operation and recognition of partnership need not be absent. Such businesses are generally conducted by men of exceptional ability, foresight, and energy, and are often the pioneers of new trades and extended industries. It is evident that no hard-and-fast rules as to remuneration can be laid down, and it is generally admitted that effective work, with its accompanying exercise of faculty, is in itself the best of all remunerations. Other remuneration is only of importance as it helps the possessor or others to the development and use of extended faculties and powers.

“*As to Trade Unions.*—In trades where the fluctuations of amount of work are very great, Trade Unions may be, and in some instances actually are, very serviceable to the general welfare. Shipbuilding may be taken as an example. The amount of work in hand in the shipyards throughout

the country may be doubled in the course of a few months, and an industrial contract may involve a million of pounds sterling, and require a couple of years for its execution. Through the action of matters seemingly trifling in importance, such a contract as spoken of may be placed at any one of many places far separate, and cause a great displacement of labour. It is evident that in such conditions it is impossible for the individual employer to maintain steady relations with, or influence over, his workmen, or to make time agreements with them as to rates of pay; and, on the other hand, for even the skilful, thrifty, and industrious of the employees to feel at all sure that they may not have to face destitution in the next dull times, without the agency of a strong Trade Union. By harmonious action with associated employers, Trade Unions may be very helpful to the present and especially to the future prosperity of their trades, as educative and disciplinary agencies. I think they should be encouraged to invest funds in the enterprises that support their members, and already there has been some progress in this direction by the Boilermakers and Iron Shipbuilders, the Shipwrights and the Railway Servants, if not other Unions. When such invested funds have returns depending upon profits made, the conditions will be still more stable and equitable. In our own business, we encourage the employees to become members of Trade Unions as an insurance against bad times, and as a means of educating themselves in regard to the conditions and advancement of labour.

“As to our Scheme. — All our foremen and staff are on profit-sharing arrangements, receiving a weekly wage such as is usual in other establishments of the kind and size, and a sum at the end of the financial year,

depending upon the profits of the year. This latter sum they receive unconditionally, but are encouraged to leave with the firm at 5 per cent. interest, withdrawable by arrangement. For some years also, the workmen who have been eighteen months or longer in the employment of the firm have also received, at the end of the financial year, a sum depending upon the profits made. As we are members of an association of employers, the basis wage is that current in the trade, and fluctuates along with it. In 1891 and 1892 the sum given was equal to one week's normal pay. In 1892 we offered the workmen an alternative, either to have a larger sum total on condition of putting a considerable portion into the Works Benefit Society, which is managed by the men, or a smaller total unconditionally into their hands. I am pleased to say that, after a little deliberation, they chose the former, though it has put less money directly into their pockets.

“This system we propose to develop in proportion as the men are found to appreciate and adopt its advantages.

“*As to Employees' Committee.*—An institution we find very useful is a monthly meeting of our partners, officials, foremen, delegates elected from each department of the works, and the officers of the benefit society. At these meetings all matters of general interest in the conduct of the business, awards received at exhibitions, complaints from customers, delay in delivery, effects of tariffs on trade, improvements in methods, reserve funds, outlay on new appliances, extension of the business, proportion of apprentices to journeymen, training of apprentices, rewards for inventions, etc. etc., are brought up for consideration

and discussion. The interest and intelligence shown are often very gratifying.

“The recent Trades Union Congress, the Co-operative Congress, and the Congress of the Chambers of Commerce of the British Empire were visited by the writer, and leading impressions communicated in this way. At present the relations of this country with the Colonies are having special attention.

“*As to the Unemployed.*—I would here express the strong belief that employers and employed should jointly study those causes on which the fluctuations of trade depend, with the aim of attaining greater stability and steadiness. Regular employment is one of the first conditions for effective attempts to raise the condition of the people. A good business-like arrangement with the Colonies, in itself, and still more important as a step towards that greater internationalisation of commerce that is evidently bound to come sooner or later, would be a decided and very practicable advance in this direction.

“In conclusion, I would say that the aim of a business man, like that of every other in the community, I believe should be to promote the general welfare, partly by his own legitimate development, and partly by the elevation and advancement of those with whom he has to deal. So long as the aim is to make a fortune for individual ease, pleasure, or power, it seems certain that the relations of employers and employed cannot be satisfactory. In a country so much occupied in manufacture and commerce as is ours, it is of great moment to decide whether we shall admire and imitate men of the stamp of George Hudson and Jay Gould, or that of the stamp of James Watt, George Stephenson, John Elder, William Denny, and Lord

Armstrong. On the answer we give to this question, our national future evidently depends in great measure."

From RICHARD TANGYE, Esq., Chairman of Tangyes Limited, Engineers, Birmingham.

"GLENDORGAL, NEWQUAY, CORNWALL,
"November 22, 1888.

"I have been favoured with a copy of a report of a meeting of your employees, giving a description of a new scheme of profit-sharing with them which you have lately inaugurated.

"While thanking you very much for your kindly thought in sending us the report, allow me to heartily wish you all the success in your new undertaking which you could desire, and I shall be very much interested in knowing how it fares. No doubt you will have many discouragements, but I have long been convinced that the moral health of the community demands, on the part of employers, the most careful consideration of how they can best discharge their manifold duties towards those in their employment.

"I should feel much obliged if you could kindly spare me two more copies of the report, and with best wishes for your success." . . .

From C. J. ANGUS, Esq., of 43 Finsbury Circus, E.C.,
Chartered Accountant.

"September 18, 1888.

. . . "In the first place, let me say how interested I have been in reading the various papers, and how heartily I sympathise with your desires. The matter is, no doubt, not an easy one, especially as the field is almost untrodden. All the more honour to a pioneer! . . .

“Are not employees to bear their share of *loss*, if it should occur—at any rate, to the extent of its being deducted from the bonus fund of the following year (if any)?”

From CHAS. P. NEWMAN, Esq., Manager of Lloyd's Bank Limited, Coventry.

“COVENTRY, *December 1, 1888.*”

“I think your proposal is most excellent, and should imagine your employees will be only too delighted to have the chance of participating in such a scheme.

“If masters and men are loyal to each other it must result in mutual benefit, and your firm's liberal offer must have shown that you had your employees' interest at heart equally with your own.

“I congratulate you most sincerely on being pioneers (at least in Coventry) of such a generous effort to elevate your staff from the mere drudgery of daily toil by giving them something to inspire them to look forward.

“I shall be very pleased to be of any service I can to your firm, if you will kindly tell me what I can do.” . . .

From R. A. HADFIELD, Esq., Managing Director of Hadfield's Steel Foundry Company Limited, Sheffield.

“HECLA WORKS, SHEFFIELD,
“*11th November 1889.*”

“Many thanks for your kindness in remembering to send me a copy of the pamphlet of your year's working. Allow me to congratulate you most heartily on the success of the experiment; such results seem to me to indicate that there is after all a *modus vivendi* between capital and labour, a point we are bound to have to face still more prominently

in the near future if the remarkable advance in prices that has recently taken place continues. . . . Still I have a firm conviction that labour in the past has not had its fair share, and such successful attempts as yours are evidently calculated to lead to a better state of feeling. I was very much amused with the results of your year's working on your gas bill. After all, it is the introduction of little economies that bring the big profits. . . .

"If we neglect the study of these labour questions, I am sure they will come upon us more suddenly than pleasantly."

From Sir HENRY STEPHENSON of Sheffield.

"THE GLEN, ENDCLIFFE VALE, SHEFFIELD,
"23rd December 1889.

"I have read your pamphlet with equal interest and pleasure, and I warmly congratulate employers and employed on so satisfactory a result. I sympathise with every effort in this direction, and I feel sure that your experiment will powerfully assist the movement. I am glad to see you approve of my idea to lodge in the savings bank the workmen's shares of profit, leaving them at full liberty to draw it out if they choose.

"I sincerely hope your example will be followed by others, although it may be under different forms and methods." . . .

From W. T. SHAW, Esq., of the Firm of Messrs.
De La Rue & Company, London.

"ALGEHR, ADELAIDE ROAD, SURBITON,
"21st December 1889.

"This is a very tardy acknowledgment of your kindness in sending me a copy of your report of the 'first year's

profit-sharing,' for which I now tender you my hearty thanks. I have read the report with much interest, and am glad to find that the results have proved so satisfactory to all concerned. With the spirit and aim of your efforts and of those who share your views, I heartily sympathise, but I cannot say that I have any intellectual conviction that profit-sharing has ever as yet been placed, or even that it is possible to place it, on a basis of even-handed justice between employers and employed. The subject is too large a one for a letter; but I will try to set down roughly some of the difficulties and objections which have occurred to me in connection with this subject.

“(1.) It is always tacitly assumed that wages ought not to be considered as being in any sense of the nature of profit to the recipient. It would be more true to the facts to hold that wages are as much the profits of an office or calling as salaries admittedly are in other walks of life. This is not a mere verbal distinction, but has important bearings on the fundamental principles of the case.

“(2.) Profit-sharing *assumes* that the share in the results of an enterprise dispensed in the form of wages weekly is not a just and adequate share, and that consequently equity calls for a further distribution of money to the workers at the annual balancing. And it does this,

“(3.) Although, confessedly, no scheme of profit-sharing makes any provision for a refunding of money by the workers in the event of the annual audit showing a loss. I have myself been connected with an iron enterprise, in which many thousands of pounds were in the course of years paid to the workers, with the result that the whole of this money was lost to the shareholders. Can it be said that the workers had no share of profit all these years? I

say, on the contrary, that their profits were very large, certain, and continuous.

“(4.) I hold that profit-sharing, until it takes account of wages as profit, and is made to involve loss-sharing (which is, I fear, impossible in the nature of things), cannot be regarded as founded on strict justice, but will continue to be founded on sentiment only,—a generous and noble sentiment I admit, but not one likely to have a very widespread application in this mundane sphere.

“It is in no spirit of carping criticism that I have roughly set down these remarks. If you are able to attain to a satisfactory system in your own domain, you need not trouble yourself about *à priori* difficulties or want of logical conformity with first principles. One step at a time means real progress, and by and by the pathway will be clearer, as a spirit of broader and better humanity is inbreathed into our race.” . . .

From CHARLES R. DRYSDALE, M.D., Senior Physician to the Metropolitan Hospital of London.

“23 SACKVILLE STREET, PICCADILLY, LONDON,
“March 29, 1890.

“Best thanks for your kindness in sending me the account of your first year’s *splendid* results. I sincerely trust you may succeed in your most laudable attempt to make industrial life less of a warfare than it has been for some time past. For myself I am an old pupil of Mr. John S. Mill, and have visited some of the profit-sharing firms in Paris which have been so successful.

“Masters and workmen should be the best of friends, and will, I am sure, become so under the *régime* of profit-sharing, which, I think, will now begin to be very popular.

“Having some little capital of my own, at any rate, I must say that in future I shall be tempted to invest in such firms as yours, in preference to those in which there is so little “solidarity” between employers and employed as there usually is.” . . .

- (1) From Mr. CHARLES SHUFFLEBOTHAM, Manager of the Coventry Co-operative Watch Manufacturing Society Limited.

“35 MOUNT STREET, COVENTRY,
“April 30, 1889.

“I am pleased to learn that you are to read a paper on ‘The Relations of Employers and Employed in the Light of the Social Gospel,’ which, I know, will mean to you a gospel of peace, harmony, and good-will. Do not fail to dilate upon the great power in the hands of employers of labour, for good or for evil. This power, I verily believe, is sufficient in itself, if used rightly, to revolutionise in one or two generations the whole current of social life, and re-mould our industrial arrangements, so that all might have abundance not only of food and clothing, but of leisure for study and recreation, without which men are mere drudges, machines, and slaves, and in danger of falling back into degradation.” . . .

- (2) From Mr. CHARLES SHUFFLEBOTHAM, Manager of the Coventry Co-operative Watch Manufacturing Society Limited.

“35 MOUNT STREET, COVENTRY,
“December 30, 1892.

“I suppose you intend to show in some part of your work the opportunity which profit-sharing gives to establish some-

thing like compulsory thrift among the able-bodied workers of both sexes by *profit-saving*, because this can be done without the possibly harsh conditions of using part of the ordinary wages for that object,—if this were made legal,—though even this might, under certain conditions, be quite justifiable.

“It is, as I know you would maintain, a perversion of charity to use charity to help those who have, or may have, a means of helping themselves; and compulsion of some sort must be used towards the unthrifty, or they will, aided by the law, *compel the thrifty to keep them* when in need—either in or out of the workhouse—and degrade their families, probably including helpless women and children, into a state of permanent poverty and dependence. This, I know, is often done by men of more than average ability, and who for many years are in receipt of high wages. Charity will, or may be, always necessary, and should be freely given to those who are ill or unfortunate; but even these may be greatly reduced in number by wise sanitary laws and well-regulated and ventilated workshops, and moderate hours of labour. It is that large class who spend all they get, be it little or much, that *profit-saving* would and should lift out of the gutter of poverty. A certain number in this class *do* save, it is true, but only with the object of spending it at holidays and other times in rather questionable pleasures.

“Even many so-called co-operators invariably withdraw the whole of their dividend (or share of profit) at the end of the quarter, leaving only the minimum amount which they are compelled to hold in the funds of the society. Thus profit-sharing, when conditioned by *profit-saving*, may stand higher as a means of encouraging thrift than the

Co-operative Store, and therefore co-operative to a larger extent in promoting lasting prosperity to the worker."

From F. W. FRANKLIN, Esq., J.P., of Coventry.

"December 2, 1892.

"I have read with great interest the report in the *Herald* of your evidence before the Labour Commission. Allow me to congratulate you on the tact with which you gave the maximum of information due to an inquiring public with a minimum of insight into your private affairs! . . .

"Whoever could have dreamed that the Cow Lane Steam Works should evolve a story that reads like a romance in the hard letterpress of a newspaper, or that Poetry and Labour should join hands in such a true and real fashion!"

From R. HILTON, Esq., Managing Director of Raithby, Lawrence, & Company Limited, Printers and Publishers, Leicester.

"DE MONTFORT PRESS, QUEEN STREET, LEICESTER,

"December 19, 1892.

". . . I note a distinct change in the way this matter (profit-sharing) is being looked at. Some years ago, and up to last year, there was more or less of a feeling of philanthropy mixed up in it, but now I find employers looking at it from a *purely business standpoint*.

"This is as it should be. An experience of thirty-five years has convinced me that well-treated employees do more and better work than those who are kept to a constant grind

at minimum wages, though the latter may work as much as an hour more a day.

“You know I do not believe in philanthropy in business. We pay higher wages than prevail here, and work shorter hours, pay for all holidays, and subscribe to the employees’ cricket, football, lawn tennis, book, and other clubs. *If they give us satisfaction for two years*, we give them a bonus of one share (£5), on which they receive the declared dividend for each year. In five years they get up to £25 each in shares—two we give them, and three they pay for themselves.

“It is always open to them to take up shares, paying in full or by instalments. Many of them pay cash down. Some have already from £20 to £50 in shares. It has had the effect of making them begin to save, and ambitious to have a share in what they call ‘our’ business.

“I am convinced that Limited Companies, worked on the co-operative system as ours is, offer a solution for many labour troubles. The average working man doesn’t look for ‘something for nothing.’ As a rule he likes to preserve his independence, and I have always found him ready and willing to give full value for what he gets, let it be much or little. If employers generally knew what they lose by neglect of the welfare of their employees, they would, in their own interest, soon make a change. I have seen both systems—that of neglect, and that of generous sympathy—at work, and I know which pays best. I can say, with truth, that good treatment of our employees has been a considerable factor in the striking success of our business, which in three years has grown from a score to upwards of 140 hands.

“I shall look with interest for your promised report.”

From ALEX. HORN, Esq., Managing Director of Clarke, Nickolls, & Coombs, Limited, Manufacturing Confectioners, London, N.E.

“HACKNEY WICK, LONDON, N.E.,

“December 20, 1892.

“Our scheme, as you may remember, is based on a division with employees after 6 per cent. has been set aside for ordinary shareholders, and, if we are not mistaken, very few profit-sharing firms have fixed so low an initial interest on capital. Some of our shareholders were much upset at the time on this point, strongly protesting that 8 per cent. was low enough, and it was only with difficulty their scruples were overcome. The directors, however, felt that only a thoroughly liberal scheme was worth trying, and so far results have justified them. At the time of the introduction of profit-sharing, our ordinary shareholders were receiving 10 per cent. At the end of the next year, although a substantial amount was paid to the workers, the dividend on the ordinary shares again reached the level of 10 per cent.

“We attach fully as much importance to the superannuation scheme which arises out of the profit-sharing as to the cash bonus. Hedged about as this is, should our business career continue successful, great results may spring from it; and in the meantime the workpeople draw pay in sickness, and payments are made from it in case of death.”

From WM. ALLAN, Esq., of William Allan & Company, Engineers, Sunderland.

“January 4, 1893.

“Your evidence is most interesting and valuable. I perused it with much pleasure. . . .

“No doubt a change in the old-fashioned system of work is inevitable—shorter hours seem to be the present aspect of this change (my views thereon will be found in Mr. Hadfield’s *Shorter Working Day*). As to the future—well, we must leave it to formulate its own methods.”

From THOMAS BURT, Esq., M.P., Secretary of the
Northumberland Miners’ Association.

“20 BURDON TERRACE, NEWCASTLE,
“January 9, 1893.

“. . . I am thoroughly in favour of the principle of profit-sharing, believing as I do that it is good in itself, and that it is one of the best ways out of the present wage system. I think profit-sharing has sometimes been prejudiced in the minds of workmen by its having been presented in a form antagonistic to Trade Unions. My advice to workmen has always been, to welcome all such approaches on the part of employers, and to welcome them cordially, whenever brought forward without conditions of an objectionable kind.” . . .

From A. F. HILLS, Esq., Managing Director of the
Thames Iron Works Limited, London.

“THE THAMES IRON WORKS, BLACKWALL, E.,
“11th January 1893.

“. . . After carefully studying the subject, I have come to the conclusion that profit-sharing is the complement to fellowship, but that the latter is necessary as the foundation upon which the superstructure of profit-sharing and co-operation can be built. In a large yard like our own, the prospects in profit-sharing are remote ; whereas, with fellow-

ship, every man knows exactly how and why he has earned his dividend.

“I dislike the term ‘gain-sharing,’ because it is not a question of sharing at all; whatever the workman can earn beyond his daily wages, upon the prices which have been agreed, belongs to him as much as the weekly rate of pay which custom has determined.

“I am satisfied—as I told the Labour Commission—that it is quite possible to make good relations between capital and labour, and that the war that now seems impending between capital and labour is a thing that can be averted, if only we are wise enough to make arrangements to avoid it. It is not an inevitable evil pressing upon us, but it is quite possible to make such arrangements so that they may be reconciled.”

From ALBERT GREY, Esq., of the Howick and Learmouth Farms, Northumberland.

“HOWICK, LESBURY, NORTHUMBERLAND,
“*January 16, 1893.*”

“My six years’ experience has convinced me that the profit-sharing principle, as it is applied at Howick and Learmouth, has a direct tendency to increase the interest of the labourer in his work, and consequently his efficiency.

“The two facts (1) that the experience of all large workshops shows that the efficiency of men paid by the piece is from 30 to 70 per cent. greater than that of men paid by time, and (2) that when the labourer is engaged, as in Northumberland, from year’s end to year’s end, he has no interest whatsoever in the produce of his industry, point clearly to the conclusion that agriculture is a great loser

for want of a system which convinces the labourer that his personal interest is bound up in the output of his labour.

“As it is impossible, under the conditions which exist in Northumberland, to give the agricultural labourer the interest in his work which is provided by the system of piece-work payments, it is necessary, if he is to be interested at all, that the yearly balance-sheet of the farm should become a matter of importance to him. Whether it is possible to interest him sufficiently by this means to induce him to put extra brains and energy into his work, is a matter of opinion. In any case, the nature of his employment precludes the idea of increasing his efficiency to the same extent that piece-work payments increase the efficiency—*e.g.* of a riveter; but every one conversant with agriculture will admit that the difference in value to a farmer between a careful, thoughtful, willing worker and one who lacks all these qualities is enormous, and it is this enormous difference which the profit-sharing principle seeks to save.

“But I have applied this principle to my farms from a conviction that it is not only economically sound, but morally right. It appears to me that justice and fairplay demand that the net profits which may remain after labour and capital have received their fair reward in the shape of wages and interest shall be divided between capital and labour, according to Godin’s formula, in proportion to the money value of the services contributed by each.

“The publication of your book will, I trust, hasten the recognition and adoption of this principle. The pinching necessities of the times will, I fear, require men to consider once again what are the principles which determine national prosperity. The present prospect is alarming. Labour, taught by its leaders that a diminished output promotes

general well-being, seems bent on battering its head against an iron wall. Unless this fatal and pernicious heresy is quickly rooted out, the country must prepare itself for the luxury of half rations. I do not see how this can be averted unless the working classes are taught to realise that national and individual prosperity both depend on the amount which is received in return for the collective labour of the nation.

“The successful application of the profit-sharing principle to industries seems to be the surest method of teaching this elementary but all-important lesson, and I therefore cannot too heartily wish you the continuance of that success which so far has attended your efforts.”

2. FROM PREACHERS AND TEACHERS.

From the CHAPLAIN to His Grace the ARCHBISHOP
OF CANTERBURY.

“LAMBETH PALACE, S. E.,
“May 28, 1890.

“The Archbishop received the report of the first year’s profit-sharing of your firm, and has looked through the pamphlet. . . .

“The Archbishop feels that your firm is to be sincerely congratulated on such a hopeful beginning of the new system, not merely, or indeed chiefly, for the gratifying financial result, but for the solidarity, the good feeling, and the higher standard of mutual relations which the experiment bids fair to produce.

“When employers come to see that, whether or not such systems are immediately and in all cases *financially* profitable, it nevertheless does *pay* in the highest sense to live in

simpler ways, but on better and more brotherly terms with their employees, there will be great hope for the solution of the social problems.

“The Archbishop joins with you in trusting that when bad years come (if that must be), you will be justified in your confidence in your men. If they have then learned to regard the business as so much their own concern as to stand by it through hardships and self-denials, Mr. Austin’s words will be indeed true, that the ‘good time coming’ has come.” . . .

From the Rev. J. CLIFFORD, M.A., D.D., Minister of
Westbourne Park Chapel, London, W.

“21 CASTELLAIN ROAD, MAIDA VALE, W.,
“November 13, 1889.

“I have read your report with the utmost satisfaction. It is an eloquent and potent witness to the practical efficiency of a principle as essentially Christian as it is socially beneficent.

“It will do more good than argument. It is *fact*, successful fact, that tells. Moralising does not convince. Men shelter themselves behind difficulties, and refuse to attempt their deliverance from the tyranny of custom.

“I rejoice in your high tone and bright prospects.”

From SEDLEY TAYLOR, Esq., Author of *Profit-Sharing
between Capital and Labour*.

“TRINITY COLLEGE, CAMBRIDGE,
“November 10, 1889.

“Thank you for sending me the report of your first year’s

profit-sharing. I feel a little sorry that it is printed for private circulation only, as there is much in it which would, I think, do good *if published*, particularly p. 21. On the other hand, I can see reasons pointing in the direction of the course you have adopted. . . .

“With sincere congratulations on the opening success of your profit-sharing venture.”

From G. J. HOLYOAKE, Esq., of the Co-operative Union,
Author of The History of Co-operation, etc.

“EASTERN LODGE, BRIGHTON,

“December 30, 1892.

“It would be useful if your evidence could be printed in a handy form. During its delivery it excited praise for its clearness and fulness. I do not know that so complete a description of profit-sharing in practice has anywhere been given. The questions of the Commissioners bring out points which no individual statement would present, because no witness could see what other minds would require to be explained. Really understanding profit-sharing, you were enabled to supply all the information the Commissioners asked for, who made inquiries discerning and exhaustive. All who care for profit-sharing are indebted to you for the vindication of it, for the trouble you have taken to apply it to your business, and to interest your work-people in it. Profit-sharing is a new industrial education, and will not take root without the cultivation of teaching, trust, and kindness.”

From THOMAS HUGHES, Esq., Q.C., Author of
Tom Brown's Schooldays, etc.

“UFFINGTON HOUSE, CHESTER,
“January 6, 1893.

“I have read your evidence with great pleasure. As I have always held, and said, the best form of Association for Production must come from such profit-sharing businesses as yours and Thomson's, he being already, I find, a step ahead of you. There are a few working-men's associations (such as Hebden Bridge Fustian Society) which have grown up without business help from above, but these are very rare and slow of growth, and without exception, so far as I know, have had one or two men of exceptional ability and self-sacrifice amongst their founders.

“The co-operative road hitherto has been strewed thickly with wrecks of Associations for Production founded by working men only; and from my forty years' experience in the movement (during which I have taken shares in dozens of such efforts), I am decidedly of opinion that our working class have neither knowledge nor self-control enough to make such associations sound and successful. They are being educated in business no doubt in their distributive stores, but of late the majority of these, with the wholesale society at their head, have taken the wrong turn, and are opposed to sharing profits with their employees. . . .

“I quite agree with what I gather to be your view, that if employers generally would come frankly in at once to the new industrial world which is at present being built up so slowly and painfully, but surely, all our labour troubles would vanish like a bad dream.”

From N. P. GILMAN, Esq., of West Newton, Massachusetts, U.S.A., Author of *Profit-Sharing between Employer and Employee*, Secretary of the Association for the Promotion of Profit-Sharing.

“WEST NEWTON, MASSACHUSETTS, U.S.A.,
“January 3, 1893.

“I am glad to learn that you are putting into a little volume the report of your interesting evidence before the Royal Labour Commission on the subject of Profit-Sharing. Testimony of this kind from the employers who have given the system of profit-sharing a good trial is of the highest value. Theoretically, the case for profit-sharing is easily made out on grounds of ordinary human nature; and the objections usually made to the system are based on supposed difficulties in carrying it into practice. Testimony, therefore, from employers of labour who have summered and wintered it with profit-sharing, and found that it has stood the test of experience, is the one thing always in order to complete the case.

“My numerous publications in regard to profit-sharing in the last seven years or so make it unnecessary for me to send you any detailed letter concerning it. I will only say that my good opinion of the system steadily strengthens, and that it seems to me, as the discussion of social reform proceeds, to be showing more and more plainly that it is one of the measures most deserving careful attention from all employers of labour, and holding out more promise of industrial peace than many more ambitious schemes.”

CHAPTER V.

THE PROFIT-SHARING SYSTEM.

I. DEFINITION.

PROFIT-SHARING may be properly defined as an "arrangement under which an employer agrees with his employees that they shall receive, in partial remuneration of their labour, and in addition to their ordinary wages, a share, fixed beforehand, in the profits of his business."¹

Profit-Sharing a Predetermined Contract.—The critical discussion of the subject during recent years has, I think, made it plain that the term profit-sharing has often been used in too loose a way. There have hitherto frequently been included under profit-sharing firms, those firms which fix by their own arbitrary judgment, after the year's work has been done, how much, if anything, each employee shall receive as a bonus. But as Mr. Schloss well points out (*Charity Organisation Review*, January 1890), "An agreement between A and B, that B shall receive what A chooses to give him is no contract at all."

The most authoritative declaration is the resolution of the Paris International Congress on Profit-Sharing, 1889, which is quite clear on this point. The system is defined as "a voluntary agreement under which the employee receives a

¹ *Methods of Industrial Remuneration*, by D. F. Schloss, p. 158.

share, *fixed beforehand*, in the profits of a business." This requirement does not at all necessitate the publication of the amount of the firm's profits. The basis of calculation can be communicated confidentially to an approved authority, as in the rules of the writer's own firm; what *is* necessary is, that the employee's share "must be a fraction determined, or capable of being determined, in some manner absolutely independent of the volition of the employer."

It is no finely drawn or pedantic distinction that is here advocated; it is submitted that the conclusion of the Paris Congress will increasingly approve itself the more the matter is looked into. In fact, it seems impossible to draw any scientific line when once the principle of a predetermined contract is thrown over. From the firms who allot to each of their employees a generous cash bonus at the end of a good year, we come to those which lay aside a sum in aid of their employees' sick or pension fund, and from these again to the firms who pay for their workpeople's waygoose, and so on: a *reductio ad absurdum* can without much difficulty be reached, as it is clear that all these benefactions come out of the profits of the firm in question.

At the same time, experience has shown that in several cases (*e.g.* Leclaire) this indefinite arrangement has led the way to a more settled and more scientific system. Moreover, the less scientific system has probably, in some cases, provided a more generous augmentation of normal wages than orthodox profit-sharing has sometimes secured. The names of a few "bonus-giving firms" are therefore appended to the list given on p. 125.

Other Limitations.—The names of two firms which

appeared in last year's list have now been omitted, because it has been found that in these instances only a few of the chief of the staff were admitted to the participation. It may not be easy to determine, so to speak, how many swallows make a summer, but it may be assumed that, at any rate, *not less than 10 per cent.* of the employees must participate if the firm is to be styled as "Profit-Sharing." The practice of giving a manager an interest in the business is comparatively common. Some other limitations as to the scope or area of profit-sharing properly so-called are discussed at length in a "Note" by Mr. Schloss, in the *Economic Review* (January 1891).

Profit-Sharing not necessarily Industrial Partnership.—The terms "Profit-Sharing" and "Industrial Partnership" have hitherto been frequently used as convertible terms. It is submitted that there is sufficient difference in meaning between the two terms to warrant a distinction being made; and for practical, as well as for theoretical reasons, it seems desirable that a new classification into two sections should be adopted.

The average employer will not be disposed so much as to discuss any sort of "partnership" with his workpeople. The mention of such a term is likely to frighten him away from its consideration. The institution of profit-sharing introduces no constitutional changes of this radical character, and as a matter of fact the rules of profit-sharing schemes have generally explicit declarations on this point. One of the oldest existing schemes—that instituted by Mr. Charles Goodall of Leeds, in 1876—opens with these words: "No person taking any share of profits under these rules shall thereby acquire any rights, or incur any liabilities, as a partner with the principal." And in the

case of many of the recent schemes (there is scarcely an exception among profit-sharing firms which have issued detailed rules) a regulation is found to this effect: "The employees, or any of them, will have neither the rights nor liabilities of partnership." To style the arrangements of such firms as "Industrial Partnership" is surely a flat contradiction of terms. During the discussion of the question in 1890, the title of "Industrial Partnership" was repudiated as a misleading misnomer by some twenty of the leading profit-sharing firms.

But there is a more advanced class of industrial organisations to which the term "Industrial Partnership" may be fittingly applied. The business reconstituted by Mr. George Thomson of Huddersfield, in 1886, under the style of "William Thomson & Sons Limited," with the title of "Industrial Partnership" as part of its constitution, may be taken as a typical example of this class. In this case the business is a "Society" (though it is conceivable that an industrial partnership might be worked under the Companies Acts), and no individual can hold more than £200 stock in ordinary shares. The workers, as such, have a *locus standi* in the constitution of the business. Important questions of policy have to be sanctioned by the "Committee." If the founder should ever wish to turn the business back into the style of an ordinary firm, there would be grave difficulty; but, as a rule, an ordinary profit-sharing employer could do this at the end of any year by a stroke of his pen.

In passing, it may be advisable to note the distinction adopted between the "Industrial Partnership" and the more democratic "Profit-Sharing Co-operative Society," such as the Hebden Bridge Fustian Manufacturing Co-operative

Society. The distinction is founded upon the following two points, when co-existing:—(1) In the industrial partnership the services of the middle-class *entrepreneur* (as “manager”) are retained, and (2) the position of the manager is safeguarded by the necessity for a large proportional vote before he can be removed.

The opinion of one or two authorities may properly conclude this section. Mr. Sedley Taylor (author of *Profit-Sharing*, 1884) is in favour of a classificatory distinction between profit-sharing firms and industrial partnerships. I am not in a position to say whether Professor J. Shield Nicholson would approve of the present classification as a whole, but his remark respecting the application of the term of “Industrial Partnership” to the system herein styled ordinary *Profit-Sharing* may be given:—“The term ‘partnership’ is certainly misleading, for neither in the conduct of the business, nor in the responsibility for losses, are the workmen ‘partners’” (*Contemporary Review*, January 1890).

It is possible, however, to push distinctions in this sphere to an unreasonable extent; the dividing lines are no doubt difficult to draw; the classes seem sometimes indeed to overlap; and the early extension of the “industrial partnership” type of organisation is not probable.

2. CLASSIFICATION.

It is very important to recognise that there are different sorts or classes of participation, and the reason for this will be especially seen when the so-called “failures” of profit-sharing are considered. In Mr. Schloss’ book will be found definitions of five classes. The endeavour to classify the

discontinued cases has led me to add two further classes. Enumerated in a certain order, they may be given thus—

Surrender Participation,	Stimulus Participation,
Non-Practical Participation,	Deferred Participation,
Anti-Unionist Participation, ¹	Minus Participation,
and Stock-broking Participation.	

Surrender Participation would describe the participation adopted by a firm which surrendered out of its present profits, such a sum as could not easily, or within reason, be expected to be made up by the increased zeal of the workers; that is to say, a certain portion of the firm's present profits are surrendered.

Stimulus Participation is the term which would be applied to cases in which the object is to stimulate the zeal and increase the efficiency of the employees. In this class, as a rule, a certain concession of profits is made to begin with, but a concession of such a sort as it may fairly be expected will be made up to the firm by the increased zeal of the workers.

Non-Practical Participation describes a class of businesses started by persons who, though acting perhaps with philanthropic intent, are not practically conversant with their business.

Deferred Participation describes a case where a firm (say, an insurance company), desirous of guarding against its

¹ This term has been substituted for the term "bribe participation," used by Mr. Schloss, on the ground that the term "bribe" carries with it an essentially evil significance. It is submitted that, unless it is claimed that a Trade Union has never been known to adopt an unreasonable or improper attitude, to apply the term "bribe" to every endeavour to defeat the purpose of a Union, is to use over-strong language. It may be hoped that any opposition to Trade Unions will become, by their growing reasonableness, less and less defensible.

employees leaving to start or to join rival concerns, allots to the employees a certain amount year by year, which can only be drawn by them if they remain with that firm a certain number of years.

Anti-Unionist Participation would describe the exceptional instances in which profit-sharing has been introduced for the purpose of detaching workmen from Trade Unions.

Minus Participation would describe a case where a firm, instead of paying full ordinary wages, pays a smaller weekly wage, with the idea that the bonus will make up to the employees what is thus retained.

Stock-broking (or Advertising) Participation.—It is almost certain that in one or two cases the profit-sharing feature has been introduced by a limited company with the idea of raising anticipations in the minds of possible investors. For instance, a company has to be started, or a business has to be turned into a limited company form, and the promoters arrange that it is widely made known that all the profits above, say, 10 per cent., are going to be distributed amongst the workers. In one case which came to my knowledge, the profits never reached 5 per cent., and the concern has since collapsed.

From the foregoing descriptions it may be concluded that the first two classes are really the only two, from any point of view, unexceptionable. These are "surrender participation" and "stimulus participation."

3. METHODS.

The two chief methods are the "Reserved Limit" method, and the "Percentage" method.

An illustration may be given of the "Reserved Limit"

basis, taking for an example a case belonging to the normal, that is to say, the stimulus class of participation. In such a case, a firm making average profits of £1000 would perhaps offer to divide with its employees all made over £900. Then if the profits for the succeeding year reached £1100, there would be a return to the firm of £1000, and to the employees of £100.

Under the "percentage" method, the firm would offer to give the employees 15 per cent., or 10 per cent., or $7\frac{1}{2}$ per cent. of the net profits. If 10 per cent. be offered, and £1100 be made, the firm would get £990, and the employees £110.

The "percentage" basis is, of course, the more practicable and desirable for businesses in which the profits vary very much. Under either system, it is possible to arrange, by the agency of a chartered accountant, that no intimation of the profits is made public.

CHAPTER VI.

STATISTICS RESPECTING PROFIT-SHARING FIRMS.

I. GROWTH OF THE MOVEMENT.

THE last few years have witnessed a considerable development of the system of profit-sharing in Great Britain. From the list which is appended (compiled by Mr. D. F. Schloss and writer), it will be seen that, prior to and during the year 1888, there were started 28 cases.

In 1889 there were started 8 cases.

„ 1890	„	„	„	21	„
„ 1891	„	„	„	11	„
„ 1892	„	„	„	7	„

It should be mentioned that the list does not include several successful *working-class* organisations, such as the Hebden Bridge Fustian Manufacturing Co-operative Society.

The total number given in this list of British firms is 75, employing over 19,000 persons. Of these cases, four are colonial, including the scheme inaugurated on a generous scale by the late Mr. William Walker of Ceylon and Glasgow, which is specially interesting from the fact that the native workers are to be beneficiaries.

The size or magnitude of the businesses may be gathered from the number of employees recorded against each entry.

(2.) LIST OF BRITISH PROFIT-SHARING FIRMS.

COMPILED BY T. W. BUSHILL AND D. F. SCHLOSS.

January 1893.

I.—INDUSTRIAL PARTNERSHIPS.

These Businesses are registered as "Societies" under the Industrial and Provident Societies Act, and are worked by a "Manager" and a "Committee."

System Commenced.	Years Ago.	NAME.	ADDRESS.	BUSINESS.	No. of Employees.	Bonus how Treated.
1892	1	Brownfields Guild Pottery Limited	Cobridge, Stoke-on-Trent	Pottery Manufacturers	400	Shares
1888	5	Co-operative Builders Ltd.	Burton Road, Brixton, London, S.W.	Builders	130	Shares
1885	8	Needlewomen's Co-operative Association Limited	170 Buckingham Palace Road, London, S.W.	Needlework	60	Shares
1886	7	W. Thomson & Sons Ltd.	Woodhouse Mills, Huddersfield	Woollen Manufacturers	135	Shares

NOTE.—The numerous Productive Societies on a more democratic basis are not enumerated here.

II.—(ORDINARY) PROFIT-SHARING FIRMS,

Recognising in their practice the system defined by the Paris International Congress on Profit-Sharing, 1889—
"A voluntary agreement under which the employee receives a share, fixed beforehand, in the profits of a business."

1874	19	Agricultural and Horticultural Association Ltd.	3 Agar Street, Strand, London, W.C.	Seeds and Manures	125	C. P.
1886	7	Arrowsmith, J. W.	Quay Place, Bristol	Printer and Publisher	55	C.
1891	2	Barbour, John, & Co.	Whitehouse, Belfast	Flax Spinners	450	C.
1888	5	Hinns & Co.	Market Place, Derby	Corn Factors & Seedsmen	13	C. P.
1884	9	Blundell, Spence, & Co. Ltd.	Beverley Road, Hull (and London)	Colour & Varnish Manufcs.	450	C.
1891	2	Brakell, T., Limited	Dale Street, Liverpool	Printers, etc.	38	C.
1882	11	Brooke, Bond, & Co.	17 St. Dunstan's Hill, London, E.C.	Wholesale Tea Blenders	200	C.
1886	7	Burroughs, Wellcome, & Co.	Snow Hill Buildings, London, E.C.	Manufacturing Chemists	290	C.

1888	5	Bushill, Thos., & Sons	Coventry	Printers, Mftg. Statnrs., etc.	185	C.	P.
1878	15	Cassell & Co. Limited	Belle Sauvage Works, London, E.C.	Printers and Publishers	1180	C.	P.
1890	3	Clarke, Nickolls, & Coombs Limited	Hackney Wick, London, N.W.	Confectionery Manufrs.	1400	C.	P.
1891	2	Colliard, Joseph	13 Cranbourne Street, London, W.C.	Printer	31	C.	
1880	13	Co-op. Needlewomen's Soc.	34 Brooke St., Holborn, London, E.C.	Needlework	25	C.	
1889	4	Coventry Gas Fittings Co.	Hertford Street, Coventry	Gasfitters, etc.	32	C.	P.
1886	7	Davies, Wm., Co. Ltd.	Beachell Street, Toronto, Canada	Pork Packers, etc.	135	C.	P.
1884	9	De St. Dalmas, A.	40 Belgrave Gate, Leicester	Manufacturing Chemist	20	C.	
1883	10	D'Oyly & Co. Limited (Mary H. Hart, Hon. Sec.)	405 Oxford Street, London, W. (formerly Decorative Co-op. Ass.)	House Painters, Plumbers, etc.			
1850	3	¹ Drake & Gorham	2 Prince's Mansions, Victoria St., Lon.	Electrical Engineers	70	C.	
1890	3	East Anglian Fruit Preserving Company	King's Lynn	Jam and Confectionery Manufacturers	10	C.	
1886	7	Edin. Co-operative Printing Company Limited	Bristo Place, Edinburgh	Printers, etc.	78		
1890	3	Edmeston, A., & Sons	Cannon Street Iron Works, Salford	Millwrights and Engineers	60	C.	
1869	24	Fletcher & Son	Castle Works, Norwich	Printers and Publishers	200		
1876	17	Goodall & Suddick	Cookridge Street, Leeds	Stationers and Printers	300	C.	
1886	7	Grey, Albert	Howick, Northumberland	Farming W. and E. Learmouth, Howick, and Chevington Estates	117	C.	
1890	3	Hailing, Thomas	Oxford Works, Cheltenham	Printer	9	C.	
1886	7	Hazell, Watson, & Viney Ltd.	Offices—1 Creed Lane, London, E.C.	Printers, etc.	1200	C.	P.
1890	3	Headley Brothers	Ashford, Kent	Printers, etc.	36	C.	
1889	4	Hele Paper Co. Limited (formerly Hephurn & Co.)	Hele Works, Cullompton, Devon	Papermakers	158	C.	P.
1891	2	Hickman, Alfred	Spring Vale Furnaces, near Wolverhampton	Iron Smelter	about 2000	C.	
1890	3	Holloway, George, The late	Farm Hill, Stroud	Farming Trafalgar Estate			P.
1891	2	Idris & Co.	Ascham Street, Kentish Town, London, N.W.	Mineral Water Manufacturers, etc.	250	C.	P.
1892	1	Johnston, J.	Stirling	Tinuber Merchant	11	C.	
1890	3	Joyner, Charles, & Co.	Icknield Square, Monument Road, Birmingham	Chandelier Manufacturers	240	C.	P.
1890	3	Kench, Philip	Birstall, near Leeds	Miller	16	C.	

¹ In these cases the profit-sharing is either indirect, or partial in its application.

System Commenced.	Years Ago.	NAME.	ADDRESS.	BUSINESS.	Nc. of Employees.	Bonus how Treated.
1890	3	Kensington Co-operative Stores Limited	Hammersmith Road, London, W.	Stores	300	
1877	16	Ladyman, J. H., & Co.	King's Lynn	Wholesale Grocers	22	C.
1891	2	Lawrence, William	Upper Parliament Street, Nottingham	Cabinetmaker, etc.	160	C.
1890	3	Lee & Hunt	Arkwright Works, Nottingham	Tool Manufacturers	60	C.
1890	3	London, Deptford, & Greenwich Tramways Co.	Finsbury Circus Buildings, 18 Eldon Street, E.C. (formerly Southwark & Deptford Tramway Co.)	Tramway Company	104	C.
1888	5	Low (Sampson), Marston, & Co. Limited	St. Dunstan's House, London, E.C.	Publishers	50	C.
1890	3	Mackay, W. & J., & Co.	176 High Street, Chatham	Printers and Publishers	50	C.
1890	3	Martin, Robert	Tower Street, West Hartlepool	Printer	7	C.
1890	3	M'Vitie & Price	St. Andrew's Biscuit Works, Edin.	Biscuit Manufacturers	210	C.
1890	3	M'Vitie, Robert	23 Queensferry Street, Edinburgh	Confectioner, Baker, etc.	50	C.
1892	1	Mushet, R., & Co.	Bonnington Iron Works, Leith	Ironfounders	200	C.
1890	3	Newman & Son	27 Widegate St., Bishopsgate, London	Printers and Stationers	17	C.
1889	4	New Welsh Slate Co. Ltd.	Festiniog	Quarry Owners	280	
1890	3	N. Z. Farmers' Co-operative Association Limited	Christchurch, New Zealand	Farmers, etc.	90	C.
1884	9	Perrott & Perrott	Tenter Street, Moorfields, London	Packers, Clothworkers, etc.	100	C. P.
1892	1	Petty, J. W., & Sons	Whitehall Printeries, Leeds	Printers, etc.	294	C.
1891	2	Phillips & Co.	1 Town Hill, Wrexham	Teamen and Grocers	30	C.
1891	2	Raithby, Lawrence, & Co. Limited	Queen Street, Leicester	Printers and Publishers	145	C.
1889	4	Robinson Brothers	West Bromwich and Knottingley	Tar Distillers	118	C. P.
1891	2	Rogers, R. H. & S.	Offices—Addle Street, London, E.C.	Shirt and Collar Manuftrs.	1500	C.
1887	6	Ross & Duncan	Whitefield Works, Govan, Glasgow	Engineers & Shipbuilders	300	C. P.
1889	4	Rowntree, John, & Sons	20 and 21 Westborough, and 47 Newborough, Scarborough	Grocers and Tea Dealers	28	
1890	3	Rowntree, W., & Sons	Westborough, Scarborough	Drapers, etc.	110	C. P.

1890	3	Scott, Thomas	100 and 102 New Bridge Street, Newcastle-on-Tyne	Printer and Stationer	21	C.
1892	1	Simms, T. S., & Co.	Smythe St., St. John, N.B., Canada	Manuftrs. of Brushes, etc.	92	C.
1889	4	South Metropolitan Gas Co.	709 Old Kent Road, London, S.E.	Gas Manufacturers	2600	C.
1886	7	Spencer, Earl	Althrop House, near Northampton	Farming Harleston Estate	9	P.
1889	4	Taylor, Alfred H.	Malton	Wholesale & Retail Grocer	17	C.
1891	3	Thomas, Chris., & Bros. Ltd.	Broad Plain, Bristol	Soap & Candle Manuftrs.	300	C.
1892	1	Tobacco Corporation	5 Minories, London, E.C.	Tobacco Manufacturers	25	C.
1890	3	Tucker, James, Limited	Collingdon Road, Bute Docks, Cardiff	Millers, etc.	165	C.
1891	2	Tuke, Edward, & Co.	Chapel Lane, Bradford	Wholesale Produce Mers.	25	C.
1888	5	Walker, Sons, & Co. Ltd. (formerly Colombo Iron Works)	Colombo and Kandy, Ceylon London Office — 72 Bishopsgate Street, E.C.	Engineers and Merchants	500	P.
1892	1	Williams, J., & Sons Ltd.	Wilmslow Road, Didsbury, etc.	Grocers, etc.	25	C.
1889	4	Wills, W. D. & H. O.	Bedminster, Bristol	Tobacco Manufacturers	1487	C.
1875	18	Women's Printing Soc. Ltd.	21B Great College Street, Westminster, S.W.	Printers	21	C.
1887	6	Young, H. D., & Sons	60 and 62 High Street, Edinburgh	Leather Merchants, etc.	13	C.

¹ In these cases the profit-sharing is either indirect or partial in its application.

Present Totals—4 Industrial Partnerships, 700 Employees; 71 Profit-Sharing Firms, about 19,000 Employees.

Information respecting additions, etc., should be sent to T. W. BUSHILL, Brantwood, Coventry, or to D. F. SCHLOSS, 1 Knaresborough Place, Cromwell Road, London, S.W.

NOTE—BONUS-GIVING FIRMS. In addition to the above Profit-Sharing Firms, there are many other Firms which give to their employees, in addition to their wages, a bonus the amount of which is NOT fixed beforehand. This is sometimes called "Indeterminate Profit-Sharing." Such are—

Brown & Polson, Paisley, Corn Flour Manufacturers.
Fidler, C., Friar Street, Reading, Seedsman, etc.
Hartley, W. P., Aintrec, Liverpool, Preserve Manufacturer.
Waterlow & Sons Limited, Winchester Street, London, E.C., Printers, etc.
Etc. Etc.

C = Paid in Cash.

P = To Provident Fund

CP = Part in Cash, Part to Provident Fund.

Profit-sharing is at the present time successfully being worked in the following, amongst other, trades:—Woollen manufacture, printing, etc., confectionery manufacture, oil-cake manufacture, chemical manufacture, gasfitting, gas manufacture, grocery, farming, etc.

While it may be freely admitted that the system is more suited to some businesses than to others, I have not yet heard of a business to which, in my opinion, the principle could not, under some modification, be applied.

The present list must not be supposed to be a complete one. When, in 1888, I was inquiring into the subject, I could only hear, although I went to the best authorities, of four cases, and none of these were being worked on lines suitable for our business. Since reading a paper before the Baptist Union in London (which I was pressed into doing the following year), I have heard of a number of others, and Mr. Schloss also has become acquainted with many in addition.

Firms are naturally a little backward in wishing their names to be published in connection with this matter, because it gives the impression perhaps that they are doing a little more for their employes than others, and they do not wish to appear to be offering advantages when they are not certain that those advantages will accrue. Mr. Schloss contends that, as a matter of fact, we have in Great Britain more cases of genuine profit-sharing than there are in any other country.

3. INCREASE OF REMUNERATION UNDER PROFIT-SHARING.

In Mr. Schloss' book (p. 176) may be found returns from forty-three firms respecting the increase of remuneration of the employees under profit-sharing, covering a period ending in 1891.

For the purpose of the present publication, circulars have been sent to the firms now known to practise profit-sharing, and thirty-one of these firms have given particulars of the increase of remuneration under the system; but as several of these firms, quite justifiably, desire that their figures should not be published, I do not propose to print any of the returns in detail.

The ratio of each case has been averaged from the number of years returned, in most cases for the three years ending 1892, with the following results:—

2 Cases, . . .	No bonus paid.
5 „ . . .	Bonus from 1 to 3·9 per cent.
15 „ . . .	„ „ 4 „ 6·9 „
5 „ . . .	„ „ 7 „ 10·9 „
3 „ . . .	„ „ 11 „ 13·9 „
1 „ . . .	„ of 19 „

giving an average bonus of 6·3 per cent.

It must be admitted that the scientific value of these results is not very great. On the one hand, there is the fact that less than half the firms have returned their results. On the other hand it should be remembered that some of the firms in the list belong to the “non-practical” class. And then there is the consideration, upon which I am inclined to lay great emphasis, of the advantage of a *yearly* or *half-yearly* return to the workmen. In most cases I am persuaded that an increase of 5 per cent. in this way is of more lasting value to the workman than a rise of 10 per cent. in his ordinary weekly wages.

4. DISCONTINUED CASES.

In Mr. Schloss' book (p. 169) there are mentioned fifteen discontinued cases of British profit-sharing firms; but one

of these, that of Ross & Duncan, has been revived with promising prospects. In the course of recent investigations, I have discovered that four other firms—viz. J. Bromhead, G. Hubbard, Peto Brothers, and Welsh Liberal Newspaper Company Limited—have discontinued the system.

The popular appreciation of the system is, I believe, discounted, owing to overlooking the fact that certain schemes of profit-sharing can scarcely, in the nature of things, be expected to live and flourish. It is important to notice the following features of classification:—

Out of the eighteen firms who have discontinued profit-sharing, three belong to the non-practical class, four belong to the anti-unionist class, three belong to the stockbroking or advertising class, so that there remain eight cases presumably of a good class. Of these cases, that of Messrs. Tangyes Limited is accounted for by a mere technical alteration in their method (their bonus is now a sum which does not vary with the annual profits, which fact, of course, excludes them from the list of, strictly speaking, profit-sharing firms).

The remaining firms had the system in operation for a very limited time, as will be seen from the following table:—

Name.	Address.	Profit-Sharing.	Years in operation.
Prices' Patent Candle Co.,	London	1868-1872	4
Gimson & Co., . . .	Leicester	1872-1877	5
Spottiswoode & Co., . .	London	{About 20} {years ago }	2?
W. Hill & Son, . . .	London	,,	1?
Browett, Lindley, & Co.,	Salford	1891	1
Peto Brothers (1 contract),	London	1889-1890	2
J. Bromhead,	Bristol	1891	1

The above statement gives an average duration of experiment of about two years only. I would submit that such a brief time does not give the system a fair chance. Considering that for upwards of a century there has been a growing feeling of disunion and suspicion between employer and employed, two or three years must be quite an insufficient term to overcome and to dispel these inbred feelings. In addition to the brevity of the trial there are, in individual cases, other considerations, such as the insufficient incentive offered, the want of definiteness about the offer, etc., which might be alleged, but it may be sufficient to rely upon the one broad ground above given.

The name of the "Scotch Tweed Manufacturing Society" disappears from the present list of "Industrial Partnerships," owing to the fact that the manager considers that this society should rank as a Co-operative Productive Society. The name of Mr. J. Boyd Kinnear was inserted in a previous list of profit-sharing firms by error.

A close examination of the subject leads me to conclude that there are not more than one or two instances in which the system has failed when it has had a fair chance given to it. Whether this conclusion be generally endorsed or not, it can only be a loose and inaccurate description which would cite these eighteen cases as so many "failures" of profit-sharing.

5. PROFIT-SHARING SOCIETIES.

In France.—A society named "La Société pour l'Étude Pratique de la Participation du Personnel dans les Bénéfices" has existed in Paris for the last fourteen years. This society mainly owes its origin to the enthusiastic interest in profit-sharing entertained by M. Charles Robert,

director of one of the large insurance companies of Paris. M. Chaix, head of the well-known Paris printing firm, has also furthered its interests in a special manner. The membership (entailing a subscription of twenty francs) is confined to employers of labour, and, without doubt, the society has done useful work in popularising the system. A quarterly *Bulletin* is published, which can be obtained from the secretary, M. A. Trombert, at the office of the society, 20 Rue Bergère, Paris.

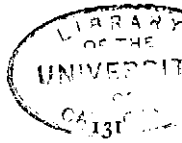
In the United States.—In January 1892, a meeting of business and professional men was held in New York, when it was decided, on the proposition of Mr. N. P. Gilman of West Newton, Massachusetts, author of *Profit-Sharing between Employer and Employee*, to form an association for the furtherance of profit-sharing and kindred systems. A quarterly journal, called *Employer and Employed*, is being issued, and the following quotation is taken from the first number :—

“Without any flourish of trumpets, certainly without any desire to claim for profit-sharing and similar industrial movements more than their due place in the general movement of social progress, and with every wish to co-operate in this great field with other earnest workers in rational reform to the extent of its ability, the Association for the Promotion of Profit-Sharing takes up its task with the conviction that it has a duty to do in forwarding the great cause of industrial peace and progress.”

Full particulars respecting this timely institution will be found in the following statement :—

THE AMERICAN ASSOCIATION FOR THE PROMOTION OF
PROFIT-SHARING.

President—Carroll D. Wright, United States Commissioner of Labour, Washington, D.C.



PROFIT-SHARING SOCIETIES.

Vice-Presidents—President F. A. Walker of the Massachusetts Institute of Technology, Boston, Mass., and N. O. Nelson of St. Louis, Mo.

Secretary and Treasurer—N. P. Gilman of West Newton, Mass.

Executive Committee—Messrs. R. Fulton Cutting and Alfred Dolge of New York, Henry R. Towne of Stamford, Conn., and George A. Chace of Fall River, Mass., and Prof. F. H. Giddings of Bryn Mawr, Pa.

CONSTITUTION OF THE ASSOCIATION FOR THE PROMOTION OF PROFIT-SHARING.

Article I.—This association shall be known as the Association for the Promotion of Profit-Sharing.

Article II.—The object of this association is the promotion and extension of such methods of uniting the interests of employers and employees as “profit-sharing,” “industrial partnership,” “gain-sharing,” “earning-sharing,” the premium system, and kindred systems.

Article III.—Any person may become a member of this association by paying three dollars, and after the first year may continue a member by paying an annual fee of three dollars.

Article IV.—The officers of the association shall consist of a president, a first vice-president, a second vice-president, and a secretary-treasurer, who shall perform the usual duties of such officers. There shall be an executive committee of six members, who, with the officers named, shall constitute the council of the association. Five members of the council shall be a quorum.

Article V.—1. The members of the council shall be elected annually, and they shall have power to fill any vacancies that may occur in the membership of the council.

2. To forward the object of this association, the council shall issue and circulate such publications as it may deem advisable; establish a bureau of information for the assistance of firms or corporations contemplating the introduction

of such methods as those named in Article II., and of other firms or corporations actually applying these methods; promote discussion of profit-sharing and kindred systems by procuring the delivery of addresses on the subject before commercial and other organisations; and use any other means deemed advisable to promote the interests of the association.

Article VI.—There shall be an annual meeting of this association in New York City, on the second Wednesday in January, for the election of officers and the transaction of any business that may come before it.

Article VII.—This constitution may be amended at any annual meeting of the association by a majority vote of the members present, the amendment in question having been approved by a majority of all the members of the council.

6. SUGGESTED LINES FOR A SOCIETY IN GREAT BRITAIN.

At the present time, no society exists in England on the lines of either the American or the French Society,—the "Labour Association" (9 St. John Street, Adelphi, London, W.C.) having been formed primarily for the promotion of working-class productive societies. It may be hoped that, before long, we shall have a Labour Department sufficiently well-equipped to undertake the statistical work of such a society. The number of societies in England is already so formidable, that a good case must be made out before an additional one can be entertained; but it seems that there is scope for an association actuated by a similar spirit to that of the American and French bodies, but operating on broader lines.

There is no platform for the deliberate and regular setting forth of industrial ideas and methods which individual employers or workmen may have found valuable in their own

spheres. Supposing that an employer has discovered that an "eight hours day" is good both for himself and for his workmen, how is he to communicate that information to the public? If he states the fact at a public meeting, he will probably be credited with motives of vulgar ambition in connection with some public office. If he sends a contribution to a journal, he runs the risk of appearing to parade his sagacity, and to advertise himself. Business men generally are sensitive on these points, and probably the slowness of our industrial development in the direction of humanitarianism is in a certain degree due to these considerations.

It seems evident that there is an opening for an association which should adopt Burke's ideal of "Healing Measures" as its leading object. Such a society would not, of course, aim at "peace at any price;" it would adopt as a fundamental principle the recognition of association and combination, whether between workmen or between employers; and it would emphasise the underlying common interests of both classes, and would endeavour to arouse and to cultivate the feeling of good-will on both sides.

The New Government Labour Department would not, it may be hoped, leave much to be done in the way of the collection and publication of statistics respecting labour developments; and the society would not primarily concern itself with the settlement of specific labour disputes. Its object would be to encourage and foster feelings which would remove, in many cases, the grounds for such disputes. The society would have scope for needed educative influence in many ways, *e.g.*—with regard to the workmen, by urging the study of economics, etc.—with regard to the employer, by explaining and illustrating the valuable functions of many of the Trade Unions. If only the

directors of such a society could secure and retain the full confidence of both sides—and the reports of the evidence given before the Labour Commission shows how considerable is the common basis of sympathy already existing—its pronouncements upon such subjects would have a quite exceptional force.

As a concession to the prejudices at present existing in business circles, it would perhaps be desirable to limit the "membership" to business people, whether employers or employed. But it would be most desirable to obtain the sympathy and co-operation of public teachers and students of economy by enlisting them, if possible, as "honorary members." The subscription should be of such an amount as could be paid without difficulty by an average working man.

It might not be necessary for such an association to have a large membership before it exercised a valuable and unoccupied function in the industrial world. A small journal might be issued,—in the first instance, probably quarterly,—and in such a case it would be the work of the editor and committee to elicit and publish contributions of industrial value from qualified employers and employees.¹ Although the circulation of such a periodical would at first be limited, yet it might be possible to arrange that its contents should reach the eye of newspaper editors and others who help to influence public opinion. With its store of sifted facts and of well-weighed theories, such a society might even be serviceable to the Government in the preparation of industrial legislation.

¹ For illustrations, see the letter from Mr. Robert Duncan, p. 89, and that from Mr. Charles Shufflebotham (2), p. 100.

CHAPTER VII.

PROFIT-SHARING IN RELATION TO OTHER SYSTEMS.

I. PROFIT-SHARING AND GAIN-SHARING.

“GAIN-SHARING is an arrangement under which a fixed or minimum wage is supplemented by a premium proportionate to the efficiency exhibited by the workman, so far as this exceeds a specified standard.”¹

An interesting description of “gain-sharing” in practice may be found in the evidence given by Mr. A. F. Hills of the Thames Iron Works Company, London, before the Labour Commission, on July 26, 1892.

As compared with profit-sharing, the advantages of gain-sharing are that it brings the extra reward more directly in proportion to the actual effort of the individual, and that this reward is unaffected by bad debts or bad purchases, for which the firm and not the employees may be responsible.

The drawbacks of gain-sharing are that the rewards are paid out, as the system is at present practised, at short intervals; that it necessitates a great amount of clerical work (though, of course, this in some cases may be advantageous for giving precision in calculating costs); that it opens the possibility for frequent disputes as to the

¹ *Methods of Industrial Remuneration*, p. 3. See also, *ibid.*, pp. 48-59. The appropriateness of the term “gain-sharing” seems to be open to question; see letter from Mr. A. F. Hills, p. 106.

basis of the premium ; and that it sectionalises the workers, departmentally and otherwise, and is not therefore likely to be very effective as a lubricant. This last deficiency should perhaps be specially emphasised, for one of the most valuable and necessary qualities of profit-sharing is that it makes the industrial machine work smoothly.

2. PROFIT-SHARING AND TRADE UNIONISM.

Profit-Sharing no Substitute for Trade Unionism.—It is difficult to see how advocates of profit-sharing can claim that their system is an effective substitute for Trade Unionism. Apart from the fact that it is desirable that men should have the educating effect of practical sympathy with their fellow-workmen, I do not understand how, under the stress of existing competition, profit-sharing can permanently provide an effective guarantee for an adequate minimum wage.

Cases with Anti-Strike Clause.—In one or two exceptional cases, a clause has been introduced into the profit-sharing scheme, providing for the forfeiture of some part of the benefit in the event of an employee striking. It is conceivable, of course, that there might be certain conditions which in a certain trade would, for the time being, warrant such an inclusion ; but if workmen are connected with a reasonable Union,—such as, generally speaking, I consider our own Union, the Typographical Association, to be,—I could not recommend them to barter their right of free combination and of free action for the average system of profit-sharing. Such action is too much akin to selling their hardly-earned birthright for a mess of pottage.

Any profit-sharing scheme based upon lines irreconcilable with the free play of legitimate labour combination

rests—in a free country, at any rate—on a basis essentially insecure.

Provision for Trade Union Membership.—A large number of the recent schemes explicitly provide for Trade Union membership. These have a clause to the effect that “profit-sharers will be free to become or remain members of any trade or friendly society.” One employer, Mr. R. Martin of West Hartlepool, gives still stronger evidence that all profit-sharing employers are not hostile to Trade Unionism by providing that “profit-sharers must be members of their trade society.” Personally, I think that there should be freedom to belong to, or to remain outside, the Union.

It may be gathered that the Trade Unionists in our employ approve of the system, because their answers are presumably included in the “ballot opinions” given elsewhere, and all those opinions are favourable. There is, in fact, no essential antagonism between profit-sharing and Trade Unionism.¹

Occasional Increase of Price under Trade Unionism.—In some trades it has been clear that the obtained rise in wages is followed by a rise in the price of the article to the consumer. The coal trade is an obvious example. No doubt the advance in the cost of production is in many trades only temporary, as labour under high wages tends to become more effective, and encourages the introduction of improved machinery.² But, unfortunately, there are examples of the contrary result. In the building trade at Coventry,—my illustrations are necessarily taken, for the most part, from my own neighbourhood,—wages have been forced up by Trade Union action, and in that trade it is

¹ Cf. Mr. Thomas Burt's letter, p. 105.

² Cf. a noteworthy article on “The Dearness of ‘Cheap’ Labour,” by D. F. Schloss (*Fortnightly Review*, January 1893).

believed that there is less work actually being done per day than used to be done at the lower rate of wage. I have obtained a communication from a local builder of repute on this point. He wrote: "You will be well within the mark in stating that fully one-third less work is done in the same number of hours now than was done a few years ago. I am of opinion that the men have so long been encouraged by Trade Unions to do less, that they cannot now perform the same amount of work as they formerly could." In acknowledging the letter, I said that I took his statement to be that a bricklayer who built three yards of brickwork in a given time some years ago would now only build two yards in the same time; being, however, anxious to err, if at all, on the safe side, I put it to him whether we had not better correct the proportion to this—that a man used to build four yards, and that now he builds three yards. But my informant objected to the alteration, and maintained the assertion that one-third less work is done for an increased wage than used to be done without overexertion for the lower wage. In other words, he maintained that the wages had gone up from 15 to 20 per cent. in the last twenty-five years, and the amount of work done had gone down 25 or more per cent. This statement may be held by some to be only an *ex parte* one, and I should like to supplement it by a reference to the excellent article which the *Daily Chronicle* published when the Royal Commission commenced its labours, in which support is given to the present argument. The editor welcomed the institution of the Commission on this ground: "We hope it will at least attempt to guide the aims of Labour into the proper direction. Just now Labour

has but one object, to do as little work as possible, and to get as much money for it as it can." (February 25, 1891.¹) Now that was the testimony of a paper which is distinctly sympathetic with labour. To show how suicidal this action is from the point of view of the workers, I may state that a few weeks ago I was saying to one of our men about some little matter, "You had better send round for a bricklayer to attend to it," to which our man replied, "Won't you let us try and do it ourselves, sir? If we get those chaps on the place, there is no knowing how long they will be here." This job actually was done without recourse to outside help. Other building operations we have postponed owing to misgivings on this point.

Until this tendency is checked and reversed, I despair of many right-minded employers adopting the attitude that is desirable towards Trade Unions. It is especially unfortunate that laxity should exist in the building trade, because almost every one has to do with building artisans in one way or another. I can discern among not a few well-meaning acquaintances, clear indications of the way in which this fault prejudices the estimate of Trade Unionism generally, while in the case of a middle-class friend, who has been an ardent admirer of New Unionism, I have been interested to notice a distinct moderation of tone since he had the necessity to have his own house altered and renovated.

The evil consequences of "the slack hand" recoil upon the worker himself, as is shown clearly in Coventry, with respect to house accommodation. Our Medical Officer of

¹ See a full report of this article on p. 186. In some of the trades in question, signs of improvement have, I believe, appeared, so that the statement would now need some qualification.

Health tells us that we have about 3000 houses which have not all the proper sanitary conditions, and some citizens are seeing what can be done to provide increased and improved accommodation for artisans. But a serious obstacle to doing this (and, of course, to providing decent homes for some of these very bricklayers) lies in the indifferent and careless attitude of many of the building artisans.

It has already been admitted that in many cases higher wages do not increase the price of the product. Certainly it is a fact that, under profit-sharing, additional remuneration can be secured for the worker without the public suffering in the matter of price. In our own case, the cost of production and the prices charged to the public for our goods have been lowered during recent years, while the remuneration to the workers has been increased. I am sure the workers are all the happier for doing their "level best" while they are at work. There is scarcely any experience so miserable as that of the "shackler."

High Weekly Wages a Qualified Benefit.—Whatever advantage is secured by Trade Unionism is, generally speaking, all paid out to the employees *weekly*. We have had serious examples of the drawbacks of this provision in Coventry. Twelve or fifteen years ago, all good watchmakers were earning very high wages; two years ago, the cycle makers were getting very high wages. In each case some few of the artisans took care of their money, and now are to a large extent independent of bad times. But I fear that to the majority of the workers in both trades, the abnormal, high weekly receipts did more harm than good. To put the matter in a striking form, my conviction is that a great many of the workmen in question would have been bette

off to-day if, during the good time, their employers had paid £4 or £5 a year to some provident fund on their behalf, than they are now for the additional, say, 20s. a week which they actually received.

Fair-play for Profit-Sharing.—Those who, like myself, freely admit that the rights and functions of Trade Unionism should be carefully respected by profit-sharers, may legitimately address to Trade Unionists an appeal—a claim—that they on their side should give profit-sharing fair-play. It is unquestionably a fact that a certain section of working men view profit-sharing with suspicion, if not with hatred. The present is hardly the occasion to discuss what justification there may have been in the circumstances of the past for the prejudice which manifestly exists. The existence of one or two counterfeit coins should, in any case, not condemn the currency. Even able labour leaders need not feel insulted if the attribute of infallibility is denied them. Carlyle said, in his early vigorous period, that it was essential to distinguish between what the working classes needed, and what they thought they needed. They *thought* they needed the retention of hand processes of manufacture; there is now no question as to the fact that the introduction of machinery, where it has been accompanied by the organisation of the workers, has immensely improved their economical position. With respect to profit-sharing, it is, of course, possible that labour leaders may see, from a tactical point of view, grounds for opposing the system at one stage of industrial progress,—when, as it seems to them, the interests of labour demand that everything should be staked upon its solidarity,—while, at a later stage, they may see it to be safe to recognise its indisputable economic advantages. It may, at any rate, be

permitted to the well-affected onlooker to adopt towards these leaders with respect to their attitude on profit-sharing, the advice of Cromwell to his divines: "I beseech your reverences to think it possible that you may be mistaken."

Many respected Trade Unionists have always viewed profit-sharing as a potential good;¹ and there are signs that the antipathy of more "advanced" labour men is moderating.² In the *Commoner and Glassworker* (Pittsburg, U.S.A.) of December 31, 1892, there appeared a severe criticism on a certain American profit-sharing scheme, but the article declares that the system contains in it "a very healthy and promising germ." In an advanced English periodical named *Brotherhood*, there appears (January 1893) a sympathetic report of the evidence given upon this subject to the Labour Commission, concluding with the declaration that "honest profit-sharing such as this forms a most useful stepping-stone towards the co-operative commonwealth."

¹ Cf. Letter of Mr. Thomas Burt, M.P., p. 105.

² Cf. Evidence of Mr. A. F. Hills of the Thames Iron Works Limited, London, respecting his "Good Fellowship Scheme:"—"With regard to these schemes I have brought before the Commission, in the first instance we met with a very great deal of opposition from the Trade Unions. They distrusted the thing. Nine months have gone by and now they see how it works, and their opposition is broken down. I want to impress upon the Commission that if a fair and just resolution is conceived, the Trade Unions are very ready to fall in with it. My experience of the leaders of the Trade Unions is, that if you meet them fairly and give them time to consider their position, they will meet you half way. There is no ill-feeling. We have had as much trouble and disputes with Trade Unions as anybody in the kingdom, and I do not believe that now a single Trade Union is at enmity with us" (Labour Commission Evidence, July 26, 1892. Question 24,958 A).

3. PROFIT-SHARING AND CO-OPERATIVE PRODUCTION.

Without any wish to disturb unnecessarily established definitions, I feel that I can only accept under a protest the limitation of the term "co-operation" to working-class enterprise. It seems to me that the division should not really be a class one at all, but rather a division between workers on the one hand, and receivers of interest or rent on the other. Etymologically, our system might fairly claim to rank under the title of "Co-operative Production."

Profit-Sharing retains the Trained "Entrepreneur."—Profit-sharing has the advantage of appealing to the party—the middle-class employers and companies—which at the present time is in possession of the bulk of the trade of the country. There is a distinct advantage in retaining the services of the trained middle-class *entrepreneur*. A peculiar quality of service should naturally belong to that class. In conversation about this matter, the manager of a Co-operative Society frankly spoke to this effect: "Working men have not sufficient confidence in one another; in some cases, they seem all to want to be captains. Generally speaking, profit-sharing will be necessary to bridge over the time from the present unsocial arrangements to something more advanced."

Some writers and speakers use language which implies that employers form a useless, if not a parasitic, class. There are, of course, employers *and* employers. Observation leads one to conclude that the sum of the value to a concern of an active partner's work is, in many cases, greater than that of any employee in the same concern.¹

¹ Cf. "Attitude of some Socialists towards Employers," *post*, p. 194.

Working Men often Deficient in Mutual Confidence.—From experience with our own staff, I find that, while there is general sympathy when there is need to relieve misfortune, yet when it is a case of inter-working—who shall do this and who shall do that—there is often friction. Although our men have had the training of several years' community of interest under profit-sharing, I am sorry to feel convinced that, if the middle-class element were withdrawn, the business would go to pieces in a few months.

A gentleman told me, two or three years ago, that some slaters, who wanted to start a productive society, came to him for advice, and asked that one of the provisions should be that no member should hold more than £5 capital. On his expressing surprise at such a curious demand, the spokesman replied, "If one of the fellows gets a lot of money in the thing, he would want to order us about; we would sooner have a regular gov'nor than one of them bossing us."

It should be observed that these criticisms are directed against co-operative production, and not against co-operative distribution. In the distributive field it is clear that the working class has achieved a very creditable and valuable degree of success. The influence of a strong federation of consumers was, it is said, the means of breaking down an attempt to form a "flour ring" in the North of England about a year ago. Working-class experiments, even in the field of production, are without doubt of extreme interest, for probably the position of a worker in a productive society is more educative than a worker's position under a profit-sharing firm; but it is possible to pay too high a price even for education.

Social Influence of Employer.—Is not the social influence

of the employer worth conserving? The mixing of classes in businesses, as in other institutions, is in itself a good thing, and this is especially seen when the ladies connected with a firm show kindness in an unpretending and right spirit. The influence of the "traditions of civility" must be very humanising and valuable.

4. POSSIBLE FURTHER DEVELOPMENTS.

The system of a "*Limited Liability Company*" no doubt offers some advantages. It is possible to arrange for the allotment of shares on easy terms to the workers, whereby they may get a more direct interest in the concern. When the conversion is made under fair conditions, and not as an occasion for exploiting the public, and when the old personal relationship of employers with employed is not interfered with, there are strong arguments for such a change. The multiplication, however, of purely joint-stock concerns is probably one of the elements of danger as regards the future. The secretary of one such company quoted to me a declaration of one of his directors, which passed unchallenged at a board meeting. In opposing some suggested change, this director said: "All we have to do is to make money as quickly as possible."

Personally, I do not think that the time has arrived for *Industrial Partnership* on the bold lines of Mr. George Thomson's undertaking. The advantages of such a system do not seem to be proportionate with the hampering of the management which it entails. In considering the extent to which, at a given time, one should go in this direction, a warning should be taken from the experience of Mr. Robert Owen at New Lanark.

5. ESTIMATE OF PROFIT-SHARING.

I consider profit-sharing to be a safe expedient for the manifestation of the new social spirit which is, fortunately, growing. As compared with schemes for municipalising labour and so on, it is modest and commonplace, but it has the advantage of being immediately practicable. The stimulus to inventiveness and progress, which is unquestionably a feature of individualism, is conserved, but the much-needed socialising influence is added. The beauty of the thing is that it brings additional wealth to those who are very much in need of additional wealth, while at the same time it prepares them to deal with it properly.¹

It is difficult nowadays to advocate any system, such as profit-sharing, without incurring a reputation for being a panacea-monger. I should be sorry to pretend that profit-sharing was "a remedy for all the economic ills which the workers' flesh is heir to."² I do not regard it as an "end," but as the "*next thing*." It is the best immediate means known to me for elevating the lot of the workers; and if it should be shown that the system was opposed to the real interests of the workers, I should be quite willing to reconsider my position. A short extract from a recent letter from a valued friend (Mr. Browett, Town Clerk of Coventry) may here be given:—

"The object to be looked at, is a change from hostility

¹ If profit-sharing became general, some of the competitive advantages now accruing to individual profit-sharing firms would be gone; but, of course, the economic advantage would not be lost, it would be only immensely extended. A fellow-worker remarks to me in this connection, "If every one goes in for profit-sharing, we must invent something else."

² From a hostile article in the *Labour Elector* for January 7, 1893.

to sympathy, in the relations between capital and labour, and the principle of profit-sharing seems to me to offer the only hope of change. We are as much at war as ever we were in our Civil Wars, the loss and suffering are as great, and the prospect full of evil. The policy you advocate and practise may be the dawn of a better day, and I think it is; if not, why, then, the Deluge!"

6. RECOMMENDATIONS AS TO THE STARTING OF SCHEMES.

One meets with a common objection to profit-sharing to the effect that it may answer with quiet sensible employees, but will never answer where conditions of disaffection and degradation exist. It will be well, therefore, to remind English readers that in the cases of the two chief French profit-sharing firms, the *Maison Leclaire* and the *Maison Godin*, the employers' proposals were met, in the first instance, with pronounced suspicion and disbelief. Under the influence, however, of the practical benefits which accrued to the workers year by year, men who had been idle, intemperate, and disaffected developed into industrious and contented citizens. If there is bad feeling to commence with, it is likely that a longer period will have to elapse before the good effects of the system are apparent. But under these untoward conditions, it is manifest that there is all the greater "margin" for economising, and it is therefore specially worth the while of employers, under such conditions, patiently and resolutely to apply the system.

There is proof that the applicability of the principle is unaffected by the *size* of the business, for it is successfully worked in sm^{all} medium, and large concerns.

A certain degree of continuity of employment is desirable ; but in the case of the *Maison Leclaire* at Paris, it is arranged that if a painter or other workman only works one day for the firm, he has a share in profit credited to him for that one day's work. I do not recommend such an extreme course as that ; in most cases, a few months' service should be a necessary qualification in order to avoid excessive clerical work.

It is often objected that profit-sharing will answer so long as satisfactory shares are forthcoming. There may be some foundation for the state of mind underlying this objection. My own opinion is, that if workmen are approached in a candid and sensible manner, this risk may be reduced to a minimum. An encouraging illustration may be cited from the experience of William Thomson & Son, Limited, of Huddersfield, an "industrial partnership" which was inaugurated with the help of Trade Unionists and co-operators. In 1889, owing to exceptional circumstances, there was a clear loss on the year's trading. In this case the workers, so far from being disgusted with the result, voluntarily agreed to pay out of their wages during the succeeding year a sufficient sum to pay the interest on the fixed capital ; this was actually done by the payment of a voluntary tax of about sixpence in the pound on wages for the necessary number of months.¹

Having been asked on several occasions for advice as to the starting of schemes, I give the following recommendations, which have been suggested by our experience:—

(1.) Spend some little time in preparing the outline of

¹ Mr. George Thomson's many friends will learn with pleasure from the Report of the Society for 1892 that a bonus of 1s. 3d. in the pound on wages has been earned during the past year.

your proposal; the nature of the trade has an important bearing upon the style of scheme most suitable.¹

(2.) Make the basis of your proposal as generous as you possibly can. Otherwise you may be reminded of the declaration: "He that soweth sparingly shall reap sparingly."²

(3.) Leave out of your scheme all clauses which might fairly be considered by Trade Unions to be objectionable.

(4.) At an early stage, talk the proposal over with a selected number of the employees. It is desirable to get first of all a few to understand the system thoroughly. Your "Employees' Committee," if you have one, will naturally provide a suitable body for this preliminary consultation. It is almost certain that the men and foremen will be able to suggest small improvements in the proposed regulations. "No one knows where the shoe pinches like the wearer."

¹ In addition to the rules of our firm, the draft of a simpler scheme for general use will be found in the Appendix, p. 233. A valuable compendium of different schemes will be found in *Profit-Sharing Precedents*, by H. G. Rawson.

² A basis of participation which was laid down by the late M. Godin of Guise, as "expedient and just," provided that after deductions for depreciation and reserve had been made, labour and management should receive their market rate of wages, and capital its market rate of interest, and that the balance of profit should be divided in proportion to the money value of the services rendered by the three factors concerned. For example, in a business with a capital of £12,000, the market rate of interest might be—it will vary according to the risk of the business—7½ per cent., say £900 a year; wages might be £3000, and employer's salary £600 a year; making a total of £4500. If the additional profits reached £450, under this formula there would be further interest on capital, and a bonus on wages and employer's salary—in all three cases of about 10 per cent. each. At the present stage of industrial development, however, it is impossible to lay down any formula for universal application, because the circumstances of various businesses are so diverse.

(5.) When finally adopted, the scheme should be carefully explained to a general meeting of the employees, and a printed copy of the rules should be handed to each participant.

(6.) Have "long patience" in the matter. When the relations between master and man have been bad, the employer might even talk to his people in this way:—"This is my offer; it is honestly meant to improve your position, as well as to consolidate the interests of the business. Probably you won't at first believe in it. You have been educated to think that your interests and my interests must be opposed to each other. Your attitude is due to past faults on both sides. This offer shows my desire for a change, and I mean to give it a reasonably prolonged trial."¹

¹ The experience of Mr. A. F. Hills presents an impressive example of the success attending the exercise of patience in dealing with suspicious Trade Unions. See pp. 106 and 142.

A sensible comment upon the widely circulated report of the unsatisfactory working of a profit-sharing scheme in the Black Country appeared in the *Accountant* for November 12, 1892:—"It is a little disheartening to learn that the results achieved by Sir Alfred Hickman, under the profit-sharing scheme he inaugurated a year ago, have fallen considerably short of what was expected. It is well to remember, however, that twelve months is no very lengthy period in which to test a scheme that entirely alters the relations betwixt capital and labour. It is complained that 'the slovens and idlers are as slovenly and idle as ever,' but there seems to be no reason for supposing that this defect—if it really exists to the extent indicated—is, of necessity, permanent. While labour has still the uphill battle to fight, it is but wise in its generation to stake everything upon its solidarity; but as soon as it begins to feel at home in its improved condition, it will soon perceive that the idlers are as inimical to its interests as to those of capital; then the bonds of unionism will relax and the sloven and the idler will find their proper level."

CHAPTER VIII.

THE SHORTENING OF WORKING HOURS.

I. REDUCTION OF HOURS WITH WRITER'S FIRM.

UNTIL within a year ago, the "eight hours day" had presented itself to my mind as very desirable, but under present conditions of competition, quite impracticable. The receipt of a pamphlet on the subject, written by a friend, Mr. R. A. Hadfield,¹ a steel manufacturer of Sheffield, led me to become somewhat more hopeful on the subject. On the publication of the report of Mr. William Allan's satisfactory trial of the forty-eight hours week,² the matter was again brought before the firm, and on my brother's proposition we decided to submit a proposal for a fifty hours week to our workpeople. The matter was introduced at the annual meeting of the employees in September 1892, and subsequently a voting paper was distributed to all the employees above the age of sixteen; it was worded as follows:—

¹ Mr. Hadfield has recently published his views in *A Shorter Working Day*. (Methuen & Co.)

² See his evidence in Labour Commission Report for December 2, 1892.

COW LANE PRINTING WORKS, COVENTRY.

Proposal for a Trial of Shortened Hours.

For one year from October 3, 1892, working hours to be reduced from fifty-four to fifty, viz. :—

Commence work,	8 A.M.
Dinner,	1 to 2 P.M.
Close at	6 P.M.
Saturdays, close at	1 P.M.

No reduction of weekly wages to be made in connection with this proposal.

If the work necessitates individuals going on *for a few minutes* after closing time, they not to be entitled to charge for same.¹

“Overtime,” when properly authorised, to be paid for at same rates as at present.

THOMAS BUSHILL & SONS.

September 19, 1892.

I should be glad to accept the proposal for shortened hours, and would undertake to do my best to turn out the same amount of work as hitherto.

I prefer to continue the present arrangement of working hours.

Every employee over sixteen years of age should sign his or her name in *one* of the above spaces, and hand in paper at paying time to the cashier on Saturday, September 24.

A week was given to the employees for consideration. The possible bearing of the proposal upon the bonus fund was not overlooked. But the result of the voting showed a practical unanimity in the matter. One hundred and

¹ This is a very rare occurrence.

fifteen signed the first declaration, and two signed the second.

2. MEANS ADOPTED TO MAKE UP LOST TIME.

The chief economy has proved to be in the avoiding of the necessity for two breaks in the day. There is an inevitable loss of time and of momentum when the machinery is stopped for breakfast or for tea.

The reduction of hours must necessarily have an effect in lessening the cost of gas and power, but these items cannot be properly estimated until the end of the financial year. Since the change was made the employees have aided the firm with various suggestions. In the case of one department, the whole staff are enabled to start work promptly at eight o'clock, through an arrangement whereby one of the workers (the duty is taken in rotation) comes at 7.30 to get the room ready. In another case the shafting has been speeded up slightly, with the result that the machinery turns out an undiminished quantity of work. The firm now feel justified in insisting upon stricter punctuality in the morning.

3. RESULTS SO FAR SATISFACTORY TO EMPLOYERS.

The output has, as far as we can gauge it, been fully maintained. A curious fact is, that in one department of piece-workers the output was, during the fortnight succeeding the reduction of hours, larger than it had ever been before. This increased production has not been kept up, but the reason probably lies in the fact that we have not had quite sufficient work to keep the workers going at full speed.

We find, if anything, a greater disinclination for overtime

than before. This is probably in part owing to the fact that a man leaving work at six o'clock has an evening before him, whereas, if he works till seven o'clock, it is only a matter of an hour or so of leisure.

The alteration, of course, tends to reduce the working hours of the employer as well. It is strange now to recall the opposition which many employers gave to the introduction of the fifty-four hours week, twenty years ago. It is quite clear that the fifty-four hours week has been a boon to masters as well as to men. It is my conviction that in most trades the introduction of a forty-eight hours week will now prove a mutual advantage to employers and employed.

4. RESULTS SO FAR SATISFACTORY TO EMPLOYEES.

The general satisfaction of the employees with the alteration will be gleaned from the "ballot opinions" which follow. In explanation of the fact that only fifteen opinions were returned, it should be stated that the committee, thinking the trial had been too short for a valuable judgment, did not *ask for* opinions on this point at all: it was left to those individuals, who chose to do so, to volunteer their impressions. As illustrative evidence that the extra spare time is being well spent, I may state that, incidentally, I heard that one of the work-girls had commenced taking lessons in shorthand and typewriting since the change.

MEN.

(1.) *Shortened Hours*.—After working under this system for a few weeks, I think I may safely say that it has made no material difference to the amount of work I do—indeed, I think I work brighter and better in anticipation of the recreation gained.

(2.) I may say that in my opinion the shortened hours are of great benefit, as it gives the workpeople more leisure for recreation and studying, and thus benefits them both in mind and health, and they feel better fitted for their daily labour, and I think great thanks are due to our employers for being among the first to give the shortened hours a trial.

(3.) *Shortened Hours*.—Appreciated most decidedly as a boon by the workers,—to whom it means lessened strain and more leisure, taking as it does from the day's work the most enervating hour of the day (namely, the last), worked for the great part of the year by artificial light, and under, almost necessarily, somewhat unhealthy conditions.

For results:—we will "*learn to labour and to wait*."

(4.) The trial of the fifty hours, I hope, will be a great success, and that we shall soon work on the forty-eight hours system.

(5.) Shortened hours is a very good idea, for I believe for myself there is as much work done as ever there was before, and not much time wasted either, for there is no breaking off two or three times a day, for doing away with breakfast-time and tea-time saves a lot of time being wasted.

(6.) The firm have lately conceded a reduction of four hours without interfering with wages. This is a boon to us workpeople, as with lessened hours of work we get more time for, I hope, profitable recreation.

(7.) Having regards to the shortened hours, I believe that it will be successful. And I sincerely hope it will, as there is no doubt that it is a great boon to the employees. Especially those who reside long distances from the works.

(8.) *Shortened Hours*.—A system very beneficial for a man that has a garden to attend to, or to me that has no garden and a gift for reading, etc.

(9.) *Reduced Hours*.—Great boon to men. No loss to masters.

(10.) As regards shortened hours, I wish to say that I think it is very good of the employers for giving it to the employees.

(11.) As regards shortened hours, I firmly believe in that

trial that has just commenced by Messrs. Bushill & Sons. I hope and believe the same quantity of work will be done as hitherto.

(12.) *Shortened Hours.*—I am of opinion that the trial of shortened hours is a move in the right direction, and one in which every right-minded employee should strive to make a success, and thus assist in its universal adoption.

(13.) *Trial of Shortened Hours.*—This, I think, is a step in the right direction, because it shows that our employers recognise the fact that their workmen are something more than mere human machines, which can keep going as long as a little motive power is left, and then flung in a corner as useless, when they have got as much work out of them as possible.

Then as to the other profits, I think if employers would study the matter carefully, they would find that men do not work so much according to the hours as to price, and I feel sure there will be as much work turned out in the fifty hours, as formerly in the fifty-four.

YOUNG WOMEN.

(14.) *Shortened Hours.*—A system very beneficial to one fond of recreation, household duties, and studies.

(15.) As regards the shortened hours, I would rather work an hour later and have tea half-hour.

5. ON THE "EIGHT HOURS DAY."

Without doubt there is, in the case of many time-workers, a margin between what the worker actually does turn out as compared with what he *might* turn out, even without over-exertion. This consideration is placed gracefully before working men by Mr. Schloss when he is arguing against the veto put upon piece-work by some of the Trade Unions.¹ But even in the case of a man who is doing his

¹ *Methods of Industrial Remuneration*, p. 42.

"level best" (which we will represent as resulting in an output of 100 units per hour), if the hours are shortened, it is possible for him somewhat to increase his output (say, to 105 or 110 units per hour) without over-exertion; that is to say, a workman can, without physical injury, work at the speed of 105 units per hour for forty-eight or fifty hours, whereas he could not work without overstrain at that speed for fifty-four hours. It would, of course, be possible to carry this argument to an absurd extreme: but though there is evidently a limit, practical experiments are showing that the limit has not yet been reached. And considering the great development in labour-saving machinery during the last twenty years, it may fairly be contended that some reduction of working hours is generally due to the workers. There is also the consideration, which is sometimes overlooked, of the increasing *monotony* of the day's work under present conditions. At a recent conference between a trades' council and an educational body in the Midlands, one of the workmen incidentally said: "The more the work is subdivided, the better it seems to pay; so I suppose we cannot complain at employers therefore dividing the work up; but you can't think how monotonous it is to keep on making the same small bit of a machine day after day."

It must not, of course, be forgotten that in trades subject to the caprice of fashion or to seasonal demands, overtime may be a necessity. The harvest days have to be utilised, else the crops will not be gathered. Literally true in agriculture, this remark is an accurately approximate metaphor in some trades.

With regard to the projects of legislation in this matter, it seems to me that a better case than that which has hitherto been presented to the public will have to be forth-

coming before an Act of Parliament for a universal Eight Hours Day will be obtained. A serious obstacle—though not, of course, a conclusive objection—is presented by experience in other countries. On the one hand, in several of the States of North America, “eight hours” laws are nominally in force, but are being entirely disregarded; while, on the other hand, in the Australian Colonies, the “eight hours day” for most trades has been secured and maintained by Trade Union action.

But the voluntary concession of this practicable reform offers to the majority of employers a splendid opportunity to arouse and stimulate good-will on the part of their workers.

CHAPTER IX.

DESIRABLE LEGISLATIVE AND ADMINISTRATIVE DEVELOPMENTS.

1. BONUS TO BE RECOVERABLE LIKE WAGES.

IT is questionable whether the bonus, even under a definite scheme, is legally recoverable. It is certainly of great importance that there should be no doubt upon this matter.¹ There is, moreover, a good case for giving to bonus the same priority of claim as ordinary wages now have.

2. NATIONAL PENSION SCHEME.

Pension schemes initiated by private firms have several drawbacks. It is true that they tend to hold the employees to the particular firm, but the nature of the holding is, to my mind, somewhat similar to the lump of wood tied to a horse's leg to keep him in his paddock. I think that Trade Unions might legitimately raise objections on this score against such schemes. I should wish, generally speaking, the horse to keep to his own paddock, but rather because he liked it best, and found the best feed there.

Another drawback to individual schemes is that they tend to interfere unduly with the *mobility* of labour. From

¹ *Profit-Sharing Precedents*, p. 35.

time to time there is to be found in every business a man who proves unsuitable for his work, and it is to the interest of the firm, and of the man, that he should obtain employment elsewhere. If, however, the man has been serving the firm for some years, he would naturally be very loath to move and sacrifice his prospective benefit; and, on the other hand, most firms would have compunction (for, in spite of the declarations to the contrary, the majority of employers are not Gradgrinds) in discharging him.

It is certain that there is an urgent need for a system of national pensions. Whether or not the scheme propounded by Mr. Charles Booth is theoretically the best, it is probably not within measurable distance of being adopted, owing to the enormous cost entailed.¹

The whole subject will assuredly receive careful consideration at the hands of the Royal Commission, just appointed. The community has already, through the Poor Law, accepted a large measure of responsibility for providing for the old age of the poor. Would it not be only a natural development of the present situation if the State could arrange a system whereby the thrifty should receive in their old age a portion, at any rate, of the advantage which they would receive if they were thriftless? In other words, the State may be called upon to take charge of, and to supplement with an additional old age grant, the savings of the working classes.

As profit-sharing extends, it may reasonably be expected that a far larger number of persons will have money to lay by for this purpose; what is needed is some State office or

¹ It is, I believe, estimated that a pension of 5s. given to every person over the age of sixty-five would cost upwards of seventeen millions a year.

department into which the savings and the provident funds of employes may be paid.¹

3. EMPLOYMENT BUREAUS.

The evidence of the Rev. Wickham Tozer of Ipswich, and Mr. E. T. Scammell of Exeter, given before the Labour Commission on December 1, 1892, emphasises the great need there is at the present time for Municipal or Government Registry Offices or Employment Bureaus.

There has seldom appeared a more moving recital than the contribution of Mr. John Burns to the *Nineteenth Century* (December 1892), on the text from Carlyle: "A man willing to work and unable to find work is, perhaps, the saddest sight that Fortune's inequality exhibits under the sun." Mr. Tozer, in his evidence, declared that "forced idleness would demoralise an angel."

It is certain that not unfrequently there is, at a given time, in one locality a supply of labour seeking employment without success, while there is at the same time a demand for that labour in another locality. The consideration of this difficult problem will doubtless receive the careful attention of the Labour Commission and the Government.

4. AN EFFECTIVE LABOUR DEPARTMENT.²

It is very desirable that the Government Labour Depart-

¹ Cf. statement respecting provident funds of our own employes, p. 36, *ante*.

² Cf. Paper on "The Reorganisation of our Labour Department," read before the Royal Statistical Society on January 17, 1893, by Mr. D. F. Schloss.

Since the writing of this section, the Government has made known its intention to enlarge the Labour Department.

ment should have a larger staff, so that it might, for one thing, undertake the registration of statistics of such labour developments as profit-sharing. The making of the necessary inquiries and the tabulation of the replies for such a purpose is a somewhat onerous duty for private individuals to undertake.

The insufficient staffing of the Labour Department of the Board of Trade was clearly seen when the late Government decided to issue a Report on Profit-Sharing. The work had to be delegated to a gentleman in the Patent Office, and although he took great pains, and produced a valuable report, the unsatisfactoriness of such a way of doing the work was quite manifest, for the first edition had to be cancelled owing to mistakes of omission and commission, and the revised edition contains a statement calculated to give a wrong impression on a vital point.

Another valuable function for a well-organised Labour Department would be, as Mr. Schloss has suggested, the communication from time to time to workmen in our country of information as to the cost of production in other lands.

The striking evidence of Dr. Gould (of Washington, U.S.A.) before the Labour Commission, giving the beneficial results of the inquiry of one of the State Labour Bureaus into the profits of manufacturers,¹ raises the question as to

¹ "As to educative influence upon the working people themselves, I might name a prominent instance in Connecticut. A few years ago there had grown up the idea that the proportion of profits was altogether too large in relation to wages, and a malevolent feeling, a bad feeling, was beginning to manifest itself in the minds of the working people. The Commissioner saw that if this thing proceeded it might result in difficulties and strikes—in fact, a great many strikes had sprung up apparently in connection therewith without any cause whatever.

the possibility of an English Labour Department undertaking, in certain cases, work of this kind. The proposal is calculated, at first blush, to shock the mind of the British manufacturer; but if it could be shown that it is possible to keep the respective profits of individual firms quite private, it is probable that reflection will lead our business men to a more favourable consideration of this new departure.

5. ALTERATIONS IN POST OFFICE SAVINGS BANK REGULATIONS.

As the system spreads, some firms will be glad to be relieved of the responsibility of holding their employees' provident funds, and it is important that they should be so relieved. At present it is against the regulations for a

He went to the manufacturers, and said: 'It is a great deal better that we should know the truth, even if it is against you, because the minds of the working people are being poisoned, and they are an easy prey to agitators and selfish demagogues and interested people, and we think it is a great deal better you should let us know the truth.'

"The Commissioner's resources were so limited that he could not cover everything in one year; he contented himself the first year with inquiring into ninety establishments. He was urged to go on, not merely by the labourers, but by the manufacturers themselves, who said: 'It is not a fair thing to stop where you do, you must get more information,' and he has gone on for four years since. I do not know how many establishments he has covered during the last year, but during the four years he investigated nine hundred and seventy establishments in that way. The books of the manufacturers were freely opened to him everywhere. After he had tabulated the data, he returned them to them or destroyed them, according to their wishes, so that the facts could never come out. Each establishment was presented impersonally, and the result was the entire calming down of this unreasonable agitation, which had existed hitherto in the State, and the strikes have been exceedingly infrequent since" (Labour Commission Evidence. December 2, 1892. Question 6508 W).

workman to have an interest in more than one savings bank account. In order to favour the institution of such provident funds as I have ventured to advocate,—which have, according to the voluntary testimony of our employees, in our own case proved so valuable,—I think it very desirable that the regulations should be altered so as to allow of a workman having his own private account, and, in addition, of his being the beneficiary of a separate individual trust account (to which probably the employer or his cashier would be trustee).

Liberty should also be given to a qualified post-office clerk to attend at the works of such a profit-sharing firm to take the necessary signatures.

6. A DECIMAL SYSTEM FOR ACCOUNTS.

A most impressive sign of a certain innate conservatism in the British commercial mind is afforded by the fact that we still continue to do our business, and keep our accounts, with the cumbersome money system of pounds, shillings, pence, and farthings.

The assertion cannot be too often reiterated, that Great Britain is alone among civilised nations in its lack of a decimal system of accounts.

It would be interesting to know the extent to which this fact handicaps us economically. A good field here offers itself for the statistical calculator to compute how great is the waste of time incurred by the old mode of reckoning. I have seen it stated that the average English child might save a full year of his school-time, which would, of course, be devoted to some useful study, if we had a sensible system of weights and measures.

I have no recommendation to give as to the decimal system as a whole, but it is possible to deal with the money system first, and daily I am impressed with the prodigious wastefulness of our *£ s. d.* style of book-keeping. The following suggestion of the writer's was published in the *Daily News* of July 16, 1886:—

“Any reform in the coinage, to have a chance of success, must be of a kind that would easily graft on to the old system; for it is certain that in the popular mind and usage the two systems would for some time exist concurrently. A very feasible plan would be this:—Let our present florin (2s.) be the unit of value. A farthing is at the present time $\frac{1}{4}$ th part of a florin. Let it be reduced fractionally in value, and made $\frac{1}{100}$ th of a florin, and perhaps re-named (for convenience and etymology) a cent. This proposal would reduce alterations in our existing coinage to a minimum, while gaining all the advantages of the decimal system. The sovereign would remain of exactly the same value as now, but would be marked 10 florins; half-sovereign, 5 florins (half-crowns would be abolished); florin remain same as now; the shilling (unaltered value) become 50-cent piece; the sixpenny (unaltered value) become 25-cent piece. The chief alteration would be in the value of the penny, which, becoming a 4-cent piece, would count 25 to the florin, instead of 24 as now. This would also assimilate our penny to the value of the Channel Islands penny, which at the present time passes current at 25 to the English florin.

“Many people will raise objections against the reducing of the chief unit from the value of *£1* to 2s., but every system will be attended by certain drawbacks. It seems to me that the drawbacks in question will be infinitely smaller than those of our present awkward system. Seeing that the American unit is of about the value of 4s., and the German and French units are of the value of a shilling or less, if we adopt the middle value of a florin, it would seem demonstrable from

experience of other nations that the system would be quite workable.

“Another advantage of the system would be the ease with which old values could be turned into new (an important matter in view of the large number of tariffs fixed by Act of Parliament and otherwise). Thus £100 becomes 1000 fl., £5 = 50 fl., and so on. After the first novelty had been got over, the immense convenience of a twofold over a fourfold nomenclature would be apparent to all—*e.g.* £26, 10s. 2½*d.* would become fl. 265.10.”

It is just such a reform in which the Government should lead the nation, and not wait for the agitation of the people generally, whose minds are naturally preoccupied with their immediate duties. A committee or a commission should decide upon a certain system. If it is thought impracticable to introduce the same forthwith, the new system might be placed among the compulsory subjects in the Education Code—the examinations in the old system being gradually moderated—with the provision that, in a certain number of years—say, seven—the system would become the national and legal one. By this time, thousands of boys and girls, thoroughly familiar with the new system, would have entered the business houses and the homes of the land.

CHAPTER X.

THE LINE OF DELIVERANCE.

I. AS TO THE ATTITUDE AND ACTION OF WORKMEN.

Need for Thrift and Temperance.—It is unnecessary to enlarge at any length upon the need among working men for increased thrift and temperance: the subject has been well discussed by more competent writers. But the satisfaction of this need is so obviously a prime condition of economic improvement, that the subject cannot be altogether passed over in this section.

Professor Marshall estimates that “perhaps £100,000,000 annually are spent by the working classes, and £400,000,000 by the rest of the population of England, in ways that do little or nothing towards making life nobler or truly happier.”¹

Considering that the average income of the artisan is so much less than the average income of members of other classes, it is clear that the wasteful expenditure is, in the first case, more serious. (The bearing of Professor Marshall’s statement as to the other classes will be referred to in the second section.) Doubtless there has been considerable improvement in this respect. A very sure way for the leaders and friends of working men to

¹ *Elements of Economics of Industry*, p. 372.

advance their interest will be to foster and extend this improvement. Middle-class and well-to-do people will be much more ready to view sympathetically tendencies towards new systems and developments, which will increase the income of the working man, if they have not reasonable ground to imagine that the increased income will be fooled away in drink or in gambling. Ridiculous as, to some, the assertion may appear, I believe that there are employers who honestly consider that they are acting philanthropically in neglecting at the present moment to increase the remuneration of people they employ. During the Dock strike in 1889, the fact that some of the strike leaders were, if not teetotallers, outspoken advocates of temperance, encouraged many others besides myself, who found the strike a big nuisance to our businesses, to send subscriptions to Mr. John Burns.¹

In this connection, it may be well to quote the impressive words of Channing, "On the elevation of the working classes":—

"There is but one elevation for a labourer and for all other men. There are not different kinds of dignity for different orders of men, but one and the same for all. The only elevation of a human being consists in the exercise, growth, energy of the higher principles and powers of the soul. A bird may be shot upwards to the skies by a foreign

¹ About twenty years ago, Mr. T. G. Beamish, late Chairman of the Coventry Board of Guardians, publicly offered to pay for the maintenance of any teetotaller who applied at the Coventry Workhouse. Although the offer has been repeated on several occasions, there has been but one application: work was found for this man, but he, not being over industrious, soon lost it. I am informed that, "as a matter of fact, there has been no genuine application from a genuine teetotaller."

power; but it rises, in the true sense of the word, only when it spreads its own wings and soars by its own living power. So a man may be thrust upward into a conspicuous place by outward accidents, but he rises only in so far as he exerts himself and expands his best faculties, and ascends by a free effort to a nobler region of thought and action. Such is the elevation I desire for the labourer, and I desire no other. This elevation is indeed to be aided by an improvement in his outward condition, and in turn it greatly improves his outward lot; and, thus connected, outward good is real and great; but supposing it to exist in separation from inward growth and life, it would be nothing worth, nor would I raise a finger to promote it."¹

Need for Study of Economics.—The need, at the present time, for the study of economics on the part of the working class is very urgent. Many working men have the idea that the limitation of production is in itself a good thing, and tends to create employment. By this reasoning even laziness is made to wear a philanthropic guise. Not to refer to the standard works of Professor Marshall, allusion may be made to Professor Symes, who shows up this fallacy in his little book on *Political Economy*, which is well suited for popular study. Mr. Schloss, whose general sympathy with the Trade Union movement for increasing the wages of workers is well known, discusses the matter under the heading of "The Theory of the Lump of Labour," in his book on *Industrial Remuneration* (p. 46). And I cannot see how any intelligent artisan can read his argument without agreeing with his conclusion that, if it is desired to increase the remuneration of the working classes, it is foolish to lessen the fund—namely, the produce—from which wages as well as profits are drawn. A convincing illustration may be obtained

¹ Quoted in Mr. Sedley Taylor's *Profit-Sharing*, p. 26.

by comparing the average output of the over-worked, half-starved Chinese hand cotton-spinner, with the average output of the intelligent and well-developed Lancashire operative, aided by good machinery.

Workmen would also learn from such study what some of their fellows have learned from sad experience in co-operative production, that profits are not unlimited.

Many workmen have a very exaggerated notion of the profits of their employers. I met with an illustration of this fact not very long ago when discussing a new basis of costing for one of our departments; incidentally, the foreman, with whom I was speaking, allowed to transpire his opinion of the profit on his department, and I was amused to find that his estimate slightly exceeded the aggregate profits for all our eight departments. Very commonly, workmen overlook altogether the items comprised in "Trade Expenses" (such as rent, travellers' and managers' salaries, bad debts, etc.) According to the evidence of Dr. Gould before the Labour Commission, in Connecticut, U.S.A., the official Labour Department has been enabled to correct these mistaken views on the part of working men there.¹

There are signs of a growing consciousness among labour men that a knowledge of economics is essential to progress.² As to the means of extending this knowledge, besides the agency of political clubs, Trade Unions, and so forth, there is a good opening in connection with the Adult School and

¹ See p. 162.

² Cf. Report of discussion on Trade Unionism at the Democratic Club, during which one of the principal speakers declared, "If properly instructed in economics, Trade Unionism would never be effete" (*Daily Chronicle*, December 29, 1892).

Girls' Club movements, where "upper" and middle-class people are being brought under favourable conditions into direct touch with working people. Technical Institutes could also render aid.

In thinking of the growing generation of workers now in our elementary schools, few would contend that our present system, whether as regards the teaching of social science or other things, brings about an ideal result; and in this connection one welcomes as a cheering sign of the dawn of the social *renaissance*, the bold advice given to the Eton boys by Mr. Geoffrey Drage, when he said: "Here, if anywhere, the ancient motto, *Noblesse oblige*, applies; and I say to you that of all the ways in which you can render service to this country at this moment, the most certain, if the least striking, is that of qualifying for and serving in the humble career of a master in a School Board school."

Need for Reasonableness.—I think that some workmen need, if only in their own interests, to be more fair-minded, considerate, and civil. Evident room for improvement in this respect was revealed in the manifesto of the London Building Trades' Committee of January 23, 1890. The object of this circular was to "condemn" the profit-sharing scheme under which Messrs. Peto Brothers proposed to divide with the workmen employed upon one of their large contracts, 25 per cent. of the net profits. I do not propose to discuss the merits of Messrs. Peto's scheme; one or two of the smaller provisions may have been open to legitimate objection from the labour point of view. But I am persuaded—having carefully investigated the case at the time—that the offer was a *bona fide* one, and I think it probable that Messrs. Peto would have modified the proposal in one or two respects if they

had been approached by the Trade Unions in a civil way. There was certainly no warrant in their proposal for the insulting language which the Committee used when they urged the employees to refuse co-operation in the scheme, "until Messrs. Peto Brothers have shown that full confidence in their workmen which they evidently have in their own self-assurance and importance." Certainly the public would hear of it if a firm addressed a communication to their workmen couched in this sort of language.

At the same time, I am firmly persuaded that the responsibility of the present strained relations cannot be laid exclusively at the door of labour, and in the next section I propose to give reasons for the duty, as it seems to me, laid upon employers to exercise patience. But even if it be admitted that many employers have not done justly by the men in the past,¹ who can fail to see that the men will be unwise if they take as their policy the giving of tit-for-tat? I regret to see advice given to workmen, by some well-informed persons, to the effect, "Get every penny you can: as soon as you see you can get an advance of wages, demand it."

I hope that, as the productivity of labour increases, wages will go on increasing; at present it is most important that men should preserve their right to combine, therefore I should never counsel them to take blindly *any* scheme that is offered them; but the "good time" will not come by this policy of keeping a constant keen look-out for the employers' weak moment. And when an employer

¹ Cf. incident on p. 180.

² For an ethical argument in favour of Trade Unionism, see "The Church and Labour Combinations," by H. Scott Holland (*Economic Review*, October 1892).

makes a genuine step to meet his men, as I know many are ready to do at the present moment,¹ should not the men hold themselves in readiness to welcome the disposition, even if they cannot accept the form in which it is first manifested?

One would like to know whether certain of the modern labour leaders really wish for the co-operation of any members of other classes. Of course there is a sentiment—which, to a certain extent, is admirable—that working men should only care to have advantages which they can earn or extort. If all working men were equal in mental and moral calibre to the member for Battersea, there might be reasonableness in this position.

Employers of the friendly type referred to would not dream of insulting working men by patronising airs, but they are conscious that they have certain qualities which the average working man has not; and these qualities they wish to dedicate to the good of the people, feeling assured that the best interests of the people cannot be irreconcilable with their own best interests. Whether the self-sufficient type of labour man holds his own or not, it may safely be assumed that the measure of success which, year by year, will attend labour efforts must, in the nature of things, depend to a certain extent upon the degree of confidence labour leaders bestow upon right-minded employers. And it may be hoped that working men will come to realise that, under certain conditions, there is a grace in accepting as well as in extorting.

The possession of an open and tolerant mind really adds, in the eyes of thoughtful men, to the influence of a leader. Recognition should be made of the broadening sympathies

¹ Cf. the Letters of Employers in chap. iv.

of some of the leading New Unionists.¹ And the statesman-like development of labour M.P.'s in the past is a hopeful presage of what may be expected from others as they get to feel the responsibilities of power.

2. AS TO THE ATTITUDE AND ACTION OF EMPLOYERS.

A Simple Mode of Life desirable.—One very practicable way for employers to help forward industrial peace is for them to choose a simple mode of life. It is not that the £100 or £500 which can be knocked off the average personal expenditure of the employer would go far even if divided among his workpeople, but the less the contrast in the style of life between master and man, the more likely is the man to be reconciled to his lot. An example may be cited: during the bad times, four or five years ago, a Warwickshire colliery owner—a really estimable man—was speaking to his employees and explaining that their wages could not be made better, that the times were worse for the master than for the man, etc.; but the effect of his speech was somewhat marred by the ejaculation of one of the miners present: “But what we don't understand is how the carriages and pairs go on all the same.”

Personally, I do not think that workmen are unreasonable

¹ Cf. Speech of Mr. Tom Mann at Scarborough. “As one who had taken part in many strikes and lockouts, he was ashamed to say that the amount of energy wasted by organisations was astounding. The time had gone by for organising a trade for its own end, and it was now their duty to be more cosmopolitan. It was the duty of employers, statesmen, and philanthropists to get a better grip of the industrial situation, and see if they could not run the industries of this country in the interests of all, and not in the interests of a few” (*Scarborough Mercury*, November 4, 1892).

on this question. It is erroneous to suppose that they want every one to be on a level as regards remuneration, so that artisan, foreman, manager, and partner should be paid an all-round wage of (say) forty shillings a week. When, at the institution of Mr. George Thomson's Industrial Partnership, the proposal was made to the committee that Mr. Thomson's salary as manager should be £500 a year, the only criticism which was made by the employees on his committee was that they thought it too little. And I fancy that the average journeyman, especially if he had a foreman's berth in view, would dissent from the Levellist theory, which, at the present stage of society, is both inexpedient and impracticable.

Unfortunately, many ladies and gentlemen still consider that in buying luxuries they are serving the community by finding employment; and thus they invest extravagance with an altruistic grace. Like the working men, they need to go and learn of the economist. They will find, as many have found, that—even if the impossible admission be made that the luxuries are harmless to the purchasers—their action is, as Mr. Edward Grubb points out in his paper on the "Economics of Luxury," only equivalent to the employing of men to do useless work.

One is glad to hear of the increasing attention which is being paid to the study of economics in young ladies' schools. The ladies hold, as many men will admit, the key to the situation: when educated women realise the invaluable gain to the commonwealth which would follow from a carrying out of the Archbishop of Canterbury's counsel to employers,¹—"to live in simpler ways and on more brotherly terms with their employees,"—it may be

¹ See p. 108.

confidently anticipated that their influence will be thrown into the right scale.

The additional national advantage would be, from some points of view, questionable, if the £400,000,000 which Professor Marshall estimates to be the wasteful or useless expenditure of the "upper" and middle classes were all "saved" or placed in ordinary business investments.

The real advantage of a moderate style of living is that it places the employer in a position to view favourably proposals or schemes for increasing the welfare of the workers. This course might indeed be suggested by considerations of enlightened self-interest. Ethical demands suggest that there must be at a given time and in a given factory one right proportion of remuneration for labour, management, and capital. That exact proportion may not be easy to determine, but if any one contributor to the concern gets more than his share, that excess will do him harm.

Attitude towards Workmen.—Do not many employers need to begin by reconsidering their personal attitude towards their workmen? It has too often been the case that they have regarded them as helots—of different clay—with whom it would be *infra dig.* to take any sort of counsel. This attitude is not always the result of pride, but is sometimes due to a mistaken idea of the necessary conditions for the conduct of a business. When, years ago, I mentioned to a successful employer-friend that I had an idea of trying profit-sharing, he said: "You leave well alone; if you go in for those lines, you'll have 'Jack as good as his master,' and no business will stand many masters." When, in the following year, the Dock strike occurred, I felt very thankful that we had not "left well alone." It will be seen from my earlier evidence how our actual experience has utterly

falsified my friend's forebodings. It should be recognised that workmen are human beings, and that many of them possess qualities which can be turned to valuable account, even in spheres which have often been regarded as peculiar to the employer.

Interest in Industrial Questions.—An encouraging sign of the times is that employers are realising in increasing numbers that the study of industrial questions is directly concerned with the proper discharge of their business duties, with the result that the more fully and candidly the middle-class man applies his mind to the consideration of these questions, the more sympathetic does he, as a rule, become with the aspirations of labour after an improved standard of life. In the past, one has been too often met with the declaration, "I have enough to do to look after my own business, I have not time to go into mere theories." Another common attitude was represented by the statement, "All these things are settled by the law of supply and demand;" but the success of the Dock strike has, in fact, somewhat shaken this position.

There remain, however, too many examples of employers who view these subjects with mild or contemptuous indifference. These gentlemen are fully entitled in their individual capacities to their own opinions, but they must not be surprised if many thousands of working men place somewhat greater reliance upon the judgment of—and perhaps base agitations upon the attitude of—such men as Mr. John Burns, who occupied his spare time on the Gold Coast in studying the *Wealth of Nations*, and who, at a much later date, was puzzling his head as to whether to buy a new pair of boots or Mallock's latest philosophical book.¹

¹ *The Idler*, January 1893.

Danger lies in any attitude of indifference or apathy; whether these gentlemen like it or not, the balance of power has altered,¹ nor will strong language avail to restore it. It is true that the statement that "Demos is king" requires some qualification; in theory the people have the power, but in practice they are not in a position to give effect to that power. Our monarch, in fact, has not yet attained his majority; and, while under tutelage, he needs—not flattery—but a kindlier education and a more sympathetic discipline than many well-to-do people seem inclined to give him.

Attitude towards "Paid Agitators."—The spirit shown by some employers and others towards Trade Union officials is, in my opinion, provocative of strife. "Paid agitator" is the reproachful epithet commonly applied—as if it were possible to secure any reform or improvement without *agitation*, and without sustenance from *third parties*. An unexceptionable type of agitator may be cited in the late Mr. John Bright,—if any think that the term is misapplied, I would ask them to consider that "the agitator" is but the chrysalis stage of the reformer statesman,—and some will remember how, on one occasion, the "Tribune of the People" declared in Rochdale that all his public labours would have been impossible but for the fact that his brother had kept the business going which furnished them both with the means of livelihood,—and if he had thought of it, he would no doubt have included in his acknowledgment the services of his workpeople. That is to say, John Bright

¹ Cf. Lowell: "The beggar is in the saddle at last," cries Proverbial Wisdom; "why, in the name of all former experience, doesn't he ride to the devil?" "Because, in the very act of mounting he ceased to be a beggar, and became part owner of the piece of property he bestrides" (*Democracy*, p. 8).

could not have "agitated" continuously if he had been compelled to earn his own living.

That is just the position of the Trade Union secretary; but there is this difference, that the Trade Union official, instead of having admiring relatives or passive employees—or passive tenantry—as his economic base, too often has a vast number of ill-informed, and therefore unreasonable, constituents to deal with.

A forcible example of the prejudice still existing even among intelligent and well-meaning business men, I met with in a report of a recent political meeting.¹ The principal speaker, in referring to Mr. Chamberlain's proposal for the establishment of tribunals of arbitration, welcomed the plan for the reason—which was applauded by his hearers—that "*it would sweep away that fiend, the paid trade agitator.*" Knowing that some of these "fiends" are spending fourteen or fifteen hours a day in worrying work, in striving to obtain an "eight hours day" for their fellows, I am glad to anticipate, as one of the wholesome results of the careful and dispassionate inquiries of the Labour Commission, the revealing of the average Trade Union official in his true light. A labour man, in conversation with me recently, said: "Trade Union officers are human, and therefore they sometimes make mistakes; but it is a great error to suppose that their interests are for war; a big strike often means the disruption of the Union, and, consequently, the temporary loss of their employment."

The fact is to be deplored that some labour leaders at times use violent, uncharitable, and unwise language. The measure of our condemnation should, however, be tempered by the reflection that capital has had in the past an unfair

¹ *Coventry Herald*, November 25, 1892.

proportion of the profits of industry, and that the greater number of the working population have not yet had time to get their judgment sobered by the discipline of education.

The first contention may be supported in this way. It is obvious that, at the present time, labour is obtaining a larger proportion of the profits of industry than it obtained fifty—or even thirty—years ago. Who has yet met with the capitalist who would maintain—at any rate in public—that labour is getting an excessive reward at the present time? The logical inference, therefore, is that labour did not get a fair reward in the past. In illustration, I may quote a spontaneous declaration made to me by a large employer of labour, and which was the more creditable to him because his men at the moment were on strike. He said: “We are suffering for the sins of our fathers. Up till twenty or thirty years ago, the masters had all the power, and they did not do justly by the men; now that the balance is changed, we must not wonder at getting tit-for-tat.”

Another illustration may be taken from the story of a business man's life with which I have had some personal knowledge. This gentleman commenced business about sixty years ago with a capital of, I believe, £20, and he died recently, leaving an estate of the net value of £240,000. He led a kindly and useful life, but the nature of his business did not give scope for the play of exceptional organising or inventive ability; so that it may fairly be concluded that a considerable portion of his estate must have been due to the past order of industrial life, which rewarded his investments with a large “unearned increment.”

There has been, at any rate, *apparent* injustice in the respective lots and fortunes of equally worthy members of the community, and it is only natural that the feelings of some of the working classes should find expression in unparliamentary language, because of the very poor education they have received. In the report of the political meeting above referred to, the following account of a working man's speech appeared:—"Mr. . . . responded to the toast. He had not much to say, because he did not know much; he only went to school one half day in his life, and then the master was out, so that he did not learn much there."

There is another piece of evidence which I should like to quote as being still more impressive. A working man of middle age was speaking at a meeting of the Book Club connected with the Cow Lane Adult School at Coventry, and in order to enforce his quiet exhortation to his hearers, young and old; to make the most of their present advantages, he alluded to the childhood experience of his wife. He said that her earliest recollection related to her being called up early in the morning, and, because she was too small to dress herself properly, she used to be helped on with her things by her mother, in order to be sent off to work. On making inquiries in order to verify the story, I learnt that this little girl was about seven years old when she was thus sent out to work from 6 A.M. till 7.30 P.M. in the summer, and from 8 A.M. to 8 P.M. in the winter; her wages being one shilling and sevenpence per week.

It may be objected that these things belong entirely to the past. It is true that, thanks to the Factory Acts and the Education Acts, such social scandals as those above narrated are now impossible; but my point is, that the

people, who form the bulk of the present labour parties now, are, of course, middle-aged or elderly people, and their demeanour must be largely affected by the recollection of their own early life.

For myself, I confess that it is not the rhetoric of the (so-called) demagogue—it is the labourer's dumb endurance—which arouses my sympathy and sometimes stirs my indignation. Is it surprising, as once was ingeniously asked, that people whose education has been so sadly neglected, should sometimes spell "evolution" with an initial "r"? And when some chance charlatan leads his followers into wild and unreasonable courses, and the reproof of the community is due, I respectfully submit that such reproof does not come with good grace from those who are living lives of luxury,—from those who are, some of them, enjoying fortunes which in great part have been built up on the starved and blighted lives of their fellow-creatures,—hapless toilers, whose only prayer—in myriad cases, hitherto, a hopeless one—has been that they might not die in the workhouse.

Employers are sometimes apt to overlook the fact that the conditions of industry have largely changed. Owing to various causes, the rights and conditions of employers and workers in one place are now affected by the rights and conditions of employers and workers in other places. It is no doubt pleasant to be "master of one's own business:" "outside influence" is naturally objectionable; but if employers will only dispassionately study the question, and "look not only on their own things," it is likely that their opinion will be, as mine has been, largely modified.

Even a cursory examination of some of the evidence given before the Labour Commission has made me ac-

quainted with functions in Trade Unionism which were previously altogether unsuspected. Evidence was given before the Commission on May 18, 1892, from which we can see the beginnings of a beneficent transformation of a Trade Union into something very much like a Trades Guild. The evidence respecting the discipline in the "Boiler Makers and Iron and Steel Shipbuilding Society" showed how a Trade Union was punishing ineffective and disorderly workmen.¹ Discipline of some degree is also, as Mr. Schloss informs me, exercised in the Boot Trade Unions, and the "Associated Iron and Steel Workers of Great Britain."

¹ Mr. John Rae, in his analysis of evidence given before the Labour Commission (*Economic Journal*, Sept. 1892, pp. 553, 554) writes with reference to the "Boiler Makers and Iron and Steel Shipbuilding Society":—"Other societies fine or expel disobedient members, but this society compensates the employer for breach of engagement by its members. Thus lately at Hartlepool, ten men working on a vessel that was required in a hurry struck, contrary to agreement, for two shillings advance, and the firm wired to the Council of the Trade Union, who immediately wired back, 'Pay the difference.' This was done, and then, when the vessel was finished, the Council compelled the members who had struck to refund the money, and sent the firm a cheque for the amount. Then, if any members of the Society contract for work, and leave it in an unfinished state, or make a bad job of it, or one not according to contract, the Council undertakes to compensate the employers for the loss they have sustained. Three members left a contract unfinished recently, which it cost the firm £10 to finish, and the Council paid the £10 and then compelled the three members to make it good. Another member made a bad job of two boilers for an Isle of Wight firm, who complained to the Council. The Council sent an inspector to examine the work, and as he found the complaint just, and assessed the damage at £5, the Council sent a cheque for that amount to the firm."

Question 20,978 A, in the evidence of Mr. R. Knight (the secretary of this Society) is especially noteworthy.

3. CONCLUSION.

As long as we begin with the determination to preserve unaffected our own powers and emoluments—whether we are landlords, employers, Trade Unionists, or what not—we must go wrong. We can all laugh at the maxim of the estimable Bunker, the East End house owner and agent, in *All Sorts and Conditions of Men*, whose position is defined by his remark to Miss Kennedy, "Rent, Miss, is sacred." But we may find that the key to our own position is not altogether dissimilar.

The real concern, as it seems to me, of co-operators, Trade Unionists, and even Socialists, is to make it easier for the industrious man to get a living, and to make it harder for the idle man to get his. This should not shock us. Work is good. "In every age, in every nation, in every rank of society, those who have known how to work well have been more numerous than those who have known how to use leisure well."¹

The signs of the times appear to be distinctly encouraging. There is a growing desire on the part of various classes to know and to do their duty. Co-operators are confessing that co-operation alone will not cure all economic ills. Trade Unionists as they increase in intelligence are growing in reasonableness. Fabians are declaring that enthusiasm and declamation will not avail without an *instructed* public opinion.

In Great Britain we have national advantages. We have the priceless boon of an honourable and an incorrupt local

¹ Professor Marshall, *Principles of Economics*.

and imperial administration.¹ We have, moreover, in the character of the people, the "true grit" which wins for them a degree of comfort which will compare favourably with that of other nations, even in spite of the sterilising influence of class bitterness and the large proportion of our wasted national income.

"Our healing, indeed, is not in aristocracies or democracies,"—not in individualism nor in collectivism—not in profit-sharing nor in co-operation—not in 'free labour' nor in Trade Unionism,—“but it will be revealed by the still small voice that speaks to the conscience and the heart, prompting us to a wider and wiser humanity.”²

¹ Cf. "Municipal Institutions in America and England" (*The Forum*, November 1892), by the Right Hon. Joseph Chamberlain. The writer states that the cost of local government in the United States is five times as great proportionately as in Great Britain.

² Lowell.

CHAPTER XI.

PRESS EXTRACTS.

I. ON LABOUR AND THE LABOUR COMMISSION.

[From the "Daily Chronicle" of February 25, 1891.]

. . . "WE are glad that a Royal Commission is to inquire into the relations of Capital and Labour. The business of such a Commission ought, indeed, to be of momentous interest, inasmuch as it is of vital concern to the nation. 'Do you not know,' exclaims Bastian Monsen in Henrik Ibsen's *League of Youth*, 'what the nation means? It means the people, the common people—the people who have nothing and are nothing, and who are bound in servitude.' But these people are now enfranchised. We must therefore, as Lord Randolph Churchill tells us, be prepared to hear them soon demanding that they shall have something and be something, and that the terms of their servitude shall be compatible with a larger, loftier, and fuller life. 'All these things the enfranchised people will demand of our rulers one of these days,' M. Zola is reported to have remarked casually to a friend, 'and when they demand them they will be refused.' 'And then?' put in M. Zola's friend. 'And then,' said the novelist, 'the enfranchised people will demand them no more. They will simply take them.'



PRESS EXTRACTS.

Here we have, of course, only a half truth, though a side of the truth to which we must not shut our eyes. Because we have felt that the catastrophe to which M. Zola points is the inevitable penalty for such blindness, we have long urged the imperious necessity for devoting the best energies of the State and of the Legislature to the conciliation of Labour and Capital. We regard the appointment of this Royal Commission, therefore, as a message of good-will from the classes to the masses, as the first step towards that great social reform which the late James Hinton had in his mind when he likened it to 'the getting of an inverted pyramid straight.'

"But the process described by Mr. Hinton implies a revolution of a far more thorough-going kind than the world has ever seen yet. It is so complete that it almost implies the realisation of John Rosmer's dream—the purification of will achieved along with the conquest by humanity of unrestricted intellectual and spiritual freedom. It would be too much to expect this to be the work of a day. Even the sanguine Ferdinand Lassalle thought it would take two centuries of mental and moral evolution to fit the Democracy for entering on their inheritance. But if it must be long ere we reap the harvest, there is all the more reason why we should hasten to sow the seed; and the work of this Commission will be the work of the sower—alas! in some respects, it is to be feared, like that of the sower in the Christian parable. The ideas of social reformers, even on the very simplest subjects bearing on the realisation of their hopes, are in a state of absolute chaos. A Royal Commission will hardly be able to recommend any group of them as a practicable basis for legislation. But it can, at all events, collect a rich storehouse of materials for

enabling us to test their relative value and worth. Moreover, it can eliminate from the field of discussion plans which are little better than the delusive nostrums of quackery. Unfortunately, as Carlyle says, at a time when men's ideas are vague and vacillating, your quacks, who are nothing if not definite and decided, have an enormous advantage in impressing their views on a people too ignorant to test them. A Royal Commission will tell us much that will dispel that ignorance. Another thing this Commission, we hope, will at least attempt—that is, the guidance of the aims of Labour into the proper direction. Just now Labour has but one object—to do as little work as possible, and get as much money for it as it can. Yet this ought not to be the sole or chief aim of the working class. Its leaders ought to abandon an ideal which is essentially that of the huckstring shopkeeper, and recognise that to increase the quantity and quality of what we produce by our work is to increase the possibilities of happiness and well-being for ourselves as well as others. Increased wages and leisure are not ends in themselves worth striving for, and their utility has limits. The wise man strives after them merely because he knows that poverty and overwork, which imply social degradation, make labour inefficient and unproductive, and that without the means of self-improvement and self-development—*i.e.* without ample wages and leisure—he can have no hope whatever of usefully fulfilling his destiny.

“This leads us to say that the true aim of the working class should be, not the plunder of the capitalists, but the reconquest of their social position, their readmission into the aristocracy of life. For the working class, social progress has had little real meaning in our time. That

Macaulay was able to boast that a working man had better food and his wife better clothes to-day than the lords and ladies of the Feudal Period is not to the purpose. The social gulf between the hand-worker and the middle or professional class has vastly widened, and as the employer has risen in the social scale the handicraftsman has gone down. It was not altogether theatrical blague that tempted Napoleon I. to say his ideal was a state of society in which every artisan would be an artist. Why, that state of society actually existed centuries ago in England, and but for the obstructive social prejudices of 'the classes' it could be made to exist again. How many, for example, realise the fact that the bishops, priests, and monks, who are popularly described as 'architects' of our old cathedrals, were only servile clerks of works and timekeepers; that the real architects and designers and decorators of these splendid structures were the persons we should now call 'the workmen,' and that these workmen were not only socially regarded as the equals, but, in cases where their ability and originality were high, as the superiors of the lettered *operarii*? No mere advance in wages, no mere exaction of shorter hours, ought, therefore, to satisfy the working class of England so long as they cease to occupy the position of honour which they held in mediæval times, when through their guilds they controlled creative handicrafts, and when a competent artisan could hope for just recognition of his dignity and worth at the hands of a society grateful for his services. The highest task before those who would guide the new Labour Commission, or who desire to improve the relations between employers and employed, is that of discovering how to put the latter in a social position which, quite apart from the wealth it secures, confers on those

who attain it the frankest and most ungrudging concession of general honour and esteem. The power to attain this position is dormant within the heart of Labour—indeed, if it be not there, it exists nowhere. It is the duty of the new Commission to tell us how it can be quickened into waking life.”

2. THE HOMESTEAD STRIKE.

By N. O. NELSON, Brass Goods Manufacturer, St. Louis, U.S.A.

[From “*Employer and Employed*” for October 1892.]

“Had Mr. Carnegie adopted profit-sharing instead of the sliding-scale, the chances are there would have been no Homestead massacre, and the stoppage of work throughout the country incidental to the strike would have been avoided. Mr. Carnegie adopted the sliding-scale plan, with profit-sharing in mind. He was, at the time, greatly interested in the relation between master and men in all its bearings. He triumphantly eulogised American democracy, American protection, labour unions, arbitration, and co-operation, which is profit-sharing carried to its ultimate conclusion. He not only ventured to hope that complete co-operation would become the industrial system of the future, but, in declaring the proprietor’s wealth to be a trust fund, he called upon public sentiment to make it a ‘disgrace to die rich.’ The gentle aroma of socialism in all this, was more startling then than now. Except for Mr. Carnegie’s well-known money-making powers, his four-in-hand coaching tours, and his Scotch head, these declarations might have been set down to a sympathetic familiarity with Plato or More or Godin. The motive in adopting the sliding-scale was good enough. He meant to pay larger wages

when he got larger prices. There was a bed-rock of selling price and a bed-rock of wages. More price, more pay. Here is the rub. The plan is wages, pure and simple; but the amount of the wages varies according to the market price of the product. It embodies no element of profit-sharing. The increase of wages is due to causes upon which the workman has no influence whatever. Whether he or his fellows do well or ill, work carefully or slovenly, rapidly or slowly, it has no effect on the tonnage rate paid him. As he is paid by weight, these differences affect the amount he will receive; but they do so no more under the sliding-scale than under any piece-work system. As to the general results, the actual profits of the business, the workman has no interest. As to his own output, the slight increase in the rate per ton could have no effect on the character of his work. A piece-work man works his hardest, and he cannot be speeded up by adding two cents or five cents to the dollar of schedule.

“One essential of profit-sharing is that the earner's share is saved up. He does not get it day by day. The most serious evil that surrounds the wages system is the facility afforded for spending every copper that is earned. A wage-earner is relieved of all responsibility outside of the particular work which is provided for him. He can rent a house, and buy furniture on the instalment plan, or rent it at 5 per cent. a month. He can supply every want that his week's wages will cover, and a little more, by paying high prices for credit purchases. He can buy every variety of amusement. He gets his pay every Saturday night; and with all their worldly possessions in their pockets, it will be none but exceptional men who will of their own voluntary determination hunt up a place in which to lay by money

which it is so convenient and so agreeable to spend at once. Profit-sharing hoards up till the end of the year, and it then offers some tangible and attractive plan of investment. There is nothing of this in the sliding-scale. It offers higher wages, but still only wages,—to be spent as wages are.

“The sliding-scale applies to but a small fraction of the whole force, usually not more than five to eight in a hundred. Those who benefit by it are only the skilled men; those who manipulate the expert processes are highly paid. The mass of the workers are excluded. There is no recognition of mutuality, no fusion of interests, no co-operation. It does not touch the rank and file. It applies to the very portion which neither requires it as a spur, nor deserves it as justice. The men to whom it does apply are paid by weight; and the incentive of increased pay, by reason of increased production, will inevitably hold them up to their utmost efforts. Of a thousand men, 950, embracing every variety of labour, earning from \$1.25 a day upward, go moping around at a snail’s pace, doing the least amount of work that will hold the job, anxious to make work for as many as possible, and utterly indifferent whether a slight breakdown stops a thousand men for an hour, or whether oil, coal, and waste are saved or squandered. There is no inducement on the part of either those who share in the sliding-scale, or those who do not, to economise in material or improve in methods. Every improvement in machinery implies a corresponding reduction in the scale at the next settlement day. Why should the worker facilitate or welcome economical contrivances? His interest is confined to his own day’s wages, and his employer’s or his fellow’s income is no concern of his.

“The highest value of profit-sharing lies in its influence in

bringing proprietor and employee together. It breaks down the wall which separates them. It teaches them that constructive co-operation is better than destructive opposition. When a mutually satisfactory plan of apportionment of profits is reached,—and this is not difficult,—then mutual interest is self-evident. The tendency becomes inevitable to make the most of united effort. Under the sliding-scale, it is not pretended that one workman or all the workmen can in the slightest degree affect the sum out of which the increased pay comes. In profit-sharing every man knows that he and his fellow-employee can and do affect their individual incomes. Individual interest and common interest are bound up together. Proprietor and employee alike know that indifference reacts upon themselves. If there is any truth in the asserted superiority of free labour, then there is superiority in interested labour.

“Had Mr. Carnegie adopted a liberal system of profit-sharing, what would have been the result? To skilled men he would have paid the Association rate of wages prevalent throughout the country, and to ordinary mechanics and labourers the day rate current in the Pittsburg district. During the six years in question the steel industry has been, on the average, highly profitable. It has been protected by an import duty, and home competition has been forestalled by combinations. A liberal dividend could have been paid upon wages, perhaps as much as 10 per cent., without reducing the earnings of capital below a rate at which an abundance of it would gladly seek investment.

“In large industrial operations, such as railroads and iron works, services are apt to be extremely slipshod and wasteful. It is more than probable that, after dividends had been paid for a year or two, the extra earnings due to

superior care and alacrity would yield a good dividend to wages without drawing anything whatever from the ordinary earnings of capital.

“Profit-sharing would have exactly suited the theory of stewardship which Mr. Carnegie promulgated. It would have increased the income of all his fifteen thousand men by a sum which would have enabled them to live in better houses, eat better food, and send their children more to school. For the libraries and art galleries to which his millions have been diverted, these men have no adaptability; nor will their children have, if they are brought up under the average mill conditions.

“Not only are more pay and steadier work prime conditions in the safety and improvement of society; a fuller recognition of mutual duties and equal rights is demanded. Profit-sharing is a beginning of democracy in business, through which we may find the way out of war into peace.”

3. ON THE ATTITUDE OF SOME SOCIALISTS TOWARDS EMPLOYERS.

[From the “*Christian Socialist*” for November 1890.]

“An Employer” writes:—“A few months ago I wrote to a friend who has very advanced views on labour subjects, asking him if he would attend a then forthcoming meeting of the Christian Socialist Society. His reply was to this effect, ‘I cannot very well attend the meeting of the Christian Socialist Society; the fact is, the language of these people is so violent and their economics so unsound, that I don’t think it worth one’s while to trouble about them.’ I wish to leave out of discussion entirely the reference to the ‘economics’ of Christian Socialists, and to ask, with all

respect, whether there is any justification for the foregoing criticism of their 'language'?

"In an article on 'Centres of Influence, Bristol,' in your September number, I read words which called to my mind this criticism. Take this sentence, for example, 'A beautiful West End with palatial residences, etc., where *they* dwell who neither toil nor spin; hovels in courts and alleys for *those* who do all the toiling and spinning.' I suppose that more than half of the West End residences referred to are tenanted by 'employers.' So that the clear teaching of this passage is that the hand-workers do all the essential work of the world, and that the employers—the leaders and organisers of industry—do none.

"Now, I have no wish to attempt to magnify the importance of my own class. Doubtless, many employers fail to discharge their duties; perhaps these duties will be better done when 'the good time coming' has evolved a substitute for the 'employer' class. But, meanwhile, is the *Christian Socialist* writer's teaching true to existing facts?

"I was in Bristol a short time ago, and I had occasion to call upon a manufacturer who lives in one of the 'West End residences' referred to. He excused himself for being too tired to discuss the business I had called upon, on the ground that he had been up all night trying to get one of the blocked pumps at the works started.

"A few days before, I was staying a night at a London 'West End residence.' The gentleman of the house did not get back from business for dinner till 10.45, and at 11.45 he was off to catch the midnight train to Manchester, where he had business all the following day. This manufacturer during his busy time sometimes worked from 10 A.M. to 2 A.M., employing a double shift of shorthand writers.

“I do not mean to adduce the cases of these employers as typical of their class (or to hold up their action for admiration), but surely it is unwise to ignore the fact that the sum of the exertion of many employers equals if it does not exceed that of any of their employees, for brain-work is generally more exhausting than hand labour. The employer's ‘profits’ are, under normal conditions, his piece-work wages for management. Those employers who are familiar with Schiller's *Lay of the Bell* will, I imagine, frequently find themselves repeating with feeling the lines—

‘*Ledig aller Pflicht
Hört der Bursch die Vesper schlagen:
Meister muss sich immer plagen.*’

“I hope that I do not under-estimate the blackness of our social evils. It is because I want my fellow-employers and others to be aroused, and because I feel persuaded that exaggeration, and still more, misstatement, repels rather than attracts, that I venture to write thus. The value and ability of the *Christian Socialist* articles are undoubtedly great; one other feature the lay mind desiderates, ‘The rhetoric of under-statement.’”

“NOTES” BY THE EDITOR OF THE “CHRISTIAN SOCIALIST.”

“In another column will be found a letter from an employer of labour, in which he asks if it is the case that Christian Socialists use violent language. Let me inform the readers of this journal, by the way, that the writer of that letter is a really good fellow, and a man who honestly desires to know and to do his duty. Any criticism he passes on us should be taken in good part, for it is well meant.

“As regards the point raised by our friendly critic, whether it is right for some of us to say that the employing class does nothing for the good of the community, whilst the working class does everything, I think that he is wrong in his way of putting things. No Socialist denies that many capitalists are at present *workers*, and no Socialist would prevent them from continuing to be workers. What we object to is their continuing to be capitalists, the monopolists, that is, of certain essential aids to labour in the production of wealth, by letting out which they grew rich without working. It is in the character of usurers, of non-producers they are attacked; and we must be pardoned for pointing out that they are, as a class, more conspicuous in that character than in any other.

“But granting that many capitalists are to some extent workers, what has that to do with the real point at issue? Our friend would ask us to use only the ‘rhetoric of understatement, which is just as hurtful and harmful as the rhetoric of exaggeration. We want exact statement—the declaration of the simple truth. Now the truth is that under the present system a man is paid, not for what he *does*, but for what he *has*. A small capitalist may toil, say in a little wretched shop, like a galley-slave, but he gets little in return, for he is only a small capitalist. A big capitalist may only indulge in such ‘labour’ as signing and endorsing cheques, for an hour or so each day, but great is his reward, for great is his capital.

“All of which points to the fact that the profits and dividends of the capitalist class are paid to them, not as wages for work done, but as interest on something lent or supposed to be lent by them. It is as usurers they amass money, not as workers, and their best friends are they who

tell them this. By all means arouse the consciences of the capitalist class, but do not let us allow them to live in a fool's paradise any longer. Better by far that they should realise at once, if that be possible, that as holders of capital they are altogether superfluous persons, who are a burden on the real workers. If they mean to be considered workers, let them come down into the ranks of the workers like the rest of us, and take their pay openly for work fairly and squarely done."

CHAPTER XII.

OBITER DICTA ON LABOUR SUBJECTS.

I. BEARING OF A BETTER DISTRIBUTION OF THE NATIONAL INCOME UPON THE UNEMPLOYED QUESTION.

IN attempts to deal with the "Unemployed," the first necessity is, as Mr. John Burns has shown in his remarkable article,¹ to separate the "labouring sheep" from the "loafing goat." Some relief works were started by the Charity Organisation Society in Camberwell, and Mr. Loch told the Labour Commission that about 40 per cent. of the unemployed proved to be either inefficient or unwilling to work.² A few years ago, I saw a procession of the unemployed in Coventry, which no doubt included some worthy men, but every individual whom I happened to recognise in that procession had to my knowledge shown himself deficient or faulty either physically or morally. On the other hand, recently in Coventry, there have been numbers of good, steady workmen in sad necessities, and I should hope that Mr. Loch's proportion would not apply to the unemployed generally; in fact, the proportion must necessarily be a varying one. It may be anticipated that, as the general standard of living and education rises, the proportion of inefficients will steadily fall.

¹ *Nineteenth Century*, December 1892.

² Evidence for Nov. 30, 1892. Ques. 5853 W.

One is constrained to think that the *demand* exists for the goods which the unemployed could make, and that there is *capital* sufficient in the country to provide the means to satisfy that demand. The mischief seems to be that the wealth is not in the hands of those whose demand for goods would give occupation to the unemployed.¹

The prominent facts are these—(1) There are the piles of capital in Lombard Street, piles which confer upon their owners such an anxious problem as to how they may be invested or used; and (2) there is an enormous demand, at present largely “ineffective,” for clothing, houses, etc., on the part of the multitude. Then there are so many hundred thousands of the employed. And so many tens of thousands of the unemployed.

I do not pretend to be an economist, but would not such methods as profit-sharing, while increasing the remuneration of the employed, tend to help the unemployed?

Mention may be made of what, incidentally, came to my knowledge respecting the use made of some of the cash bonuses of our employees. One man used his bonus to buy an overcoat; another to buy a bicycle; and another to pay instalments for a house through a building society. So many sovereigns were distributed last autumn. Some represented wealth which would not have been produced but for the stimulus of profit-sharing, and these certainly represent clear gain to the community. The remainder represented pounds which might otherwise have gone to the firm, to be spent in luxuries or in charity, or to add to the piles in Lombard Street. As a matter of fact, some of these sovereigns purchased goods which employed the

¹ Cf. “The Impediment to Production,” by Francis Minton, M.A. (*Economic Review*, October 1891).

tailor and clothmaker for about three days, the cycle artisan for about three weeks, and the building artisan for about six months.¹ So it looks desirable that, by all possible equitable means, the better distribution of the national income should be hastened. To adopt Tennyson's figure: "The mounded heaps must slowly melt in many streams to fatten lower lands."

It is to the credit of the ordinary British working man that he will not listen to any proposals involving the compulsory seizure of property from its present owners. Justice requires that, generally speaking, the actual and bare possessions of present proprietors should be respected; and they will be respected by the democracy, if the Legislature promptly endeavours to check and to counteract the unfair advantages which capitalists have had during the past hundred years or more.

2. TECHNICAL EDUCATION FOR THE "ENTREPRENEUR."

The movement for promoting the technical education of workmen continues to extend the range of its beneficent influence, and there is evidently a need, which comes in fact as a corollary to this movement, for the better instruction of young employers in the science of management.

The young employer has, to a very great extent, to depend upon the methods of his father or predecessor in the business. Although he may, if of a progressive nature, constantly devise improvements, he has no means of taking advantage of the accumulated results of the inventions in this sphere of his class. The consequence is, that the "rule of thumb" prevails in many quarters, with the result

¹ The respective times here quoted are approximately correct.

that there is a great waste of energy on the part of, presumably, the most valuable agent in the industrial concern. In order to illustrate this suggestion, I give the following notes upon subjects which, although doubtlessly familiar and commonplace to many readers, may need the attention of some employers.

Value of Professional Audit.—I have never yet met with a firm who, after having experienced the advantage of an outside audit, wished to go back to the old system. The benefits are manifold, and they distinctly outweigh the comparatively small cost. A manufacturer said to me recently, "If I had only employed an accountant years ago, I should have been a rich man to-day." There is no doubt that many "failures" occur through imperfect book-keeping. Unnecessary temptation is also placed in the way of employees by the lack of an efficient system of audit.

In the event of bankruptcy, the employees of a firm are almost certain to suffer through loss of employment. It would be quite in accord with the trend of recent legislation if some disability were placed upon employers who neglect this reasonable and economical safeguard. Masters now run the risk of penalties if they do not take all reasonable precautions with respect to the state of their boilers. It is probable that, except as regards direct physical suffering, as much distress amongst employees is sometimes caused by a large failure as by an ordinary boiler explosion. A step in the right direction would be made if the Bankruptcy Law were amended, so as to provide that a debtor could not be granted his discharge, or be entitled to make any binding arrangement with his creditors, for a certain number of years (say, seven) if he had not, prior to the failure, been in the

habit of having his accounts duly audited by a chartered accountant.

Payments and Receipts.—Some employers lose a great deal of time by paying their accounts at irregular times. The adoption of a fixed monthly pay day is a great economical gain. Prior to this pay day, the Bought-ledger clerk can check and arrange all statements, and write out the cheques, a course which leaves to the employer only perhaps half an hour's work in appending his signature. A separate cheque-book can, of course, be kept for private payments.

Firms may be strongly advised to pay all their cash receipts into a bank. The consequent saving of time and trouble will astonish any firm which has not hitherto tried this plan, and will largely counterbalance the slight extra charge incurred for bank commission.

Shorthand Clerks and Typewriting.—Perhaps the most valuable office development of the present day lies in the improved methods for conducting correspondence. In writing a letter, one's brain is contemporaneously concerned with two operations—the origination of matter, and the mechanical recording of it on paper. The saving of nerve force when the latter operation is done by an outside agent is great.

The typewriting machine was in general use in America for some years before it obtained a good footing here. The advantages of the instrument are now found to be so great that one would welcome some system which would popularise such inventions at an accelerated rate.¹

Through the adoption of the foregoing improvements

¹Some useful hints may be taken from "Oxborrow and Money-Kent's Universal Office Manual." (W. S. Oxborrow & Co., Public Accountants, 17 Victoria Street, London, S.W. 5s. 6d. post free.)

during the last five years, I estimate—using a large degree of caution—that the time occupied by my routine duties has been lessened by at least 25 per cent. If the economy of employer's energy consequent upon the good-will of the staff be included in the estimate—such subjects as profit-sharing would, of course, come within the range of the desiderated education¹—the contrast would be much greater.

Suggestions on several other matters of administrative *technique* will be found in the Appendix, p. 255.

¹ In Paris there is an institution for commercial education—the “Ecole Pratique de Commerce et de Comptabilité,” at Rue Rivolli, No. 53; established in 1850 by M. Pigier. A favourable notice may be seen in *The Counting-House* for Nov. 1892. (Raithby, Lawrence, & Co.)

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A P P E N D I X.

RULES OF THE BONUS AND PROVIDENT FUND SCHEME.

Established in 1888 on a Profit-Sharing Basis by Thomas Bushill & Sons, Manufacturing Stationers, Coventry, for the benefit of their Employees.

(1.) *Method of Profit-Sharing.*—From and after the 1st of September 1888, the surplus (if any) of the clear profits of the business beyond such definite sum as is for the time being reserved to the firm for their own benefit (hereinafter referred to as the “Reserved Limit”) shall be divided into two equal parts: one thereof to be distributed gratuitously as a bonus to the employees in the manner defined by these rules, and the other to be retained by the firm.

(2.) *The “Reserved Limit.”*—The present Reserved Limit has been communicated confidentially to Mr. Charles J. Angus, 43 Finsbury Circus, London, E.C., Chartered Accountant, and will not be altered for the first three years if the scheme so long subsists. Thereafter it may be raised or reduced by the firm, but (unless altered during some month of September) not so as to affect the distribution of profits for the financial year current at the time of the alteration. Notice of any alteration will be given to the employees in such manner as to let them know how far such alteration would have affected the last preceding distribution had it then been in force.

(3.) *Accountant's Certificate.*—The amount (if any) avail-

able for distribution will each year be certified by a chartered accountant, and will be communicated to the employees.

(4.) *Qualifications for Profit-Sharing.*—The employees entitled to share in the profits for any financial year are such only as at the commencement of such year on the 1st day of September were members of the sick club, and have on or before that date delivered to the firm's cashier for the time being a certificate or other satisfactory evidence of age, and a request to be entered on the list of profit-sharers.

(5.) *Duration of Scheme.*—The scheme is to continue in force only until the firm give notice to the employees putting an end thereto; but such notice, unless giving during some month of September, will not take effect until the end of the financial year current at the time it is given.

(6.) *Method of Distribution.*—The employees' share of profits accruing in each financial year is (subject as after mentioned) to be distributed among them in proportion to their respective salaries or wages at the commencement of such year, taken for one week, exclusive (1) of premiums, overtime, or other variable allowances; or (2) of loss caused by short time. As to employees who are piece-workers, such week's wages in the case of each such worker is to be arrived at (exclusively as aforesaid) by averaging the wages earned by him during the last month of the preceding financial year. In making any year's distribution it shall be permissible to the firm to carry forward undivided to the credit of the following year's employees' share of profits any sum which, if divided, would have given to them less than one week's wages calculated as aforesaid.

(7.) *Employees' Reserve Fund.*—(a.) If in any year the employees' share of profits should exceed such sum as would, if divided, give a bonus to them equivalent to six weeks' wages (that is, six times the amount of the one week mentioned in Rule 6), the surplus above such sum shall go to form an employees' reserve fund.

(b.) This fund will remain in the hands of the firm, bear-

ing interest at the rate of 4 per cent. per annum, and may be applied, at the discretion of the firm, in aid of a subsequent year's distribution.

(c.) If any such year's surplus should not be so applied within five years of its transference to the reserve fund, the same, with interest thereon, shall, at the end of such five years, be allotted to the provident funds of such of the employees as shall then be in the employ of the firm (subject as after mentioned) under the title "Bonus from Reserve."

(d.) No employee shall be entitled to benefit by any "bonus from reserve" who was not a profit-sharer for the year in which the money allotted in reserve bonus was earned.

(e.) The allotment shall be made in proportion to the respective wages or salaries of the employees sharing in the allotment (computed in accordance with Rule 6) for the year in which the money allotted was earned.

(f.) It shall be permissible to the firm at their discretion to allot a "bonus from reserve" at an earlier date than provided for in clause (c) of this rule.

(g.) The accounts of this fund (whenever any monies stand therein) will be audited yearly by a chartered accountant, and submitted (confidentially) to the firm's cashier for the time being.

✓ (8.) *Treatment of Bonus.*—The share of the profits accruing to each employee (hereinafter called "Bonus") is to be divided into three equal parts—one of these will be paid over to him within two months of the end of the financial year, and the other two parts will be credited to him in the books of the firm as a provident fund for his benefit. There will be delivered to him a pass-book in which the account of his provident fund will be entered, and which must be produced when any payment from it is demanded.

✓ (9.) *Employees Leaving.*—An employee whose service ends by notice given on either side, by illness, or by death, will have a right to bonus for the financial year in which his

service ends in proportion to the portion of the year elapsed to the end of the month preceding the end of his service. Any employee leaving under circumstances other than before mentioned shall lose such right. Any sum lost to an employee under this rule does not accrue to the firm, but goes wholly to increase the distribution to the other employees.

(10.) *Proviso in event of Damage or Embezzlement.*—If an employee ceases to be in the service of the firm upon or by reason of any act or default on his part causing loss or damage to the firm, or is at the time indebted to the firm, his provident fund shall be applied to making good such loss or damage or to payment of such debt. If the act be embezzlement or felony, his provident fund shall be wholly and absolutely forfeited, and shall be applied, subject as before mentioned, to such purpose, beneficial to the employees generally, as may be determined upon by the Consulting Committee (formed under Rule 20). Whenever this rule is called into operation, the circumstances of the case will be reported to the said Consulting Committee.

(11.) *As to Withdrawal of Provident Fund.*—Subject as after mentioned, no employee shall be entitled to withdraw any portion of his provident fund.

(12.) *As to Withdrawal after Leaving.*—Subject to Rule 10, if an employee during his life ceases to be in the service of the firm from any cause, he shall remain entitled to his provident fund, but he, or any person claiming from or under him, shall not be entitled to withdraw it until such time as, if he had continued in the service of the firm, he would have been so entitled under Rule 13; provided, however, that he may be voted earlier payment if the firm and the Consulting Committee (formed under Rule 20) should be of opinion that exceptional circumstances, existing in his case, make such earlier payment advisable.

(13.) *On attaining Sixty-five Years of Age, or completing Twenty-five Years of Service.*—An employee on attaining the age of sixty-five years, or completing twenty-five years of continuous service, may, on the following 31st day of

December, receive his provident fund accruing during that period. In reckoning the twenty-five years' service to the firm or predecessors of the firm, commencing at any time since the 1st of January 1880 is to be included, but not service while under the age of twenty-one years. Any such employee, notwithstanding receiving his provident fund, if he continues on in the service of the firm, will, as to future bonuses and otherwise, have the benefit of and be subject to these rules.

✓ (14.) *In Case of Marriage.*—A female employee, who, after leaving the service of the firm, marries, may thereupon claim an immediate payment of her provident fund.

✓ (15.) *In Case of Death.*—If an employee dies, his legal personal representatives will be entitled to immediate payment of his provident fund.

✓ (16.) *Claims to be in Writing.*—In every case where an employee or any person claims payment, such claims shall be in writing, and delivered to the firm's cashier for the time being.

✓ (17.) *In Case Scheme is Discontinued.*—If the firm should put an end to the scheme, the provident funds of all the employees will become payable to them on the 31st day of December following.

✓ (18.) *Interest on Provident Funds.*—The provident fund of each employee will, while the same remains in the hands of the firm, be credited with interest at the rate of 4 per cent. per annum, but no interest will be allowed for any fraction of a financial year. The firm may, if they choose, deposit the provident fund of any employee or part of such fund in a savings bank, in which case the amount deposited is to be credited with such interest only as may be allowed by the savings bank.

(19.) *Security given for Provident Funds.*—The firm will give security upon property of ample value for all monies from time to time belonging to the employees' provident funds, or so much thereof as may be remaining in their hands.

(20.) *Consulting Committee.*—The Sick Club Committee are to form a Consulting Committee under this scheme for

the firm to consult with on any question affecting any employee, or arising under these rules, on which the firm may desire assistance; nevertheless the ultimate decision of every question is to rest with the firm.

(21.) *Partnership not Conferred.*—The employees or any of them will have neither the rights nor liabilities of partnership, nor are they or any of them to intermeddle or be concerned in the management of the business or the book-keeping or accounts of the firm.

(22.) *Giving of Notices.*—Notices or communications to the employees are to be deemed effectually given or made, if given or made in writing to the Consulting Committee (formed under Rule 20).

(23.) *Alteration of Rules.*—Alterations or modifications of these rules which experience may suggest as desirable may from time to time be made by the firm; but such changes, unless made during some month of September, are not to take effect until the end of the financial year current at the time they are made, nor are any such changes to take effect retrospectively, so as to affect the amount of the provident fund at the time they are made of any employee. Notice of every such change will be given pursuant to Rule 22.

(24.) *Definitions.*—In these rules, unless there be something in the subject or context requiring a different construction, words importing the masculine gender include also females.

“Firm” includes the present members of the firm, as also any person or persons succeeding to the business, whether such person or persons shall be the present members, or one or more of them, together with any other person or persons, or of any other person or persons only.

“Business” means the business of the firm, whatever changes may take place in the nature or branches of such business, or places where the same is carried on.

“Sick Club” means the Cow Lane Steam Works Sick Club, and “Sick Club Committee” the committee for the time being of such club.

“Financial Year” means the year from the 1st of September to the 1st of September.

“Scheme” includes all relations between the firm and employees under these rules.

“Continuous Service” as also any analogous expression, means (notwithstanding temporary absences) the whole period during which the relation of employer and employee virtually subsists and there is no dismissal.

“Provident Fund” includes additions thereto under Rule 7 and of interest.

Revised Rules

Dated this 30th day of September 1891.

(Signed)

THOMAS BUSHILL & SONS.

[FORM OF REQUEST, UNDER RULE 4.]

Pass-Book No. _____

_____ 18

To Messrs. Thomas Bushill & Sons,
Coventry.

I beg to request you to place my name on the list of profit-sharers, and I hereby agree to accept the Rules for the time being of the Firm's Bonus and Provident Fund Scheme.

(Signed)

Name (in full) _____

Address (in full) _____

Date of Birth _____

FORMS FOR NECESSARY ACCOUNT BOOKS.

SECTION OF PROVIDENT FUND ACCOUNT BOOK.

Register No.	NAME.	BONUS (P. F. part). Dec. 31, 1890.			INTEREST. Dec. 31, 1891.			BONUS. Dec. 31, 1891.			WITHDRAWN. 1891.			BALANCE. Dec. 31, 1891.		
		£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
1	A B															
2	C D															
3	E F															
Etc.	Etc.															

Eight more columns to follow on across opening, so as to provide for three years on each opening.

[Description of Book.—100 leaves in all. Size of page, 15 by 9 $\frac{3}{4}$; size of opening, 15 by 19 $\frac{1}{2}$. First 20 openings ruled ordinary date, rate, and double cash column (for yearly cash account). Next 80 openings ruled after style and instructions given above (not printed).

For a firm with 200 employees, it may be reckoned that such a book will last about twenty years. (Price, hand-made paper, about 17s. 6d.)]

Note.—The calculation of the various employees' cash bonuses (if any) will conveniently be entered in the firm's wages book.

COPY—OUTSIDE OF COVER OF PASS-BOOK.

Pass-Book No. _____

Name _____

Address ¹ _____

EMPLOYEES' PROVIDENT FUND.

Established in 18 by

No payment on this account can be made until the times specified in the Rules, or without the production of pass-book.

If this book be lost, a fine of 2s. 6d. will have to be paid before a new book is furnished.

All pass-books must be handed to the Firm's Cashier for making up on the pay day before Christmas day.

Note. — No claim to the Participant's Provident Fund by any person, whether holding this pass-book or otherwise, will be recognised by the Firm, except subject to their Rules.

[*Description.* — Size, fcap. 8vo ($6\frac{3}{8}$ by 4); 16 pages in all. First six pages giving the printed rules. Next ten pages ruled, date, rate, and money column. Good paper. Durable cover. (Cost of 250—about £2, 16s.)]

¹ Any change of address must be at once notified to cashier

COPY—INSIDE OF COVER OF PASS-BOOK.

No. _____

Name _____

Born _____

Admitted to Participation, Sept. 1, 18—

Payment due—

If a female (under Rule 14), immediately after marriage.

After 25 years' service (under Rule 13), Dec. 31, 18—

After attaining age of 65 years, Dec. 31, 18—

Upon death (under Rule 15).

(Signature of Firm) _____

PROVIDENT FUND APPLICATION FORM.

To Messrs. _____

I beg to apply for the payment of the Provident Fund,

No. _____, belonging to—

Name _____

Address _____

Reason for applying _____

Signature _____

Address _____

Claim made as _____

Date _____ 18 .

(This Receipt Form not to be filled up until money is received.)

RECEIVED the sum of _____ Pounds _____ shillings
 _____ pence in full and final discharge of the Provident
 Fund above described.

_____ 18

£ : :

COPY OF "EQUITABLE CHARGE."

FOR SECURING PROVIDENT FUNDS OF THE EMPLOYEES OF
THOMAS BUSHILL & SONS. DECEMBER 28, 1888.

AGREEMENT made the twenty-eighth day of December one thousand eight hundred and eighty-eight between Ann Bushill, of the city of Coventry, widow of the first part; Thomas William Bushill and Newsome Bushill, both of the same city, and with the said Ann Bushill, trading in partnership together as manufacturing stationers at the said city, under the style or firm of "Thomas Bushill & Sons," of the second part; and Charles Philetus Newman, of the said city, bank manager, and John Hine Sharp, of the said city, cashier to the said Thomas Bushill & Sons, of the third part. Whereas the said Thomas Bushill & Sons (hereinafter called "the Firm") have established a bonus and provident fund scheme for the benefit of their employees, under certain printed rules, dated the thirty-first day of October last. And whereas it is provided in Rule 19 of the said rules that the provident fund of each employee would, while the same remained in the hands of the firm, be credited with interest at the rate of 4 per cent. per annum, computed as therein mentioned, and Rule 20 requires that the firm shall give security upon property of ample value for all monies from time to time belonging to the Employees' Provident Funds, or so much thereof as might be remaining in the hands of the firm. And whereas it has been agreed between the said Ann Bushill, Thomas William Bushill, and Newsome Bushill that the said Ann Bushill shall, for and on behalf of the firm, and in conformity with the said rules

give such security as hereinafter expressed, and the said Charles Philetus Newman and John Hine Sharp have, at the request of the firm, consented to be trustees in respect of such security for the employees of the firm from time to time entitled to the benefit of such security.

Now it is witnessed that in consideration of the premises, the said Ann Bushill hereby subjects and charges her estate in fee simple of, and in the hereditaments described in the schedule hereunder, written with the payment to the said Charles Philetus Newman and John Hine Sharp, their executors and administrators, as trustees as aforesaid of the principal sums . . . now in the hands of the firm, and all further principal sums which shall from time to time accrue under the recited or referred to rules, and be in the hands of the firm, and being or belonging to the respective provident funds of their respective employees, under the said rules, and also interest at the rate of 4 per cent. per annum, computed according to the said rules upon the respective sums from time to time, standing to the credit of the said respective provident funds, in the respective books thereof, while the same respectively remain in the hands of the firm or upon so much of the said respective sums as so remain. As witness the hands of the said parties hereto the day and year first above written—

BALLOT OPINIONS (REMAINDER) OF
EMPLOYEES ON PROFIT-SHARING.¹

[COPY OF ENQUIRY FORM.]

COW LANE PRINTING WORKS, COVENTRY.

The Employees' Consulting Committee hears with satisfaction (November 1, 1892) that the "Royal Commission on Labour," now sitting, is seeking evidence as to the success or non-success of the profit-sharing system, and with a view to secure a free and independent expression of opinion from each adult employee, they propose:—

"That a paper be given out on Saturday, November 12, to each employee above the age of twenty-one, on which he may write briefly (in ink) his opinion *from his own point of view*:—

- I.—Of the principle of profit-sharing.
- II.—Of the results here (no figures to be mentioned).
- III.—Of the details of our system."

Own handwriting not necessary, and no name to be signed. A free expression is invited.

If any one wishes to express an opinion on the *Shortened Hours*, the space on the back of this paper should be used.

For further explanation, see p. 151.

MEN.

(8.) My opinion of the principle of profit-sharing is that it is a thorough sound principle, and in my opinion is to a great extent the real solution of the labour and old age questions.

¹ Ballot opinions, Nos. 1-7, will be found on pp. 30 and 36.

The result here has been very satisfactory indeed, both with the work done and the bonus shared.

So far as I am able to judge, the details of our system is very practical; and I think the whole matter of principle, results, and system may be summed up as decidedly *pro bono publico*.

(9.) *Of the Principle of Profit-Sharing.*—A principle which, if carried out by all manufacturers throughout the country, would bind master and man together in unity, peace, and concord. Master would be sympathising with his man, whereas man would feel it his duty and also pleasure to do what he could for his master's interest.

Of the Results here.—At our own workshop the results already accomplished are very encouraging; when a man knows that at a certain age (when he is not able to work no more) that he has a little by that he can obtain at that age, the encouragement he will feel gives him more energy and strength to work more for that end.

(10.) *Of the Principle.*—A thoroughly sound commercial principle, and the most practical solution of the problem relating to capital and labour of the present day.

Of the Results here.—Increased wages to the operatives. Provision for advanced age that in most cases would never have been made. Lessened friction in the working out of the year's results amongst the labourers. A sense in the individual of responsibility to the whole. A thoroughly sound relationship between employer and employed, and an utter absence of antagonism or the spirit of it in any department.

Of the Details.—Entirely free from binding clauses of an obnoxious character, and in that freedom possessing the real guarantee of success and its greatest safeguard from outside influence of any kind.

(11.) The principle of profit-sharing is that all (both employers and employees) may participate as far as practicable in the profits accruing from any business or employment.

Profit-sharing is very beneficial to all right-minded people both as regards employers and workpeople. It gives encouragement to the employees to show that they feel their employers' kindness and consideration by their more constant and careful attention and also extra energy in their work, and I consider the results so far very satisfactory.

(12.) I think profit-sharing is one of the best connections between employer and employee.

The results of profit-sharing are very plain in the work as being more work done, and with much more satisfaction than before; there is much less waste of time, more care with material, and generally more satisfaction in seeing something returned after the year's work, and to know that there is a certain amount put by for the future.

The bonus is divided into three parts. One part paid into the bank in the employee's name, and two parts retained till having been with the firm twenty-five years, or attaining the age of sixty-five years. I think the age of sixty-five years would be better altered to fifty-five, as sixty-five is much above the average life of workers at our trade.

(13.) The principle of profit-sharing is a very good scheme we ought to be proud of. For one thing, I think it gives us more encouragement to work with more of a will, not only for the benefit of the master, but for ourselves as well; the results is proved a very good thing, which we all know. Of the details of our system, I hope it will continue the same as is now going on.

(14.) The principle of profit-sharing to my mind is a step in the right direction to the solving of the social problem. It makes a man feel more interest in his work in that he knows he has an interest, in a certain degree, in the actual profits of his firm besides wages, and by such knowledge makes relations between employer and employee of a more pleasant character.

The Results here.—Without quoting figures, I may say that they are very satisfactory indeed, and I am certain the

firm feel as great a pleasure in paying the said share of profits as we employees do in receiving it.

(15.) Principle of profit-sharing is a form of co-operation between employer and employed, the latter partaking of a certain part of the profits gained year by year (if successful) after interest has been deducted for use of capital.

Results.—After working under the system of profit-sharing for some years, I find it has been the means of making me work more economically, trying to get out the most possible work in the least possible time. It has also been an incentive to save, fostering in me ideas of thrift which perhaps I never should have had.

(16.) The principle of profit-sharing is very *good*.

Results.—Very good indeed.

Of the Details.—I think that they could not be better, for they are very good.

(17.) The principle of profit-sharing is praiseworthy, and when worked on a broad and generous basis is calculated to do a vast amount of good among working people. It establishes a good feeling between employers and employed, encourages thrift, promotes content, peace, and goodwill among all parties concerned.

The results at our works have doubtless created a desire in many workers to do their work in a more economical yet masterly way than hitherto; departments work more smoothly towards each other; and, financially, the results have been most gratifying considering the keen competition.

Speaking of details, I consider the payment of the cash portion through the savings bank is trouble unnecessary; it entails a lot of bookwork, while it does not have the effect desired by the promoters upon the participant. At the same time, I much admire the provision of the provident fund, which to my mind is the very best and wisest provision of the whole concern.

(18.) I. Very good.

II. Most gratifying. Laying up, as it were, a provision for old age without the strain of present payments.

III. The system works well here by taking all responsibility of management off the workmen's shoulders, leaving him only the pleasure of receiving the amount set aside for his benefit.

(19.) Gentlemen, I have much pleasure in expressing my opinion on the principle of profit-sharing. The principle is very good, and I only add that other employers of labour would do well to adopt the same.

As to the result here during the last four years, has done much good both to employers and employees—especially to the latter. As regards details of our system, nothing could give better satisfaction, as it tends to draw the breach between masters and men, binding both into one common cause; and to the employees it is especially good, because in many cases it engenders thrift where none existed before.

It helps the workpeople to interest themselves in their work, knowing it is for their benefit as well as their master's; at the same time, we esteem our masters more than before, for bringing forward such a grand thing as the present system of profit-sharing.

(20.) I have much pleasure in expressing my opinion on profit-sharing. The principle is very good, as it helps to bring employers and their employees more in harmony with each other, and causes us to know our employers are thinking of our welfare as well as their own, and I should think causes every employce to give more thought to his work, both in pleasing his employer and for his own benefit. I can only add that other employers of labour would do well to adopt the same.

As to the results of our profit-sharing it is very good, for it has given us a good start in the bank in the past four years; and even those who did not think of saving before, it is good encouragement now. And the provident fund is even better, for that provides for old age, which is a great advantage to men.

Of the Details of our System.—That after a certain sum

being reserved to the firm for their own benefit, the profit is then divided among the employees—one-third in cash, and two-thirds is put into the provident fund for old age. I am sure such a grand scheme will cause us to esteem our employers better than before.

(21.) The principle of profit-sharing, in my opinion, is a very good thing, tending as it does to make master and employees more closely united.

The results here up to the present, dating from 1888, is very satisfactory indeed, as since the beginning, in my opinion, the employees seem to work much better together, and also are aware that they are not only serving their master right, but benefiting themselves also.

In my opinion, the system at work here at the present time is a very good one indeed; it not only provides for old age, but it also gives an employee an excellent opportunity for trying to put a few pounds by also.

(22.) I consider the principle of profit-sharing very good. The result, after three years' experience, very satisfactory, and the rules fair and just.

Am perfectly satisfied with the annual audit.

(23.) Messrs. T. Bushill & Sons.—Gentlemen,—My free and honest opinion is that the principle of profit-sharing is decidedly good, and would, I am sure, do well for other employers of labour to do the same.

As to the results, I am perfectly satisfied.

(24.) I quite agree with the principle.

The results have been quite satisfactory during the last four years.

The working of the system is very good indeed.

(25.) Messrs Bushill & Sons, Coventry,—Speaking from my point of view on the principle of profit-sharing, I think it is one of the best methods in connecting the employer with the employees, as it not only encourages the employees to study the interests of the firm as they reap part of the

benefits. So by doing their best for the firm they also help themselves.

The result of profit-sharing is very satisfactory, as it helps all to a little each year, but also provides for us when we cannot provide for ourselves. And I earnestly hope that, as long as our firm continues, the system will continue.

(26.) I don't think there is a fault to be found in the principle of profit-sharing, and I am sure the results have been grand.

(27.) The profit-sharing as worked with us is very good. The working is very satisfactory, and is an excellent scheme for working men.

It is been a great boon to me, and I have been greatly benefited thereby.

(28.) I. With regard to the first question, I think that the principle of profit-sharing is an equitable system between master and man.

II. Perfectly satisfactory.

III. As far-reaching and in accord to our times as my knowledge goes.

(29.) I. Very good.

II. Show a substantial sum for the needs of old age.

III. Works well all round.

(30.) The principle of profit-sharing I consider to be one of the best systems ever adopted to benefit the working man, and am very glad it has been adopted by our firm.

The results during the four years it has been in force have been most satisfactory.

(31.) The principle of profit-sharing is, I think, a right and just system that the masters of labour ought to go in for. Speaking from my own point of view, I think it is a grand success for the employees of the above firm.

The results of the above principle is universal to all that partake in it, year by year. We certainly have that part that is due to us, for the extra rush for more work to be done.

Details of the System.—Is to provide for old age; but we

have the pleasure of enjoying part of the profits now, while the greater part is put by for that which I call an old age pension.

(32.) I. Yes.

II. When one considers the bonus received by the workmen the result is astonishing, and proves that the workmen only needed some such encouragement to throw all their energies into what they have in hand.

III. They are decidedly the best rules that have been introduced in profit-sharing.

(33.) Dear Sir,—I have great pleasure to say that I have well please with the profit-sharing for the last four years—it his a thing to the workpeople if all Masters Wood do it the Workpeople Wood try to do the Best for his (firm), for his self an his master—he must do his Marster good for he Can do his self (good) then. The Profit Coms with Good lock. Twenty six years work and kep good time.

(34.) Gentlemen,—In regards to the whole scheme, I believe that it is a very Grand thing and in the sharing of the profits. I Believe that it does us all good, and not only doing our master good it does ourselves good; and it gives us more delight of doing our work every time we think of it. And I am sure it gives me a great Favour in writeing a few lines in favouring it.

(35.) I have much pleasure in expressing my opinion on the principle of profit-sharing, the principle is very good, and I only wish that other employers would do the same.

As to results of our firm during the past three years, it has done much good both to employers and employed.

As regards details of our system, nothing could give better satisfaction. It helps the workpeople to take more interest in their work and we respect and esteem our employers more than before, for bringing forward a grand thing as the present system of profit-sharing.

(36.) Gentlemen,—I have much pleasure in expressing my opinion of the principle of profit-sharing. I cannot say

more than I consider the principle of the above question to be very good I myself feel perfectly satisfied.

As to the results. Having had four years' experience I feel perfectly satisfied, and I can only add that it has done me much good.

As to details, I firmly believe them to be very satisfactory indeed, therefore I believe no comment need be made from me. Hoping the above system may be carried on for many years to come.

(37.) The principle of profit-sharing, I believe, is (1) to encourage the worker to take an interest in his labour; (2) to give him a just share of the results of such labour; and (3) to establish a better feeling between employer and employed—in short, for the benefit of all.

Of the Results here.—An evident desire on the part of those that understand the scheme properly to make the most of both time and material, to do justice to each other, an absence of tyranny and grinding, and a substantial show of the profits at the end of the financial year, honesty, sobriety, and thrift being more conspicuous here over those engaged in non-profit-sharing businesses.

(38.) The principle of profit-sharing is good, but requires working in the spirit as well as in the letter; everything should be open, so as to win the confidence of the employee.

The results here are everything that can be desired, chiefly due to the excellent feeling existing between employers and employed.

The chief feature of our system is the present payment of part and the deferred payment of remainder in old age, both of which are necessary for the successful working of any profit-sharing scheme, and I would draw the attention of all to the last part, which is the most important.

(39.) Very good both from the master and man's point of view. It encourages the man to study economy in the shop, and so forms a habit which would make itself felt in his private affairs.

It has been the means of some being in possession of a

sum, the amount of which they otherwise would never have got together, thus enabling them to purchase some luxury they would never have been able to obtain. Besides which the provident fund has laid by for them a considerable sum.

(40.) I think profit-sharing is a very good scheme. . . . It is a very good thing to keep masters and workpeople more united, and I think it a very good plan.

YOUNG WOMEN.

(41.) I. I have much pleasure in expressing my opinion on the principle of profit-sharing. The system is very good, as it helps to bring employers and their employees more in harmony with each other, and causes us to know our employers are thinking of our welfare as well as their own, and, I should think, causes every employee to give more thought to his work, both in pleasing the employer and for his own benefit. I can only add that other employers of labour would do well to adopt the same.

II. As to the results of our profit-sharing it is very good, for it has given us a good start in the bank in the past four years. And even those who did not think of saving before, it is good encouragement now, and the provident fund is even better, for that provides for old age, which is a great advantage to men. And in the case of young women getting married, it will be a start in life for them, for if it is put into the bank it will be encouragement to add more.

III. Of the details of our system. . . . I am sure such a grand scheme will cause us to esteem our employers better than before.

(42.) To encourage workpeople to take an interest in their master's business for the mutual profit of both. . . .

(43.) I think the profit-sharing is a very good system. I wish it had begun long ago: I feel a great benefit from it now, but it would have been much better. I think a good many more firms might do the same if they liked to be

more equal with their employees, and I hope it will be spread all over the country. Our firm has set them a good example. I hope they will follow. From one who thinks much about it.

(44.) The principle of profit-sharing is highly to be commended, as it enables employees to work with a combined will, knowing that it is for their benefit as well as that of the employers.

The result of the experiment here has, I hope, been as satisfactory to employers as that of employees, and, providing trade is maintained, I think that the future result of the system will surely equal, if not surpass, that of the past.

The details of this system is excellent, as it encourages thrift, and therefore provides a good source for old age.

(45.) I think that the present principle, results, and systems are exceedingly good.

(46.) I will try and give you my opinion of the profit-sharing. I think it is a grand system, and sincerely hope that other firms besides ours will adopt it. It has proved in every way successful to us so far, and hope it will continue to do so in the future.

From one who is strongly in favour of it.

(47.) I quite agree with the principle of profit-sharing, and the results have been far better than we anticipated, especially as trade altogether has been so bad. The details of our system are that, after a certain amount of profit, the other is divided into two equal parts, one as a bonus to the employees, and the other to be kept by the firm.

(48.) *Of the Principle of Profit-Sharing.*—It is in my opinion one of the grandest things that ever was introduced for the working masses.

Of the Results here.—Is to my satisfaction.

Of the Details of our System.—Is in my opinion very satisfactory to all my fellow-workpeople and to myself.

(49.) I am of opinion that the profit-sharing system, as

carried out at our works, induces and encourages thrift, frugality, and industry on the part of the participants.

Also that it has helped me and many more to provide ourselves with a good supply of clothing, and also an account in the savings bank which they, or I, otherwise would not have had.

(50.) The principle is very satisfactory, and the results have been very good.

(51.) I consider the profit-sharing principle a complete success.

(52.) I think the principle of profit-sharing a very good one. It keeps employers and employee in touch with each other, and gives them greater confidence towards one another.

(53.) I think the system of profit-sharing is very good, and the results are satisfactory to me.

(54.) I fully believe in the system of profit-sharing. It gives encouragement to work with a good-will.

(55.) I quite agree with the principle of profit-sharing ; we have all benefited. We have, year by year, reaped good benefit in the shape of bonuses.

(56.) I quite agree with the bonus system, and I think it has been quite a success since it started.

(57.) I. The principle of profit-sharing is very good, and should be carried out in all large establishments.

II. There is no doubt that it encourages thrift, and stimulates the employee to greater exertions.

(58.) I. The principle of profit-sharing is very good. Should, in my opinion, be carried out in all large establishments.

II. There is no doubt that it encourages thrift, and stimulates the employee to greater exertions.

(59.) I. The employee sharing in the clear profit.

II. I, speaking for myself, am quite satisfied with the results.

III. I, as an employee, have proved the bonus a great benefit, and hope it will continue in the future years as it has done in the past.

(60.) The scheme of the profit-sharing proves very successful and very satisfactory.

(61.) I entirely agree with the principle of profit-sharing, as I think it is a great encouragement to the workpeople, and also, under our system, tends to encourage thrift.

(62.) I thoroughly agree with the bonus scheme, and think it is a grand scheme for masters and employees.

(63.) The employees sharing in the clear profit. The results being very satisfactory. I, as an employee, have proved the bonus a benefit.

(64.) The scheme of the profit-sharing proves successful and very satisfactory.

(65.) I quite agree with the profit-sharing system.

(66.) I believe from what I have seen of the profit-sharing system, it has proved very beneficial to the employees, as it is the means of a little money being saved, which, in the majority of cases, would not have been saved, and therefore must be a great comfort to those who have it; and I further believe the system in vogue at our employers, Messrs. Bushill, is a very good and just one.

THE "COVENTRY TIMES" ON THE LABOUR COMMISSION.

It will be remembered that a Royal Commission is investigating, *inter alia*, the trade differences between employers and employed. Under this head the following topics have to be considered and reported upon—viz. the causes of such differences, their development, organisation, etc., their cost, and their prevention or settlement. The Chairman of the Commission is the Duke of Devonshire. It will be of interest to some of our readers to be informed that a citizen of Coventry is to appear before the Commission on Friday next. It seems that the rule of procedure has been as follows: The Commission has announced that it is willing to receive evidence from both employers and workmen, and such as wish to be heard are left to take the initiative by applying to be allowed to appear; if permission is granted, they are expected to forward an abstract of the information they wish to lay before the Commission. It is not unnatural for many competent men to be reluctant to push themselves forward by volunteering to render assistance, as their action might easily be misconstrued. The Commission, however, does not always wait for witnesses to present themselves, for in exceptional cases they inform persons whom they wish to hear that their evidence is "required." About twelve months ago the Commission, acting upon the supposition that Mr. T. W. Bushill would like to contribute to the discussion, sent him the usual instructions, and received a reply to the effect that Mr. Bushill had expressed no desire to be examined, and that he did not feel at liberty to proffer his services. A second

communication of the same sort received a similar answer, and apparently the matter dropped. It has been revived, and the Commission, presumably holding that its researches would be incomplete in the absence of some fuller evidence regarding "profit-sharing," has sent Mr. Bushill a "request" to narrate his experience on this subject, and to state what he knows of the system as practised by others. To this request Mr. Bushill has acceded, and his evidence will probably be taken in Westminster Hall on Friday next. The findings of the Commission will be received by all classes of the community with the keenest interest, and we are glad that one of our own citizens has been required to take part in investigations that are of supreme importance to the nation at large.—*November 16, 1892.*

GENERAL FORM FOR A SIMPLE PROFIT- SHARING SCHEME.

Established by _____

(1.) *Method of Profit-Sharing.*—From and after the 1st of January 1890, the surplus (if any) of the clear profits of the business, beyond such definite sum as is for the time being reserved to the firm for their own benefit (hereinafter referred to as the “Reserved Limit”), shall be divided into two equal parts: one thereof to be distributed gratuitously as a bonus to the employees in the manner defined by these rules, and the other to be retained by the firm.

(2.) *The “Reserved Limit.”*—The present Reserved Limit¹ has been communicated confidentially to

Chartered Accountant, and will not be altered for the first three years if the scheme so long subsists. Thereafter it may be raised or reduced by the firm, but (unless altered during some month of January) not so as to affect the distribution of profits for the financial year current at the time of alteration. Notice of any alteration will be given to the employees in such manner as to let them know how far such alteration would have affected the last preceding distribution had it then been in force.

¹ It is very desirable that some intimation of the possible benefit to the employees should be given when the scheme is introduced. A simple style of communication would be—“If the profits during the present year equal the average of the past three years, there would be a bonus equal to _____ weeks’ wages for each participant.”

(3.) *Accountant's Certificate.*—The accounts of the business will be audited each year by a chartered accountant, who will certify to the employees the bonus (if any) to which they are entitled.

(4.) *Qualifications for Profit-Sharing.*—The employees entitled to share in the profits for any financial year are such only as were employed at the commencement of such year, and have furnished a request to be entered on the list of profit-sharers. The acceptance of the terms herein offered is not to be in any way a condition of employment or of promotion. Profit-sharers will be free to become or remain members of any trade or friendly society.

(5.) *Duration of Scheme.*—The scheme is to continue in force only until the firm give notice to the employees putting an end thereto; but such notice, unless given during some month of January, will not take effect until the end of the financial year current at the time it is given.

(6.) *Method of Distribution.*—The employees' share of profits accruing in each financial year is (subject as after mentioned) to be distributed among them in proportion to their respective salaries or wages at the commencement of such year, taken for one week, exclusive of premiums, overtime, or other variable allowances. In making any year's distribution, it shall be permissible to the firm to carry forward undivided to the credit of the following year's employees' share of profits any sum which, if divided, would have given to them less than one week's wages calculated as aforesaid.

(7.) *Payment of Bonus.*—Each employee's bonus shall, within two months of the end of the financial year, be paid into his account at some savings bank, and will then become his absolute property.

(8.) *Employees Leaving.*—An employee whose service ends by notice given on either side, by illness, or by death, will have a right to bonus for the financial year in which his service ends, in proportion to the portion of the year elapsed to the end of the month preceding the end of his service.

Any employee leaving under circumstances other than before mentioned shall lose such right. Any sum lost to an employee under this rule does not accrue to the firm, but goes wholly to increase the distribution to the other employees.

(9.) *Proviso in Event of Damage.*—If an employec ceases to be in the service of the firm by reason of any wilful act or default on his part, causing loss or damage to the firm, or is at the time indebted to the firm, his bonus shall be applied to making good such loss or damage or to payment of such debt.

(10.) *Partnership not Conferred.*—The employees, or any of them, will have neither the rights nor liabilities of partnership; nor are they to intermeddle or be concerned in the management or the accounts of the business.

(11.) *Alteration of Rules.*—Alterations or modifications of these rules, which experience may suggest as desirable, may from time to time be made by the firm; but such changes, unless made during some month of January, are not to take effect until the end of the financial year current at the time they are made.

(12.) *Definitions.*—In these rules, words importing the masculine gender include also females:

“Firm” includes the present members of the firm, as also any person or persons succeeding to the business;

“Business” means the business of the firm, whatever changes may take place in the nature or branches of such business or places where the same is carried on;

“Financial Year” means the year from the 1st of January to the 1st of January;

“Scheme” includes all relations between the firm and employees under these rules.

Dated this _____ day of _____ 1890.

(Signed)

[FORM OF REQUEST, UNDER RULE 4.]

_____18

To Messrs. _____

I beg to request you to place my name on the list of profit-sharers, and I hereby agree to accept the rules for the time being of the Profit-Sharing Scheme.

(Signed)

Name (in full) _____

Address (in full) _____

This form should be handed to the firm on or before Feb. 1st.

[FORM OF ACCOUNTANT'S CERTIFICATE, RULE 3.]

_____18

I have examined the Balance-Sheet and Profit and Loss Account of Messrs. _____ for the year ending 31st December 1890, and also the Wages List for January 1890, and certify that under the Rules of the "Profit-Sharing Scheme," the bonus permits of a distribution of _____ weeks' wages for each participant, and that there remains an undivided balance equivalent to about _____ days' wages to be carried forward to the credit of the Employees' Bonus Fund of next year.

Chartered Accountant.

SOME ALTERNATIVE RULES.

An alternative "Method of Profit-Sharing," found to be preferable in some cases, *e.g.* with rapidly growing businesses. The actual percentage can, if desired, be communicated confidentially to a chartered accountant; but in such a case it would be advisable to give the employees some intimation of the addition to ordinary wages it will be possible for them to earn.

(1.) *In Lieu of Rules 1 and 2 above.*—From and after the 1st of January 1890, per cent. of the clear profits of the business will be distributed gratuitously as a bonus to the employees in the manner defined by these rules.

An alternative "Method of Distribution," suitable to businesses in which the majority of the employees are piece-workers.

(6.) *In Lieu of Rule 6 above.*—The employees' share of profits accruing in each financial year is (subject as after mentioned) to be distributed among them in proportion to the respective salaries or wages earned by them during such year.

If this alternative rule be adopted, the last clause in the first sentence of Rule 8 above (commencing "in proportion to") should be omitted.

PUBLICATIONS ON OR REFERRING TO PROFIT-SHARING.

- "Profit-Sharing between Employer and Employed." By Nicholas P. Gilman. (1889, Macmillan & Co., 7s. 6d.)
- "Profit-Sharing Precedents." With Notes. By Henry G. Rawson. (1891, Stevens & Sons Ltd., 6s.)
- "Profit-Sharing between Capital and Labour." By Sedley Taylor. (1884, Kegan Paul, 2s. 6d. Out of print.)
- "Profit-Sharing and the Labour Question." By T. W. Bushill. (1893, Methuen & Co., 2s. 6d.)
- "Sharing the Profits." By Mary W. Calkins. (1888, Edward Arnold, 1s. 6d.)
- "Board of Trade Report on Profit-Sharing." (1891, Eyre & Spottiswoode, 4½d.)
- "Profit-Sharing in Agriculture." By Albert Grey. (1892, Spottiswoode & Co.)
- "Methods of Industrial Remuneration." By David F. Schloss. (1892, Williams & Norgate, 3s. 6d.)
- "A Brief Sketch of the Maison Leclair and its Founder." By Mary H. Hart. (1882, D'Oyly & Co., 405 Oxford Street, *gratis*.)
- "Report of the Industrial Remuneration Conference." (1885, Cassell & Co.)
-

OTHER PUBLICATIONS REFERRED TO IN THE TEXT.

- "A Shorter Working Day." By R. A. Hadfield and H. de B. Gibbins. (1892, Methuen & Co., 2s. 6d.)
- "The Economics of Industry." By A. and M. P. Marshall. (1888, Macmillan & Co., 3s. 6d.)
- "Political Economy." By J. E. Symes. (1889, Rivingtons, 2s. 6d.)
- "The Economics of Luxury." By Edward Grubb. (1892, Edward Hicks, jun., 3d.)
- "Private Companies and Syndicates." By F. B. Palmer. (1892, Stevens & Sons Ltd., 1s.)

LABOUR COMMISSION EVIDENCE.

(Eyre & Spottiswoode, *Daily Reports*, 2d. each.)

- Nov. 13, 1891 (C).—Mr. George Thomson on Industrial Partnership.
 May 18, 1892 (A).—Mr. R. Knight, Secretary of a Shipbuilding Trade Union.
 July 26, 1892 (A).—Mr. A. F. Hills on "Fellowship Scheme," and Trade Unions.
 Oct. 25, 1892 (W).—Mr. J. T. W. Mitchell and Mr. W. Maxwell of the Co-operative Union.
 Oct. 26, 1892 (W).—Mr. J. Greenwood of the Hebden Bridge Fustian Manufacturing Co-operative Society.
 Dec. 1, 1892 (W). { Mr. T. W. Bushill on Profit-Sharing and Shorter Hours.
 { Rev. W. Tozer and Mr. E. T. Scammell on Employment Bureaus.
 Dec. 2, 1892 (W). { Dr. Gould (of U.S.A.) on the United States Labour Department.
 { Mr. W. Allan on Strikes and the Eight Hours Day.
 Nov. 30, 1892 (W). { Mr. C. Booth on London Labour Conditions.
 { Mr. C. S. Loch, Secretary of the Charity Organisation Society.

DIGESTS OF EVIDENCE.¹

Group A. Vol. i. (10½d.); vol. ii. (1s. 7d.)

Group B. Vol. i. (9½d.); vol. ii. (1s. 7d.)

Group C. Vol. i. (10d.); vol. ii. ()

Commission (sitting as a whole) not yet published.

¹ These Digests are of exceptional completeness and value.

GENERAL RULES.

COW LANE PRINTING WORKS, COVENTRY.

(1.) *Acceptance of Rules.*—Employment by the firm shall imply acceptance on the part of the employee of the rules of the firm. A copy of the rules will be supplied to every employee as early as practicable.

(2.) *Notice before Leaving.*—An employee must give (when there is no special agreement otherwise) a week's notice before leaving; such notice to date from a pay day. A week's notice or a week's pay is to be given when there is no agreement otherwise, before dismissing any employee, except in cases when staying away from work without reasonable excuse, or disorderly conduct may warrant instant dismissal.

Female employees thinking of leaving for marriage are requested to inform the firm as soon as arrangements are made, and not to limit their notice to the regular week.

(3.) *Time Registering.*—Time will be registered by means of the time machine. *Each employee*, whether time-worker or piece-worker, on entering must lift his own check from the board and place it in the machine, *and at once proceed to his work.* Checks so dropped into the machine up to two minutes past the hour will be registered as full time, but employees will be unwise to take advantage regularly of this provision. The lost time of employees coming in later will be registered by level quarters of an hour, or as shown by the machine. After half an hour past the hour for commencing work, time will only be credited to employees who

obtain a note from the sub-manager or foreman, who is first to satisfy himself that the absence was reasonable.

The machine being automatic, no question as to accuracy of time registration can be entertained: employees will, in fact, register their own time, and only when so registered will payment accrue. New employees must apply to the cashier for time-checks.

(4.) *Interfering with Checks.*—Any one wilfully depositing or interfering with any check other than his own will be held to have acted fraudulently, and will render himself liable to the severest consequences.

(5.) *Leaving before Time.*—After once depositing his check, no employee will be allowed to leave the premises until the next interval, except by special permission from a member of the firm, or from an authorised official, when the applicant, if a time-worker, must bring a note for signature, and afterwards hand it to his foreman before leaving. It will be the duty of the foreman to pass these lost-time notes on to the timekeeper the same day the time is lost, and to report to the timekeeper if any employee belonging to his department leaves work from any cause before the regular time.

(6.) *Lunch.*—If lunch is taken, it must not interfere with the progress of the work, and must not be of a greasy nature. Plain biscuits recommended.

(7.) *Dinner Hour.*—No one is to stay in the works during dinner-time except by special permission.

(8.) *Tea.*—Employees (not being “young persons”) authorised to work overtime, will be allowed a quarter of an hour for tea. Tea-time for young persons to be half an hour. Hot water will be supplied near the engine-room, and no heating of water elsewhere will be permitted.

(9.) *Overtime.*—Overtime will be paid for only when the proper ticket is filled up and initialled by the foreman. This ticket must be filed at the warehouse office on the same day on which the overtime is made, or before 9 A.M. on the following day.

(10.) *Conduct.*—All rises given from the present date to

boys and girls under eighteen will be subject to the provision that *6d.* therefore will (under this rule) be deemed a premium, and will be liable to stoppage in case of unsatisfactory conduct or unsatisfactory work. The extra *6d.* always added to the indentured wages of apprentices is subject to the foregoing provision.

(11.) *Premiums.*—Premiums are only payable in consideration of good conduct and extra care with the work. If the employee gives reasonable ground for complaint, the premium will be liable to be stopped in whole or in part. Premium books must always be in cashier's office by 11 o'clock on Friday mornings.

(12.) *Faulty Work.*—Piece-workers will not be entitled to charge for work done in a faulty manner.

(13.) *Sickness.*—Seeing that opportunity is provided for every employee to provide against sickness by joining the Works' Sick Club, wages will not be payable to any employee absent from work through sickness or otherwise.

(14.) *Bad Language, etc.*—Bad language or intemperance will not be tolerated, and the sending out for intoxicating liquors is strictly prohibited.

(15.) *The Firm's Tools, etc.*—No article whatever belonging to the firm may be taken from the premises, nor any of the firm's implements used by workmen for their own purposes, without permission from one of the members of the firm, or the firm's cashier. This rule applies also to specimens of printing.

(16.) *Broken Windows.*—All windows broken through carelessness will be charged according to value; the foreman of the room to report the damage at once to the cashier.

(17.) *Damaged Work or Machinery.*—Each employee will be liable to make good a certain proportion of the loss incurred by any spoilage to work or damage to machinery through negligence on his part. Each case will be treated on its own merits. All accidents to be reported immediately.

(18.) *Cleaning Machines.*—No one is allowed to go inside a machine for cleaning purposes while the belt is on.

(19.) *Rags.*—All machine rags must be taken out of the building and placed in the stoke-hole before leaving on a Saturday.

(20.) *Hoist.*—Only authorised persons are allowed to use the steam hoist. No one is allowed to ride in the hoist. The bar must always be put back before leaving the landing.

(21.) *Disposal of Stoppages.*—The amount of stoppages under these rules in all cases where there is no direct loss to the firm will be handed over to the Employees' Benevolent Fund, and will thus go towards the benefit of the employees generally.

(22.) *Christmas Boxes.*—Employees are forbidden to apply for Christmas boxes or any similar gratuities in connection with their services under the firm. Should any Christmas box be offered, the amount is to be handed over to the Benevolent Fund.

FIRE PRECAUTIONS.

(23.) *Lighting.*—The use of matches is strictly forbidden in every part of the premises. Paper must on no account be lighted. Any light required must be obtained by means of the lamps or lighters provided for the purpose.

(24.) *Smoking.*—No smoking will be allowed on the premises, and workmen should fully extinguish their pipes before entering the building.

(25.) *Fire Buckets.*—Fire buckets will be placed on the landings. The water therein must not be used for ordinary purposes.

(26.) *Fire Brigade.*—The Fire Brigade appointed by the firm shall have a practice four times a year. An extra day's pay will be allowed yearly to each member of the same in consideration of his services.

ORDER OF MERIT.¹

(27.) *Membership.*—The Order of Merit is open to those employees who have been in the continuous service of the firm for not less than five years, and who satisfactorily manifest their desire to do their "level best" in all their work, and who work smoothly with their fellow-employees. Apprentices are eligible from the January 1st following date of indentures.

(28.) *List.*—At the beginning of each year a list of members will be made out of all those who in the opinion of the firm are qualified for membership. The membership will be valid for the current year only.

(29.) *Certificate.*—Those who are placed on the list will annually be presented with a certificate, which must be returned with the provident fund pass-book on the pay day before the following Christmas day.

(30.) *Holiday.*—All members of this Order will be entitled, during the year of membership, to one week's holiday with full pay.

(31.) *Application.*—The date of such holiday to be selected to suit the convenience of the firm and the work of the department. Applications for leave of absence must be made at least a fortnight beforehand.

(32.) *Committee.*—All members of the Consulting Committee are eligible (without regard to length of service) for the privileges of the Order during their year of office.

¹ In forming this Order of Merit (January 1893), the firm have combined features from the plans initiated respectively by M. Leclaire, of Paris, and by Mr. Greening of the Agricultural and Horticultural Association, London. The firm in the first case proposed that the membership of the Order should be nominated jointly by the employees' committee and the firm; but the employees' committee asked that the firm should take the sole responsibility. The institution is, at present, only in an experimental stage, but it is hoped that the scheme will tend to the formation of a "noyau" or "old Guard" of worthy employees, which, in the case of the *Maison Leclaire*, has proved so valuable an arrangement; and, at the same time, that it may provide for a regular beneficial holiday, without the serious drawback of loss of pay.

(33.) *Clerks.*—The clerical staff will continue to be entitled to a week's holiday (with pay) each year, but application must be made at least a month beforehand.

THOMAS BUSHILL & SONS.

January 20, 1893.

[FORM OF CERTIFICATE.]

COW LANE PRINTING WORKS, COVENTRY.

Order of Merit.

THE "Order of Merit" is open to those employees who have been in the continuous service of the firm for not less than five years—who satisfactorily manifest their determination to do their "level best" in all their work—and who work smoothly with their fellow-employees. Apprentices are eligible from the January 1st following date of indentures.

ADMITTED FOR—

1893. T. B. & S.				

This certificate entitles the holder to one week's holiday with full pay during the current year.

NOTICES TO EMPLOYEES.

- (1.) In nominating the membership for the *Order of Merit*, the firm take account of the following qualities amongst others—quality and quantity of out-put, inventiveness, punctuality, steadiness at work, and smooth inter-working with others.
- (2.) It will be observed that *no fines* have been prescribed in the present rules. The firm hope that compliance on the part of employees with reasonable regulations

will be so loyal as to warrant the continuance of this omission.

- (3.) The *Sick Club Dividends* are paid out on the pay day preceding Christmas day.
- (4.) The *cash portion* of bonus (if any) is paid through individual accounts in the Coventry Savings Bank, Hertford Street, during the month of October.
- (5.) The *Provident Fund Books* are closed for balancing, etc., during the fortnight preceding August 31.
- (6.) Cases for the *Benevolent Fund* can be introduced by any member of the sick club. (See Bye-law 5.)
- (7.) The firm will pay *half the fees* incurred by any apprentice in attending approved classes of the School of Art, the Technical Institute, or elsewhere.
- (8.) A *Cycling Club* has been established. Application should be made to the hon. sec., Mr. A. T. Ward.
- (9.) The establishment of a *Book Club* (for facilitating the purchase by employees of books) was resolved upon at the meeting of the Sick Club Committee on January 12, 1893. Application should be made to the hon. sec., Mr. W. R. Albrow. (Present number of members 118, subscribing for 319 shares.)
- (10.) A *Lending Library*, for the circulation of a few books of technical, economic, and general interest, is being established. Application should be made to the hon. sec., Mr. A. B. Hailing.
- (11.) The *Hospital Saturday Collection* is made through the rooms on the first Saturday in each month. All are invited to contribute. (Amount contributed for year 1892, £11, 15. 11d.)
- (12.) Any one detained at home by *sickness, etc.*, is expected to send word of reason of absence to the office by 10 A.M.

January 20, 1893.

RULES OF THE COW LANE PRINTING WORKS
SICK AND DIVIDEND CLUB.

Established 1874.

(1.) *Qualification for Membership.*—Membership in this club shall be open to all persons in the regular employ of Messrs. Thomas Bushill & Sons, Manufacturing Stationers, Coventry. Entry into the club can be made at the commencement of any half year.

(2.) *Application Form.*—A printed application form will be supplied, in which each applicant shall state the sum which he wishes to contribute, and shall request that the same be deducted from his weekly wages.

(3.) *Contributions.*—Each member shall contribute not less than 1*d.* per week, or more than 6*d.* per week. The payment must be in such proportion that the member does not receive from the sick club, in case of illness, more than half the amount of his wages.

(4.) *In Case of Sickness—Doctor's Certificate.*—When a member becomes ill, and wishes to declare on the funds of this club, a doctor's certificate must be produced (stating the nature of his illness), which must be handed to the honorary secretary within three days of the date thereof. The sick pay shall commence from the date of the said certificate. Such certificate must be renewed every fortnight.

(5.) *In Case of Sickness—Benefit.*—When a member becomes ill, and declares on the funds of the club, he shall receive benefit according to his payments, as follows: For every penny per week he shall receive the sum of 2*s.* per week for the first eight weeks, and after that time, half that amount so long as he remains ill.

(6.) *Visitation.*—While a member is in receipt of sick pay, he shall (if thought necessary by any of the committee) be visited once a week, except in cases of contagious disease. The visitors shall be appointed by the honorary secretary, choice being made from those who reside nearest the sick member's home. Members not complying with this duty to be fined 6*d.* for every neglect.

(7.) *Forbidden Hours.*—Any member in receipt of sick pay shall not be away from home after 7 P.M. during winter (viz. from October 1st to March 31st); or after 9 P.M. during summer (viz. from April 1st to September 30th). A fine of 6d. per share will be incurred for the first offence, and for a second offence during same illness, all sick pay shall be at once discontinued.

(8.) *Leaving for a Change.*—Any member, being in receipt of sick pay, who wishes to leave the town for a temporary change, during or after an illness, must first obtain from a local doctor a certificate to the effect that the removal is urgent or necessary. During his absence a certificate must be forwarded fortnightly to the honorary secretary, signed by a doctor in the town or establishment visited, reporting condition of patient. In default of such certificates being forthcoming, sick pay shall be discontinued.

(9.) *In Case of a Relapse.*—In case of a relapse or second illness, the member must have declared off the funds of the club six clear weeks before he is entitled to recommence the eight weeks' full pay under Rule 5. If a shorter time than six weeks has elapsed, the rate of sick pay must be reckoned from date of first declaration.

(10.) *Disqualification for Sick Pay.*—Any member being rendered incapable of following his employment by immoral or disorderly conduct, or by provoking or engaging in wanton quarrels or pursuits, or by accident arising from intoxication (or in case of females suffering from pregnancy and kindred disorders), shall not be entitled to sick pay.

(11.) *Annual Meeting.*—A general meeting shall be held at the close of each year (to be called "Annual Meeting"), when an abstract of the cash account for the year shall be read, and two auditors shall be appointed.

(12.) *Distribution of Balance.*—The balance of funds which remain in the hands of the treasurers at the end of each year, over and above the firm's original permanent deposit of £10, shall be dealt with as follows:—Sixpence per share shall be passed to the Employees' Benevolent Fund, and the balance shall be distributed to the members

in proportion to their payments, and paid to them on the last pay day before Christmas.¹ Any member who has received more than four weeks' sick pay from the funds of the club shall not be entitled to any share in the said allotment, unless the dividend (including contribution to benevolent fund) exceed 4s. per share. If 4s. or under be declared, the non-dividend receiving members shall divide the odd balance only in proportion to their payments.

(13.) *Benevolent Fund.*—The Employees' Benevolent Fund shall be available for grants at death, grants in aid of employees' special need, subscriptions to convalescent homes, etc. The precise application is to be voted by the Sick Club Committee.²

(14.) *Members Leaving.*—Any member leaving the firm's employ shall be entitled to receive from the funds of the club the amount which he shall have paid in during the current sick club year, after deducting his estimated share of liability for sickness.

(15.) *Officers.*—At the annual meeting the honorary secretary and treasurer for the ensuing year shall be elected.

(16.) *Executive Committee.*—The business of the club shall be transacted by an executive committee of not more than twelve in number, in addition to the members of the firm, and the honorary secretary for the time being, who shall be *ex-officio* members of the committee. The said twelve shall consist of the foreman in each of the eight departments, the warehouseman, and the sub-manager, and in addition two members of the club to be elected at the annual meeting (according to Rule 17), such members not to be eligible to serve two years in succession. No one shall be eligible to serve on the committee who was not a member of the club at the commencement of the year in question.³

¹ Information respecting the sick club dividends is given on p. 251.

² For Committee's Bye-Laws, see p. 252.

³ As a rule, it would be desirable to have a larger proportion of elective members. In our case the old basis of representation has been maintained because it has worked well in practice, and because it ensures at least one representative from each department.

(17.) *Alteration of Rules.*—If any alteration or addition to these rules is proposed, due notice of same in writing, with name of proposer, must be handed to the honorary secretary at least three days before the general meeting at which such proposal is to be introduced. The alteration can only come in force by vote of a subsequent general meeting.

(18.) *Voting.*—On the demand of any two members, the voting on any question shall be in proportion to the number of shares held, at the rate of one vote for each share.

(19.) *Fines to be Stopped.*—All fines incurred under these rules are to be stopped from wages or sick pay as the case may be, and are to be handed over to the funds of the club.

(20.) *Definitions.*—The definition of terms given in Rule 24 of the firm's bonus and provident fund scheme shall apply to these rules also.

[FORM OF REQUEST, UNDER RULE 2.]

COW LANE PRINTING WORKS SICK AND DIVIDEND CLUB,
COVENTRY.

To Messrs. Thomas Bushill & Sons.

I hereby request and authorise you to deduct my sick club contribution of _____ pence per week from my weekly wages, and to pay over the same, in current coin, on my behalf, to the treasurer of the club.

(Signed)

Full name _____

Full address _____

Dated _____ 18

Note.—When a member is in receipt of sick pay, it is understood that the same amount is to be deducted weekly from such pay.

Rules revised October 9th, 1892.

To come into force, January 1893.

COW LANE PRINTING WORKS SICK FUND.

ABSTRACT OF CASH ACCOUNT FOR THE YEAR 1891.

<i>Dr.</i>	£	s.	d.	£	s.	d.		<i>Cr.</i>	£	s.	d.
Brought forward from last a/c.,	0	0	2					Sick Pay to 33 Members, Returned to Members when leaving Firm's employ,	17	10	4
Firm's Permanent Deposit,	10	0	0	10	0	2			2	8	6
<i>Weekly Subscriptions.</i>											
173 Members	440	Full Shares						<i>Dividend.¹</i>			
	@ 4/3,	.93	10	0				440 Full Shares @ 3/8,	80	13	4
	32 Half Shares							32 Half Shares @ 1/10,	2	18	8
	@ 2/1,	.3	6	8							
Paid by Members before leaving,	3	10	1	100	6	9		Firm's Permanent Deposit,	£10	0	0
Christmas Boxes,				0	10	0		Balance to next Account,	.0	1	8
Conduct Forfeits, etc.,				0	13	6			10	1	8
Interest (5% on balance in Firm's hands, calculated monthly),				2	2	1					
				£113	12	6			£113	12	6

Examined and found correct, January 7th, 1892.

H. W. GRIMSLEY,
D. L. YARDLEY.

¹ During the eighteen years of the club's existence, the dividend has varied from 3s. 4d. per share to 4s. 5d. per share. The average dividend has been 3s. 11d., against 4s. 3d. per share paid in.

COMMITTEE'S BYE-LAWS, EMPLOYEES'
BENEVOLENT FUND.¹

Established 1889.

(ADOPTED JANUARY 1, 1892.)

(1.) *Application of Annual Income.*—The application of the fund shall be voted by the Cow Lane Printing Works Sick and Dividend Club Committee for the time being, on the following basis, with power to deal with each case on its own merits, viz. :—A sum not exceeding one-fourth of the estimated annual income may be paid in subscriptions to convalescent homes or hospitals :² a similar proportion may be devoted to grants in aid of employees special need ; and not less than one-half shall be reserved for “life insurance.”

(5.) “*Life Insurance.*”—If, in the judgment of the committee, the funds permit, the following is to be the scale of insurance payments :—To the representatives of any employee dying, a sum *not exceeding* £1 for each penny per week paid by the deceased to sick fund, an additional sum not exceeding £3 when a widow is left, and an additional sum not exceeding 10s. for each child under thirteen years

¹ This fund was instituted in January 1889, when the plan which has been in use for many years with Messrs. De le Rue & Co.'s, London, for supplying tea to the employees was adopted. The supplies were bought in the wholesale market, and the working expenses were borne by the firm. The tea was sold at 1*d.* per pint (to boys and girls at $\frac{1}{2}$ *d.* per pint), and the profits were passed to an Employees' Benevolent Fund. Owing to the adoption of Shortened Hours, the tea supply department has naturally been suspended. The accumulated profits on December 31, 1892, amounted to £72, which sum forms the reserve for the “Life Insurance” payments under the bye-laws recently adopted by the Committee.

² Oct. 1892. Subscriptions (securing tickets) are at present sent to the Kenilworth Convalescent Home, Rhyl Men's Convalescent Home, Rhyl Women's Convalescent Home, and the Birmingham Eye Hospital.

of age. When any claim under this rule arises, an application, giving the necessary particulars, is to be made in writing to the honorary secretary.

(3.) *Mode of Payment.*—The manner of distribution of the insurance payment is to be at the discretion of the committee—in weekly payments, or otherwise—and, unless definite written instructions are left by the deceased, to such person or persons as the committee may consider best; but in no case shall it go to pay for an unduly expensive funeral.

(4.) *Advanced Age.*—When an employee ceases to be in the service of the firm through advancing age or infirmity, the committee may vote a special grant (for immediate or deferred payment) in lieu of an insurance payment, such grant to be smaller in amount than the said insurance payment.

(5.) *Grants in Aid or Home Tickets.*—Any sick club member wishing to bring a case before the committee must do so in writing, the application to be countersigned by a member of the committee, and handed to the honorary secretary. The secretary may then appoint two members of the committee to make (in confidence) full inquiries, and report at an early meeting of the committee.

(6.) *Reports.*—All cases reported in committee and discussion thereon shall be considered strictly private and confidential.

(7.) *Participants.*—Only those persons who are members of the Cow Lane Printing Works Sick Club are *entitled* to receive benefit from this fund, and no person who has left the employ of the firm has any claim.¹

No application can be entertained in the case of the

¹ With respect to this provision, it should be stated that, generally, the whole of the contributions of the employees will be paid out, year by year, in "grants-in-aid" or "home" tickets. There is therefore no hardship inflicted upon a person leaving, because he will have had an equal chance with others of benefiting during the period of his employment. The firm subscribes, at present, £10 per annum to the Benevolent Fund.

sickness or death of a relative, and therefore it is recommended that provision for such cases should be made through the various societies in existence.

(8.) *Audit*.—The accounts of the fund shall be audited annually by the sick fund auditors appointed at the annual meeting of the sick club, and shall be communicated to the committee.

(9.) *Officers*.—The sick club officers shall serve for this fund also.

SANITARY AND OTHER FACTORY RECOMMENDATIONS.

I. VENTILATING FANS.

THE economic value of good air in work-rooms was suggested in an impressive way by a public statement of the Chairman of the Coventry School Board (Mr. John Atkins), in which he compared the educational results obtained in schools fitted with the latest mechanical ventilating apparatus, and those obtained in schools "naturally" ventilated. Mr. Atkins has been kind enough to lend me a pamphlet on the subject,¹ from which the following table is extracted :—

	State of Air, Carbonic Acid per 10,000.	Percentage of Passes.	Gov. Grant earned per head.
<i>Dundee</i> —One mechanically ventilated school,	12·8	95·8	21/5
Eighteen naturally ventilated schools (mean),	20·0	89·2	16/8
<i>Aberdeen</i> —Three mechanically ventilated schools (mean),	15·4	96·6	21/8
Fifteen naturally ventilated schools (mean),	22·2	90·0	19/6
<i>The great improvement in the new method may be set out as follows :</i>			
<i>Dundee</i> —Superiority of mechanical over natural ventilation, per cent.,	35% purer	7% more	28% more
<i>Aberdeen</i> —Superiority of mechanical over natural ventilation, per cent.,	30% purer	7% more	11% more

¹ *Report on the Heating and Ventilation of Schools*, pp. 56, 57, by Thomas Carnelley, D.Sc., F.C.S. (Winter, Duncan & Co., Dundee, 1889.)

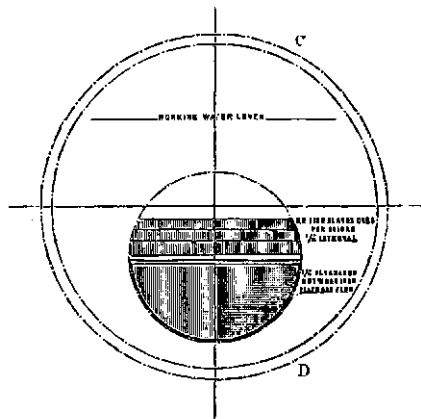
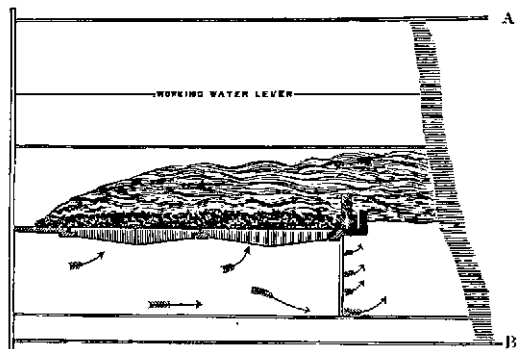
It may be argued that if a purer air increases the efficiency of school children by at least 10 per cent., the state of the atmosphere must be of direct economic importance; this is, of course, especially the case when the nature of the processes generates dust. A splendid example of the utility of mechanical appliances in the carrying away of waste material—which, under ordinary circumstances, may make a trade unhealthy—is to be seen in the new Boot Works of the Co-operative Wholesale Society at Leicester.

We have found the Blackman Fans (agents, F. Ashwell & Co., 14 John Street, Adelphi, W.C.) of great value for purifying the atmosphere, and we purpose extending the use of them.

2. SMOKE-CONSUMING METHOD.

Years ago it was considered the natural thing for factory chimneys to be emitting volumes of black smoke. It is now found that by careful stoking on the one hand, and with the aid of simple mechanical methods on the other, the necessity for this corruption of the atmosphere can be almost entirely obviated. The degree of success attained by different towns varies, presumably, in proportion to the vigilance of the authorities. The appearance of Leicester on an ordinary working day not long ago was suggestive of a general holiday to my mind. I am told that, where *furnaces* are in question, a special difficulty arises. Generally speaking, however, the interests of the public in this matter are identical with the interest of the mill-owner; the more fully the products of combustion are consumed before they leave the boiler, the more economical the firing is. The bearing of this consideration upon the duty of inspectors will not be overlooked.

We have found no necessity for any patent or costly apparatus. A simple device was introduced into our boilers by our engineer, Mr. Banks, some years ago, which, with care on the part of the stoker, results in an almost total disappearance of black smoke. The engraving on opposite page will illustrate our method, which can be applied by any



SMOKE-CONSUMING APPARATUS AS APPLIED TO A (ONE-FLUED) CORNISH BOILER.

Boiler—20 ft. × 6 ft. Grate—6 ft. × 3 ft. 2 in. Flue—3 ft. 2 in. × 20 ft.

mechanic. The ordinary grate and fire-bars are retained, but on the bridge are placed three tiers of fire-bricks, without cement, and arranged so as to leave about $\frac{1}{3}$ inch clearance between each brick. Underneath the grate at this part is fitted an iron plate, about $\frac{5}{8}$ inch thick, which nearly closes up the under part of the flue. About $\frac{1}{4}$ inch clearance is left all round so as to allow a small portion of the air-current to pass through and play upon the flame above, to ensure, as it were, a second combustion. The clearance between the bricks is an important feature, as it permits a certain portion of flame and air to pass through.¹

3. TIME-CHECKING MACHINES.

Frequent disputes on the part of workpeople are caused by questions relating to the accuracy of time registration. American inventiveness has been able to solve this problem, and a machine has been devised which we have found to be entirely efficacious. The post of timekeeper, under ordinary circumstances, is, it must be admitted, an unenviable one, and employers who appreciate internal peace should give due consideration to a machine which obviates all grounds for complaints, and which, in the graphic words of the inventor, "Continues its work unmoved by profanity, black looks, or kicks." (Full particulars can be obtained from Llewelin's Machine Company, Bristol.)

¹ On the general subject, cf. "Waste Products made Useful," by Lord Playfair, in the *North American Review* (November 1892).

"To know that the processes which sap the health of the worker are not economic, because they are most unscientific and wasteful, renders it very difficult to contemplate them with any degree of patience or tolerance." (*Daily Chronicle*, December 21, 1892.)

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¹ Entries in this Index, which are unaccompanied with the name of any firm, refer generally to the profit-sharing system in force with Thomas Bushill & Sons.

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