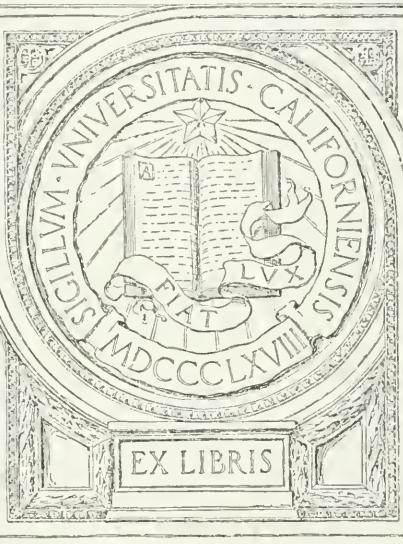




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Co-operative Production

BY

BENJAMIN JONES

WITH PREFATORY NOTE

BY

THE RT. HON. A. H. DYKE ACLAND, M.P.

Vice-President of the Committee of Council on Education

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CHAPTER XIX.

BOOT AND SHOE SOCIETIES.

IN William Nuttall's well-known statistics of failures of productive societies, it is mentioned that from 1862 to 1880, there had been seven societies registered for the manufacture of boots and shoes. Two of these were at Northampton, and there had been one each at Bury St. Edmunds, Leeds, Norwich, Sheffield, and Stafford. At the end of 1880 they were all dead¹.

The condition of the shoemakers in the earlier portion of this period, is shown by statements made during a missionary visit to Northamptonshire, by D. P. Foxwell, in 1867. This journey was undertaken at the instance of Henry Pitman, who, as editor of the *Co-operator*, had collected a special fund for the purpose. Being a shoemaker, Mr. Foxwell took special interest in this portion of his work. Among other places he visited Raunds, a village of about 2,500 inhabitants, which, he said, was 'chiefly occupied by shoemakers, but all under the control of one employer, who resides in the place. He keeps a grocer's and draper's shop; and if you don't spend your money at his establishment you must go and seek work at another village.' It was further asserted that at this time there were 'hundreds of shoemakers who toil for the miserable pittance of 2½*d.* per hour².'

¹ Wholesale *Annual*, 1883, p. 174.

² *Co-operator*, vol. vii. p. 394.

What may be termed the new series of boot manufacturing societies was started by the registration, at the end of 1880, of the Earls Barton Boot Productive Society. At the end of 1881, it had still only eight members; and at the end of 1883, there were only twelve¹. An official statement said the 'society was begun because of the masters around us cutting down wages; and we thought we could help ourselves by starting a society on purely co-operative principles, our work-people taking part in the management, and also in the profits of the society².' The produce was sold mostly, if not exclusively, to the distributive co-operative societies. At the end of 1884, the society numbered 38 members, with £48 of share capital, and the sales for the year were £240. There appear to have been no profits made until 1887; and 1886 showed a loss of £113, on sales amounting to £1,105³. In 1887-9, the profits were £84, £67, and £27, on sales respectively of £1,582, £2,465, and £4,650⁴. In November, 1890, the society went into liquidation, owing principally, it was said, to the difficulty of getting enough capital. The share capital at the end of 1889 was only £72, subscribed by 26 members; and the loans amounted to £61. Of these sums £110 was absorbed by fixed stock, leaving only £23 of available capital⁵. The liquidation produced a net amount of £249; and the creditors' claims amounted to £1,514⁶.

The Northamptonshire Productive Society at Wollaston was registered in 1881. It originated through oppressive evasions of the Truck Act. The men were mostly employed by the firms who contracted with the Government to supply boots and shoes to the army and navy; and the existing system of working the business was described as follows:

¹ Registrar's Returns, 1880, p. 53; 1881, p. 30; and 1883, p. 44.

² Catalogue of Exhibition at Lord Aberdeen's, 1888, p. 15.

³ Registrar's Returns, 1886, p. 46.

⁴ Congress Reports, 1888, p. 39; 1889, p. 34; and 1890, p. 152.

⁵ *Ibid.*, 1890, pp. 152, 153.

⁶ *Shoe and Leather Trades' Record*, August 14, 1891.

‘The contractors employ persons in this and the neighbouring villages to give out the work to be done, and these persons, in a great many instances, keep shops for the sale of groceries, &c., which groceries the workmen have been under an obligation to purchase. This has not only been the cause of much hardship to the workman, but has also hindered, in a very great measure, the spread of distributive co-operation in these villages¹.’

The writer of the above, Thomas Rice, attended the opening of the Wholesale Society’s new warehouse, Hooper Square, in January, 1881, in company with another Wollaston delegate. During the day they sought advice from me; as some of the Wollaston store members had been placed in the predicament of having to choose between giving up the store or losing their work. I recommended them to dispense with their employers and start a society to employ themselves. They were willing to do this, but saw difficulties as to getting capital, and getting a contract from the Government. By the help of friends connected with the Central Board and the Guild of Co-operators, but principally through the pertinacity of the men themselves, the society was formed, and sufficient capital secured; and a contract, large enough to last twelve months, was for the first time obtained from the British Government by a body of working men.

The rules were carefully drafted by Mr. E. V. Neale, with a view to the society ultimately embracing, by means of branches, the whole of the people employed on government work. Each member was to have at least three transferable and three withdrawable £1 shares, and was to be responsible for the quality of his own work. The interest on transferable shares was fixed at 6%, and on withdrawable at 5% per ann. The remaining profits were to be divided among the workers in proportion to the amount of wages earned by them. No work was to be given to any but full members, except to probationers ‘by the express orders of

¹ *Co-operative News*, vol. xiii. p. 195.

the committee,' and probationers were to be admitted as members as soon as they had paid up £2 of share capital.

In 1885 the rules were altered. Every member had to have at least six transferable and six withdrawable £1 shares, and married women were forbidden admission. The committee were now empowered to employ non-members as workers, who should receive 'a dividend on the wages earned by them during the quarter' as might be 'determined by the ordinary business meetings.' The workers were, however, 'allowed to become members after they had been employed not less than eight weeks in a quarter,' if the committee were satisfied with their conduct and work, and were of opinion that there is 'a reasonable prospect that the society will be able to give the applicants permanent employment.' Share capital was allowed interest as before, and in addition, a portion of the profits at the same rate on the interest paid, as was allowed to the workers on wages earned.

In 1888, the rules were again altered. Societies were allowed to become members, but this time all women were excluded. Each member had to hold at least twenty £1 shares, and all shares were transferable. No man over forty years of age could be admitted as a working member. The probation before new employés could apply for membership, was extended to twenty-four weeks; and they were still subject to the restrictions imposed by the 1885 rules. They were, however, now allowed the same dividend on wages as the working members. The rate of interest on share capital was fixed at 4% per ann., and 40% of the net profits was allotted to it in addition; while the workers now took 50% only, instead of the whole. A worker's dividends had to accumulate as share capital until he had £200 invested.

The number of members in 1883 was twenty; in 1885, thirty-three; and in 1886, forty-three. In 1888, it had gone up to fifty-four; but at the end of 1890, it had gone down to forty-two. The share capital has steadily increased from

£350 in 1883, to £1,009 at the end of 1890; and the loans have gone up in the same period, from £150 to £585. The sales in 1883 were £2,825, and went up rapidly until 1887, when they amounted to £14,227. For the year 1890, the sales were £11,627¹. The larger amounts in 1886-7 were caused by the extra urgent needs of the Government at that time. In 1891, the sales were £16,982.

Every year has shown a profit, varying in amount from £129 in 1882, to as high as £633 in 1891, besides paying the regulation share interest; and the net total made in the ten years, 1882-91, was £3,525. Before the alteration of the rules in 1885, the dividends to the workers ran as high as 6s. 8d. in the pound². The balance sheet for June, 1885, which was the first quarter after the alteration of the rules, showed that the net profit, after paying interest, was allotted as follows: Working members, £73 12s. 9d.; closers and eyeletters, £5 4s. 4d.; and working non-members, £16 17s. 4d. As near as I can make out, these figures equal 3s. 4d. in the pound to the working members, 1s. 8d. in the pound to the closers, and 1s. 2d. to the working non-members, on the amounts of their wages. According to Mr. Herbst, the effect of the alteration of rules in 1888 has been to give share capital 9% per ann. as a first claim on the profits. This, I think, is a misreading of the rule; but for all that, it is done. In 1891, the sum of £171 was divided among the shareholders as their proportion of the profits, being equal to an additional 18 $\frac{3}{4}$ %, and making altogether a total of 27 $\frac{3}{4}$ % for the year, when the 9% interest is added. £274 was divided among the workers in the same year, being equal to 1s. 5 $\frac{1}{2}$ d. in the pound on their wages³. The balance sheet for September, 1892, showed that the same method of dividing profits was still

¹ Congress Reports, 1884, p. 102; 1885, p. 148; 1886, p. 140; 1887, p. 48; 1888, p. 39; 1889, p. 152; and 1890, p. 150.

² Ibid.

³ Co-operative Congress Report, 1892, p. 172.

practised. The wages for the quarter were £1,014, and the bonus allotted was £33 16s., being equal to about 8d. in the pound.

In 1884, the society purchased a plot of freehold ground and built a small factory. As far as I can trace the figures through the balance sheets, about £370 have been spent on the site and buildings, and about £250 on machinery and fixtures, making a total of £620. In September, 1892, this sum had been written down on the balance sheet to £190.

The society has had comparatively little trouble. Early in its history it had to ask Mr. Rice, one of the founders, to retire; and, about 1885, it had the assistance of Mr. John Butcher (of the Co-operative Wholesale Society's Leicester Works) to re-organize its methods of working, and of account keeping. In 1888, it had, in the March quarter, a small loss of £5, which was attributed to 'the exceptionally heavy quantity of rejections' they had had from the Government. This was not through bad workmanship, but through extra strictness on the part of the inspectors. The director of army contracts has several times spoken highly of the work of both this and the other societies that are engaged on Government contracts. At the latter end of 1892, the society suffered a severe check by missing its Government contract, its quotation being too high. As almost all its business is with the Government, the employés were placed in a difficult position by the occurrence.

Mr. Herbst has given me a few figures not obtainable from the balance sheets or other sources. The workers own nearly all the share capital. In 1890, 33 workers and 9 individuals constituted the shareholding body. In addition to the 33 working members, the society was employing 96 non-members. Thirteen persons worked on the premises, and 116 at their homes. The committee are all working members. The balance sheet for September, 1892, showed that there were then 49 members, with £1,132 of

share capital, and £1,178 of loan capital. The reserved funds amounted to £260.

In the latter part of 1884, the Wollaston men established a branch in connexion with their society at Chesham, in Buckinghamshire; but 'after some time it was closed, owing to the number of rejects made by the Government inspector. The Co-operative Aid Association made careful inquiries into the matter, and came to the conclusion that the Chesham men were not to blame.' I went down to Chesham, and helped to persuade the men 'to make a start on their own account.' Mr. Nepean, the director of army contracts, was interviewed, and he promised a contract, for which two officers of the Aid Association acted as guarantors. The Aid Association also made a loan to the extent of one-half of the paid-up share capital¹.

The society was registered in June, 1885, and business was commenced in the following November, several societies and a few individuals helping with both share and loan capital. The work gave satisfaction; and in January, 1886, the society received an unsolicited offer to increase their contract fourfold, and to extend it over the whole of 1886. The offer was accepted; sixteen additional workers were put on, and the members promised that all of these should be allowed, after trial, to become sharers in the profits equally with the first workers².

For a time the society went on remarkably well, doing a steadily increasing trade, which, for the quarter ending September, 1886, amounted to £2,102; while their capital had grown to £561, and the amount paid in wages was £648³. The profits also were very good, and, after paying interest on capital, allowed of dividends being declared on wages at the rate of 3s. and 4s. in the pound.

'Unfortunately, dissensions arose between what we may term the old men and the young men. The Aid Association tried

¹ Co-operative Aid Association's Report, 1885.

² *Co-operative News*, vol. xvii. p. 93.

³ *Ibid.*, vol. xvii. p. 1048.

to act as mediators, and remonstrated with them on the folly of spoiling their good fortune by quarrelling. But they seemed intoxicated with their success, and carried on their quarrel to the bitter end. The young men caused the leather factor to demand his account, which of course could not be paid without breaking up the society. He then bought them up as they stood at a discount of 10 % on the value of their stock, which resulted in a loss of £60.

Both parties then tried to start new societies, and one was actually registered, but never commenced business. They applied to the Aid Association for funds; but the association, considering the very cruel manner in which the Chesham bootmakers 'had allowed their passions to wreck a successful society, declined to again render assistance¹.'

The experience of the Wollaston people with their short-lived branch at Chesham seems to have caused them to relinquish the idea of having branches; but their success had the effect of stimulating the bootmakers in other parts of Northamptonshire to imitate them. In 1886, societies were formed at Finedon and Rushden; in 1887, there were two started at Raunds and Walgrave; in 1888, one was started at Tingdene; in 1889, another was started at Burton Latimer; and in 1891, three were started—viz. at Irthlingborough, Raunds, and Rushden².

The Finedon Boot Society began in a small way with 22 members, and in the last three months of 1886 their sales amounted to £91. On this small turnover they realized a profit of £30; from which, after paying 5 % per ann. interest on £136 of shares and £189 of loans, they paid a dividend on wages of 3s. in the pound³. Soon after the society started, it 'was successful in obtaining some large orders for army work from the Government, and it was decided to erect' a three-storied factory⁴. This was opened

¹ Co-operative Aid Association's Report, 1887.

² Registrar's Returns, 1886-9 and 1891.

³ Congress Report, 1887, p. 48.

⁴ *Co-operative News*, vol. xx. p. 239.

with mild rejoicings on April 30, 1887¹. In 1888, the society, having 'gone on with undiminished success, a large addition was made' to the factory, to enable them to do their own currying; a gas engine was purchased, and a number of other machines put down to improve the efficiency of their work². The sales for the year 1887 were £6,693, on which a profit was made of £314. The share capital had increased to £345, and the loans to £221. The number of members was 24³.

In January, 1889, the society sent in to the army contract department its usual tender, but were disagreeably surprised to hear a few weeks later that 'they had not been successful.' Acting on the advice of the manager and secretary, who 'stated that leather was firm, and that as we had not completed our orders, and only small orders were out, we might rise as a feeler,' the committee had tendered at an advance. But after giving this advance the two men secretly sent in a tender to the Government on their own account, and, having thus secured a contract, they informed the committee 'that they intended starting as partners in a concern of their own, but expressed their willingness to remain with the society for the space of five weeks.' A special general meeting of the society was at once called, when the members expressed their sense of the conduct of the manager and the secretary in working 'behind the society's back' by dismissing them with a week's notice⁴.

The progress of the society was not checked by the dismissal of the two men. The sales in 1889 were £14,004, and the profit was £749; while in 1890 the sales were £16,428 and the profit £660. The number of members at the end of 1890 was 28, the share capital was £1,319, and the loans £220⁵. Mr. Fox, the secretary, has informed me that in 1890 £12,928 of work was done for the Govern-

¹ *Co-operative News*, vol. xviii. p. 48.

² *Ibid.*, vol. xx. p. 239.

³ Congress Report, 1888, p. 39.

⁴ *Co-operative News*, vol. xx. pp. 239, 263.

⁵ Congress Reports, 1890, p. 119, and 1891, p. 118.

ment, and £3,560 for societies and private firms. He has given no details of the method of dividing the profits. All the shareholders are workers, and they had, in addition, 102 employées who were not members. Mr. Fox added: 'A great many of our work-people are hand-sewn makers and live at a distance,' so do not work on the premises. In 1891, the sales were £19,881, on which a profit of £597 was made. The number of members at the end of that year was 27, the share capital was £1,860, and the loan capital was £267¹.

Mr. J. C. Gray has told me that the Finedon men started their society 'in consequence of the society at Wollaston refusing to allow them to become members, although they had proved themselves to be efficient workers.' Having succeeded, the Finedon people, in their turn, began to refuse admission to the non-members working for them. At the request of a few members who had been refused admission, Mr. J. C. Gray went down to Finedon in 1888. He found that the men's statements were true: 'their work was good, and fitted them for membership as stipulated by the rules.' As, however, admission could not be obtained, the Tingdene Co-operative Boot and Shoe Manufacturing Society was formed and registered by them. In 1888, the new society effected sales to the amount of £1,361, on which a profit of £20 was realized. In 1889, the sales were £4,706, and the profit was said to be £15². The profit stated here is, I think, erroneous; because the secretary, Mr. Phillips, sent me some details for 1889-90 which scarcely fitted in with it. They had expended £719 on buildings and fixtures; there were 29 shareholders, all workers, with £336 of capital. There were also £254 of loan capital. There were 58 employées, half of whom were non-members. The profits are divided according to wages earned, non-members receiving only half-dividend; share

¹ Congress Report, 1892, p. 172.

² *Ibid.*, 1888, p. 34, and 1889, p. 152.

capital received 5 % per ann. ; 13 persons were employed on the premises, and 46 at their homes ; all the sales were made to the Government. The secretary added :

‘The reason for this is that there is the greatest difficulty in getting a footing with co-operative societies: our representative, whom we sent out in 1888, was a week in obtaining one small order from a Lancashire society ; he was repeatedly told that it was no use, as they bought from the Wholesale. . . . The West End shoe works seem to absorb and dry up all the sources which should apparently be the life of such societies as ours.’

The sales of the Tingdene society in 1891 were £12,033 ; but the profit realized was small, being only £55. At the end of 1892, the society came to grief ; and on January 26, 1893, a creditors’ meeting decided to wind up voluntarily¹. The liabilities to creditors were £3,149, and the assets were £1,207. This left a deficiency of loss of £1,942, in addition to the share capital².

The Raunds Productive Society was registered in 1887³. I believe that, like Finedon, it originated out of the refusal of the Wollaston society to admit the Raunds work-people as members, although they were willing to employ them. For its first Government contracts, the officers of the Co-operative Aid Association stood as guarantors, as they had also done in the case of the Finedon society⁴. The number of members was 14 ; and this number, at the end of 1890, had been increased to 17. The share capital, in like manner, had increased from £205 in 1887 to £446 in 1890. Business was commenced in 1888. In this year, the sales were £1,354, on which a profit of £107 was realized. After paying 5 % per ann. on shares, a dividend of 3s. in the pound was declared on wages⁵.

¹ Congress Report, 1892, p. 172.

² *Northampton Daily Reporter*, January 28, 1893.

³ Registrar’s Returns, 1887, p. 108.

⁴ Co-operative Aid Association’s Report, 1888, p. 6.

⁵ Congress Report, 1889, p. 35.

Through Miss Beatrice Potter, I have been supplied with the balance sheets for 1889 and 1890, together with some additional details from the secretary. 'Our society,' he said, 'is chiefly engaged in making boots for the army under contract with the Government. We employ about ten persons on the premises. I could not, without some trouble, give the number we employ outside, as that varies; but of men and girls, it is quite 150.' The balance sheet for 1889 showed sales £5,385, and a profit of £200, after paying interest, and writing off fixtures at the rate of 15 % per ann. From this profit, the shareholders received a bonus of £22, equal to an additional 6 % per ann.; £40 was added to the emergency and reserve funds; and a dividend was declared on wages, in the first half of the year, as follows: Members, for making, total wages, £306, bonus £45 14s.; for closing, wages £45, bonus £3 6s.; non-members for making, wages £553, bonus £18 11s.; closing, wages £92, bonus £3 1s.; and day men, wages £63, bonus £9 6s. For the latter half of the year, the wages paid were not so great, neither were the sales so large, but the profit was better. The makers and closers who were members, again received the same rate of dividend; but the non-members received a larger share, viz. £18 4s. on £426 of makers' wages, and £2 10s. on £62 of closers' wages. On the other hand, the day men only received £3 11s. bonus on £82 of wages.

For the year 1890, the sales were £11,871, and the profit realized was £758, after paying interest on capital, and depreciating fixtures, which were thereby reduced to £129. The wages paid were as follows: Members, for making, £683, and for closing, £140; non-members, for making, £1,731, and for closing, £224; and to day men, £308. The profit was apportioned as follows: To members, for making, £332, and for closing, £18; to non-members, for making, £125, and for closing, £15; to day men, £17; to bonus on shares, £22; to reserve fund, £195; towards employes' dinner, £1 5s.; and balance undivided, £33. During the year an amount of £113 'emergency fund' was added to

share capital, being equal to a bonus of 33 %, in addition to the £22 mentioned above, or altogether about 40 % besides interest. The reserve fund at the end of the year stood at £369, and the bonus to the members for making, during the last quarter of 1890, was equal to 20s. in the pound on their wages. The sales in 1891 were £14,529, and the profit realized on these sales was £842. I am unable to say how the profit was divided. The number of members at the end of the year was 19, with a share capital of £1,246, and a reserve fund of £312¹. A Northamptonshire correspondent has informed me that the society's business at the end of 1892 was very quiet; and it was only able to provide employment for its members.

In May, 1891, some of the non-members working for the Raunds society, applied to the Co-operative Union for the use of the model rules, to enable them to start a second society at Raunds. They explained through the provisional secretary, Mr. William Atkins, that they did not

'wish to injure, in any way, the existing society, and should be sorry to do so. We are,' he said, 'strongly in favour of co-operation, as we believe it is the best means of settling the dissatisfaction between employers and workmen. Our object is to give every competent man a chance who is willing to join, which is not the case with the existing society. They will not make members, which, we think, is a mistake; and thus there is a necessity for starting another society. I will give you one out of many instances. A man (W. Lilley) deposited £5 and worked for the society twelve months, paying another £5 in the meanwhile, and still is not admitted a member. There are a greater number of us preparing to start than there are in the existing society.'

Of course, after this letter, the Union allowed the use of the rules, and the men formed the St. Crispin Productive Society of Raunds. This society was registered in 1891, but did not commence business until 1892²; when it

¹ Congress Report, 1892, p. 172.

² Registrar's Returns, 1892, p. 66.

succeeded, I have been told, in obtaining an order from the Government for 500 pairs of boots. Since that first order, the society has been unsuccessful in its efforts to get another order from the Government; so, about the end of 1892, it was determined to make 'black work' for the ordinary market; and a traveller has been appointed to work on commission.

The society at Walgrave is also engaged on army work. Mr. Butler, of Wellingborough, has informed me that it is simply a combination of masters who have thought it expedient to assume the form of a co-operative society. At the end of 1891, this society had 9 members, with £539 of share capital, and £660 of loan capital. The sales in 1891 were £6,195, and the profit was £255. The shareholders were paid a dividend of 15 %, and the workers were paid a bonus of 1s. 3d. in the pound on wages¹.

The Burton Latimer Society is another society producing for the use of the army. A co-operator, who paid a visit in midsummer, 1891, told me that the society was not flourishing, owing to the shortness of capital. At the end of 1891, it had 42 members with £690 of share capital. The sales for the year were £2,709, on which a loss of £126 was made². Since then I have been informed that the society has made over the business to a Mr. Haddon, the terms being a payment by him, to the shareholders, of 10s. in the pound on the share capital.

The society at Irthlingborough is producing both army goods and boots suitable for co-operative societies; but I am told that the great competition for the trade of co-operators, by the existing boot societies, prevents it from getting many orders. The society is more successful with the army work.

The Rushden Productive Society, which was registered in 1886, does not seem to have been successful; for it never

¹ Congress Report, 1892, p. 172.

² Registrar's Returns, 1891, p. 62.

made any returns to the Registrar, and ceased to exist in 1889¹. The Victoria Boot and Shoe Manufacturing Society at Rushden, which was registered in 1891, did business in that year to the amount of £1,773, and made a loss on it of £135. It had 40 members at the end of 1891, with £198 of share capital². The balance sheet for the year 1892 showed that the previous year's loss had been written off share capital, leaving this item at £62. The sales for the year had been £2,912, and a profit of £63 had been made. The society was making all kinds of boots, except nailed work.

The Bozeat Industrial Boot and Shoe Manufacturing Society was registered in 1884³. It 'was started with the object of preventing the further lowering of wages, by the workers employing themselves⁴.' The trade is principally with co-operative societies⁵, chiefly through the medium of the Wholesale Society; and I have been informed by a correspondent, that in 1892, the Bozeat society received the assistance of the Wholesale Society in obtaining some shipping orders. This is said to be the first instance of a productive society making goods for export.

At the end of 1885, the society numbered 75 members, with £304 of share capital, and £250 of loans. Its sales for the year were £2,832. 'Although it had not made much progress during the year it had been able to maintain its own against many difficulties. The profits are to be shared between labour and capital, and every shareholder is a *bona fide* worker⁶.' The sales gradually increased up to 1888, and for that year they amounted to £4,422⁷. They had not, however, 'made any net profit, but some losses,' which were met by cash contributions 'by the workers to

¹ Registrar's Returns, 1889, p. 117.

² *Ibid.*, 1891, p. 66.

³ *Ibid.*, 1884, p. 95.

⁴ Aberdeen Exhibition Catalogue, 1888, p. 15.

⁵ *Co-operative News*, vol. xix. p. 58.

⁶ Congress Report, 1886, p. 38.

⁷ *Ibid.*, 1889, p. 34.

keep the capital up¹. These losses were ascribed to 'competition being so keen².'

At the end of 1890, the number of members was reduced to 56, but the share capital had increased to £405; the loans amounted to £360; the fixed stock stood at £132; and the sales for the year were £3,693. For the first time the society had made a profit. It amounted to £109, but I do not know how it was divided³. In March, 1891, the secretary informed Miss Potter that there were 49 shareholders. 43 of these were workers, and owned nearly all the capital. All the members of the committee were workers. Seven of the employes worked on the premises, and 42 at their own homes.

The sales for the year 1891 were £3,614, on which there was a loss of £130. At the end of that year the share capital was £419, and the loan capital was £241. The number of members had decreased to 43⁴; and I am told that in 1892 the number was again decreased to 36.

On September 7, 1887, a large and enthusiastic meeting, held in the Town Hall, Northampton, decided to form 'a co-operative productive society for the manufacture of boots and shoes . . . and at the close of the meeting upwards of 70 members of the audience came forward and volunteered to take shares in the proposed society⁵.' The society was registered in 1888; and at the end of that year, it had 145 members, with £150 of share capital; but it did not commence business until 1889⁶.

The society had a dragging and unsuccessful career; and at the end of 1890, the balance sheet showed an accumulated loss of £298, while the share capital amounted to £311. The sales were about £2,000 a year.

¹ Aberdeen Exhibition Catalogue, 1888, p. 15.

² Congress Report, 1888, p. 44.

³ *Ibid.*, 1891, p. 110.

⁴ Registrar's Returns, 1891, p. 62.

⁵ *Co-operative News*, vol. xviii. p. 931.

⁶ Congress Report, 1889, p. 34.

A Northampton co-operator, writing to me in February, 1891, said :

‘ I am very sorry to say that the boot society is on its last legs. At the half-yearly meeting last night, a committee was elected to see about a proposal made by a gentleman to find the necessary capital to purchase the business upon the understanding that the name is kept on as before. Of course, this would mean a private affair, trading on the name of co-operative, and expecting to get orders from co-operative societies as before. The general impression is that the manager has not been as competent as he ought to have been. The society has plenty of orders on hand, but no money.’

On April 6, 1891, the above-mentioned negotiations having fallen through, a circular was sent out announcing the failure of the society, ‘ owing to the Stamford and Spalding Bank not treating the society as generously as the larger creditors had offered to do. It was hoped that with the entirely new management every creditor would be paid in full ; but the conditions of the bank, who hold a debenture issued by the old committee, had made that impossible¹.’

The Kettering Co-operative Boot and Shoe Manufacturing Society, which was also registered in 1888, has been more successful. It was started at a meeting held in the Iron room, Workhouse Lane, on April 21, 1888. The chairman, Mr. C. Pollard, said ‘ there was everything to encourage them, including the fact that nearly all the present manufacturers in the town had themselves begun at the bench or the seat.’ Mr. G. Evans (of the Midland Section of the Central Board) urged the meeting ‘ to go heartily into the work,’ and ‘ to trade as much as possible with distributive co-operative societies, as that trade was worth $2\frac{1}{2}$ % to 5 % more than outside trade on account of the absence of bad debts².’

Business was commenced at the end of 1888, and the first report was made up to April 6, 1889. The sales had

¹ *Boot and Shoe Trades' Journal*, April 11, 1891, p. 399.

² *Co-operative News*, vol. xix. p. 424.

amounted to £869, and the profit was £12 14s. The number of members was 184, and the share capital was £525. The committee stated

‘that although the work of forming a business and finding a market for the goods produced was by no means an easy task, they think that they have every reason to feel gratified with the result of their efforts, as in the short space of four months they have not only succeeded in getting the business into working order, but have also obtained a fair measure of co-operative support, having opened accounts with upwards of seventy societies¹.’

The total sales for 1889 were £5,061, and the profit realized amounted to £336. Mr. Ballard has informed me that in 1889, labour received a dividend of $6\frac{1}{2}\%$ on wages, and customers received $1\frac{1}{4}\%$ on the amount of their purchases. Share capital received a total interest and dividend equal to $8\frac{3}{4}\%$. The year ended with 208 members and £1,032 of share capital. For the year 1890, the sales were £9,483 and the profit was £748. Labour received 1s. 6d. in the pound on wages, and purchasers 4d. in the pound on the sales. Share capital obtained 10%. The number of members had increased to 271, with £1,677 of shares, and £214 of loans².

A circular issued with the balance sheet for April, 1891, said accounts have been opened ‘with upwards of 300 co-operative societies’; and ‘owing to the rapid development of our business we have found it necessary to purchase land and erect a factory thereon.’ A woodcut, which the manager (Mr. Ballard) has sent me, shows this new factory to be a well-lighted, commodious building of three stories and a basement. £1,416 had been expended on it up to that date, and the fixed stock, which included a gas engine and some machinery, stood at £238. The sales for the year 1891 were £13,870, and a profit was made of £1,040. The distribution of this profit gave the shareholders a dividend

¹ *Co operative News*, vol. xx. p. 435.

² Congress Report, 1890, p. 152, and 1891, p. 156.

of $9\frac{1}{4}\%$ on their share capital, the work-people a dividend of 1s. 6d. in the pound on their wages, and the customers a dividend of 5d. in the pound on their purchases¹. The rules of the society were altered in the latter part of 1891, so as, in the opinion of the members, 'to allow a more equitable division of profits.' The sales for the first half of the year 1892 were £10,249, on which a profit was made of £697, besides paying interest at the rate of 5% per ann. on £2,407 of share capital. A further dividend was declared on share capital at the rate of $3\frac{3}{4}\%$ per ann. Forty per cent. of the profits are by rule apportioned among the customers who pay their accounts 'within 14 days from the receipt of goods.' This apportionment provided a dividend on purchases of 8d. in the pound. The work-people also have 40% of the profits apportioned to them; and for this half-year their share amounted to £265, being equal to a dividend of 1s. 9d. in the pound on their wages. At the end of the half-year the society had written off the whole of its fixed stock and machinery account. The land and buildings stood at £1,664. They are depreciated at the rate of $2\frac{1}{2}\%$ per ann. The reserve fund amounted to £202, and the provident fund to £150. Thirty additional societies had taken up shares during the half-year. No shareholder is allotted less than five £1 shares, or more than twenty-five. All the members of the committee, in July, 1892, were employés. At that date the committee consisted of the manager, the foreman, a clicker, four finishers, and eight riveters².

The Portland Town Mutual Profit-Sharing Society was registered in 1885. It originated with Mr. D. P. Foxwell, and its principal supporter was Mr. A. K. Connell, who gave both time and money to the society and acted as hon. secretary. Mr. Foxwell was the first manager. The stock and goodwill of a boot shop at 4 Barrow Hill Road,

¹ Co-operative Congress Report, 1891, p. 172.

² Society's Balance Sheets, January and July, 1892.

St. John's Wood, were purchased, and the business of making and repairing boots and shoes was entered upon. The prospectus stated that the society 'had been established in order to offer a better career to hand sewers employed in West End establishments and riveters employed on the East End sweating system.' The shares were 10s. each, and the profits were to be divided as follows: Interest on capital at 5 % per ann., 30 % of the remainder to the workers, 10 % to capital, and the balance to customers and to educational, sick and reserve funds.

In 1886, the society numbered 24 members, with £298 of shares, £93 of loans, and sales for the year £468. No profit was made¹. The society struggled on under continued difficulties. Mr. Foxwell ceased to be manager, but his successor did not succeed in improving matters; and in 1890, the manager being found deficient in his accounts, the society was dissolved. Mr. Connell has told me that he lost £300 by the society.

A prospectus issued by the Norwich Co-operative Boot and Shoe Manufacturing Society stated that

'on February 14, 1885, 22 working men, with a capital of 11s., started the society on true co-operative principles, with a view of bettering their own condition and that of their fellow-workmen employed in the boot and shoe trade of the city. They commenced business by selling the nails used in their trade . . . and the society was registered on May 20, 1886. In August of the same year, a leather and grindery store was opened². The business has continued to grow, and it is now (April, 1889) deemed advisable to go fully into the manufacturing of boots and shoes. We have 150 members, . . . and the following is the proposed division of profits':

Thirty-five per cent. each to the workers and to customers, 10 % to the committee, and the remaining 20 % among four funds—provident, special, educational and reserve.

¹ Congress Report, 1887, p. 48.

² It may be as well to explain that by the term 'grindery' is meant the nails and sundry articles used in the making and finishing of boots and shoes.

The society has continued to prosper. In 1888, the dividend on wages and purchases was 1s. 6d. in the pound; in 1889, it was 1s. 4d.; and in 1890 the dividend to labour was 9d., while to purchasers it was 6d. At the end of 1890, there were 198 members, with £252 of shares and £103 of loans. The sales for the year were £2,012, on which a profit had been made of £136. The fixed stock stood at £94, and the reserve fund at £12¹. Through Miss Potter, I am informed that, at the beginning of 1891, there were 15 employés, of whom 5 worked on the premises; and there was one employé on the committee. Eight employés were shareholders, and held £23 of capital. The number of members at the end of 1891 was 202, and the capital was nearly the same amount as in 1890. The sales for the year were £1,975, and the profit was £68². The dividend on wages and purchases was 1s. in the pound³.

The Leicester Co-operative Boot and Shoe Manufacturing Society was originated by some employés of the Wholesale Society's West End shoe works, 'to enable them to share in the profits and the management of the business⁴.' The first meeting was held on September 17, 1886, when the names of 30 intending shareholders were taken, and a provisional committee was appointed⁵. The rules were registered on January 11, 1887, and they provided for the disposal of profits as follows: Five per cent. per ann. to share capital; 40% of the remainder to the workers in proportion to their earnings; 20% to purchases; 12% to the committee; 10% each to a provident fund and to share capital; 5% to a social and educational fund; and 3% to remunerate members for special services⁶. Shares amounting to £380 were 'subscribed by working men and women, and £100 by the local branch of the Boot and Shoe Trade Union⁷.' At midsummer, 1887, premises were taken at

¹ Congress Reports, 1889, p. 35; 1890, p. 152; and 1891, p. 110.

² Registrar's Returns, 1891, p. 62.

³ Congress Report, 1892, p. 172.

⁴ *Ibid.*, 1887, p. 37.

⁵ *Co-operative News*, vol. xvii. p. 972.

⁶ *Ibid.*, vol. xviii. p. 278.

⁷ *Ibid.*, p. 422.

Friars Causeway, and business commenced with the manufacture of women's goods¹. The sales for the first full quarter, ending November 12, 1887, were £972, on which a profit was made of £41. From this was written off a deficit of £15 made in the previous quarter, and the workers received a first bonus of 5½*d.* in the pound. The Arundel and Hackney Societies had become shareholders, and the paid-up share capital amounted to £348².

A few months' working saw the society 'contemplating commencing in the men and boys' departments³.' At the end of 1888, there were 304 members, with £1,300 of share capital, and the sales for the year were £8,618. The profit was £747, and allowed dividends to workers of 1*s.* 6*d.*, 9*d.*, 1*s.* 9*d.*, and 1*s.* 11*d.* in the pound of wages for the March, June, September and December quarters respectively. The September quarter showed 'the best result yet achieved,' and the committee pointed 'out the fact that with interest and dividend combined capital receives 15%.' This statement was repeated for the December quarter; while for the first quarter of the year the committee pointed out that interest amounted to 'nearly 20%.' The reserve fund was £103 and the fixed stock £219⁴.

In 1889 the sales amounted to £13,160, on which a profit was realized of £1,195. The dividend averaged, to the workers 1*s.* 6½*d.* in the pound; to purchasers, 3½*d.* in the pound; and to capital, 12%. At the end of 1889, the capital stood at £2,906, and there were 578 members⁵. This progress caused the society to remove in October, 1889, into 'premises of a much more extensive and suitable character,' at Bede Street. An engine and machinery were put down, at a total cost of about £1,200⁶.

¹ *Co-operative News*, vol. xviii. p. 679. ² *Ibid.*, vol. xviii. p. 1240.

³ Congress Report, 1888, p. 45.

⁴ *Ibid.*, 1889, p. 35, and *Co-operative News*, vol. xix. pp. 370, 755 and 1070; also *Co-operative News*, vol. xx. p. 56.

⁵ Congress Report, 1890, p. 152.

⁶ *Co-operative News*, vol. xx. p. 1174, the Congress Report, 1890, p. 153, and the Society's Balance Sheets.

The year 1890 showed sales amounting to £13,844, and a profit of £887. This allowed capital a total interest and dividend of $6\frac{3}{4}\%$, wages a bonus of $7\frac{1}{2}d.$ in the pound, and sales a bonus of $1\frac{1}{2}d.$ in the pound. There had been a loss of £57 in the September quarter, which was taken out of the reserve fund. The loss was attributed to a demand for a lower-class article, and to the difficulty of replacing stock at former figures. The number of members had increased to 708, and the share capital to £4,040¹. With 1891, the society began to close its books half-yearly. The sales for that year were £17,389, and the net profit was £927. Out of this profit a bonus was declared on wages at $9d.$ in the pound, on sales at $2d.$ in the pound, and on share capital at $2\frac{1}{2}\%$ per ann., in addition to the usual 5% interest². Some statistics supplied to Miss Potter in February, 1891, stated that there were 170 employés, all of whom were shareholders, and held £870 of capital. The committee consisted of 15 members; ten of these were employés. 130 employés worked on the premises, and 40 at their own homes. Almost all the sales are to co-operative societies, and the balance sheet for December, 1890, showed that two travellers were employed. The Wholesale Society acts as banker for the society. The same balance sheet said: 'As intimated in our last, with a view to more regular employment of our members, we have opened a retail shop at Huddersfield.' But after a trial of less than six months they closed the shop, because it was 'not meeting with the success anticipated.' The balance sheet for June, 1891, showed that the society lost £127 by the experiment.

Two men deeply interested in the bonus question have made statements with regard to the Leicester Boot Manufacturing Society that deserve notice. Mr. E. O. Greening,

¹ Congress Report, 1891, p. 150, and *Co-operative News*, vol. xxi. p. 1214.

² Congress Report, 1892, p. 172.

lecturing at the Working Men's College, Great Ormond Street, in 1889, said :

'When I went into the workshop I saw men at work, and I saw everywhere the evidence of the wonderful results of the reconciliation of capital and labour. For instance, there was one man stamping out those ornamental figures they put round the tops of ladies' boots, "gimping," I think they call it, by swinging round an immense lever; and he was swinging it round at a tremendous rate. He never stopped all the time I was talking to him. I said, "You are working very hard; don't you stop that all day?" He said, "No! in the Wholesale Society they have got a steam engine to do this work, and I have got to get as many dozens a day done by this machine as their steam engine turns out, so I can't stop till I've got my number¹."

Mr. D. F. Schloss, writing to Miss Potter in 1891, said :

'I have satisfied myself that the lasters employed at the factory of the Leicester Co-operative Boot and Shoe Manufacturing Society, who before the establishment of that society worked in the factory at the West End of the Co-operative Wholesale Society, have never so far earned, in wages and bonus together, more money for the same amount of work than they used to earn when working at the West End in wages alone. For some time after the Bede Street factory began working the lasters certainly earned (in bonus and wages together) less money than they would have earned at the West End. The reasons given to me were—1st, That the leather used in Bede Street was harder to work than that used at the West End; and, 2nd, that at the West End factory the "lines" were much larger than in Bede Street. A laster making a great number of boots of an identical type gets his hand into the work, and can produce far more in a given time than if his work constantly changes from one type to another. I should explain that in both cases the full trades union piece wage is paid. I am assured that, since the trade done at Bede Street is constantly increasing in volume, there is now very little difference between the earnings of the lasters at Bede Street (bonus and wages together) and those of men employed on similar work at the West End (wages alone)².'

¹ *Co-operative Life*, p. 192.

² Potter, *Co-operative Movement*, p. 250.

On drawing the attention of Mr. R. Potter (of the Leicester Boot Society) to Mr. Schloss' statement, he replied on July 27, 1891, that the

'assertion that our employés were only able to earn, with wages and bonus combined, an amount equal to what they could earn in wages alone at the West End works, is quite true if applied to the early history of the society, when men had to continually change from one kind of work to another, but does not apply at the present time.'

The Bristol Pioneers' Boot and Shoe Productive Society was started in October, 1888, and was registered in August, 1889. A letter dated November 19, 1888, said: 'A few earnest workers have banded themselves together in an endeavour to solve some of the difficulties which exist between capital and labour in the western metropolis. . . . A snug plant of machinery has been laid down' at a small factory in Twinnell Road, and although the society is 'only a few weeks old it has already begun to receive practical local support from the Bristol and District Co-operative Society and others¹.'

The first half-yearly balance sheet was made up to March 1, 1890, and showed sales amounting to £814, on which there had been a net loss of £27. The number of members was 33, the share capital £108, and the loans £283. The machinery and fixed stock had cost £75. The committee attributed the loss partly to 'the difficulties always surrounding the beginning of a co-operative productive society,' and partly to the dispute in the boot trade, which, they said, had forced up wages before they could re-adjust the prices for selling. 'We are glad to say,' they added, 'that while all the other places were closed during the dispute our regular workers were fully employed.'

The sales for 1890 were £2,485, on which a net profit was made of £23, besides wiping out previous losses².

¹ *Co-operative News*, vol. xix. p. 1183.

² Congress Report, 1891, p. 150.

The secretary has informed me that the society only deals with co-operative societies; and he has also sent some additional details. After paying 5% on shares, the remaining profits are divided as follows: 20% to customers, 10% to reserve fund, 5% to a social fund, 3% to a special services fund, 2% to an educational fund, and 60% to labour and shareholders in proportion to the amount of their wages or interest on capital. In March, 1891, there were 33 employes, of whom 22 worked at home and 11 on the society's premises. Five employes were on the committee. Thirty employes were shareholders, and held £120 of capital. The total capital was £220 of shares, held by 65 shareholders, and £280 of loans. They were thinking of building new premises, and of engaging a second traveller. The sales for 1891 were £4,249, on which a loss was made of £47¹. This loss was said to have been caused by advances of wages, higher cost of raw materials, and putting heavier leather into the boots. At the members' meeting held on February 15, 1892, a series of charges were made 'by a section of the workers against the management².'

The balance sheet for the half-year ending December, 1892, showed the sales for that period to have been £1,586. There was only 16s. profit, so no interest could be paid to the shareholders. The wages paid for the half-year were £645. The share capital had increased to £412, and the loan capital to £410. The value of plant and fixtures was taken at £128.

Another boot manufacturing society was started at Bristol, and was registered in September, 1889; but it has never begun business. The secretary has informed me that they have about 40 shareholders, all of whom, with the exception of three, are workers at the trade. The paid-up capital in March, 1891, was £62, but they did not consider this enough to start. 'We want more to set us going and to save our society from death in its cradle.'

¹ Congress Report, 1892, p. 172.

² *Co-operative News*, vol. xxiii. p. 211.

The University Club Co-operative Boot and Shoe Manufacturing Society, of Victoria Park Square, E., was registered in 1889. It was started in connexion with the Oxford House Settlement. At the end of the year, it had 447 members, with £351 of capital; and had done a trade of £132 in the course of the few months it had been opened. On this trade, there had been a loss of £29¹. In December, 1889, it was said 'the business of the society is progressing favourably, and the sales in the shop show a steady increase. Wholesale dealings are not yet as numerous as they should be, but this is partly due to the recent origin of the society².'

On January 26, 1891, a special meeting of shareholders was called to consider the position of the society. A statement, made up to January 19, was submitted, showing a total loss of £643 on a share capital of £379. The other liabilities amounted to £706; and the assets, including £123 for plant and fixtures, amounted to £443. The committee reported that they 'raised by loan in August last such a sum as, after careful consideration, was estimated to be sufficient to carry to a successful issue the operations of the society, provided cash orders could be obtained.' These loans amounted to £350. But cash orders could not be obtained; so it was 'decided to abandon the business of the society.'

Societies were started in 1890 at Hinckley and Nantwich. The former has not been sufficiently long at work to enable me to say anything of it, beyond this, that at the end of 1891, there were 21 members, with £255 of share capital; and £120 had been expended on fixtures³. The one at Nantwich proposes to give the workers 40 % of the profits, 30 % to customers, 10 % to shareholders, in addition to 5 % per ann., and the remainder to the reserve, social, and educational funds. At a public meeting, held on April 28, 1890,

¹ Registrar's Returns, 1889, p. 93.

² The *Trumpet* newspaper, December 14, 1889.

³ Congress Report, 1892, p. 172.

it was stated that £600 of share capital had been subscribed, including £100 by the Nantwich Industrial Society¹. At the end of 1890, the society had 169 members, with £394 paid-up capital, of which £143 had been expended on fixed stock. Business had just been commenced, sales to the amount of £91 having been made². In 1891, the sales were £2,324, but no profit had been realized. The share capital had been increased to £762³.

In 1891, boot and shoe manufacturing societies were started at Barwell, Enderby, and Bolton⁴; and in 1892, societies were started at Higham Ferrers, Desborough, Rothwell, Ringstead, Hackney, and Leicester. At the end of 1891, the Barwell society had 49 members, with £207 of share capital. It had sold goods to the value of £1,656, but had made a loss by the sales of £42. In 1892, it did much better; and the sales in the last half of the year amounted to £2,665, on which a profit of £51 was realized. £20 of this were applied to writing off the balance of the previous year's deficit. From the remainder, a dividend was paid to customers and to employés, of 2*d.* in the pound on purchases and wages respectively. The committee reported that 'the society has had to contend with lack of capital, and has had to have recourse to a considerable bank overdraft, for which the committee are personally responsible⁵.' I am only able to say of the Enderby society that, at the end of 1891, it had 54 members, with £10 of share capital; but I do not know if it had commenced business during 1892. The Bolton society had 10 members at the end of 1891, with a share capital of £100. It had effected sales during that year to the value of £817, and it had made a profit of £29. From this profit, interest at the rate of 5% per ann. was paid on

¹ *Co-operative News*, vol. xxxi. pp. 281, 423.

² Congress Report, 1891, p. 150.

³ *Ibid.*, 1892, p. 172.

⁴ Registrar's Returns, 1891, pp. 126 and 127.

⁵ Congress Report, 1892, p. 172, and *Co-operative News*, vol. xxiv. p. 127.

share capital, and £24 was devoted to the payment of a dividend on wages of 1s. 2½d. in the pound¹.

Of the Ringstead society, I know scarcely anything. A correspondent has informed me that the Higham Ferrers society was busily collecting subscriptions at the latter end of 1892, but had not yet commenced business. He also wrote me that the Desborough society had collected about £300 of share capital; and the local distributive society had subscribed £100 in addition to that. At Rothwell, one of the largest firms in the place had 'just had to meet their creditors. This had been the cause of many hands being kept idle'; so it was 'regarded as an opportune time to take steps to form a co-operative productive society.' A meeting was therefore held on July 26, 1892, when it was decided to start a boot manufacturing society; and about 50 persons gave in their names as members².

The societies at Hackney and Leicester are different in type to the others; and this difference is especially marked in the Leicester effort. The former is the outcome of a meeting held at the Hackney United Radical Club on September 20, 1892; when it was decided to form 'The London Boot and Shoe Workers' Co-operative Society,' with the intention, not only of making the goods, but of undertaking the retailing of them also. The prospectus described the objects to be, amongst others, 'the emancipation of labour from the curse of capitalism by the employment of its own members, who shall receive for all labour performed the current rate of wages decided on by the trade society.' There is to be no profit sharing as profit sharing is generally defined. All the profits are to be used to extend the business of the society, to repay the shareholders' capital, or in 'promoting such benevolent, economical, industrial, provident or social purposes as the committee, under the instructions of the general members'

¹ Congress Report, 1892, p. 172.

² *Co-operative News*, vol. xxiii. p. 859.

meetings, may from time to time determine,' including an old age pension fund. The treasurer of the society is Mr. Charles Freak, secretary of the East End Boot Operatives' Trades Union.

After several previous meetings, a meeting was held on January 25, 1893, of the members of Nos. 1 and 2 branches of the National Union of Boot and Shoe Operatives, in the Temperance Hall, Leicester. At this meeting, it was reported that a ballot of the two branches had decided to advance £1,000, as a loan without interest, to a new society, which should be called the 'Leicester St. Crispin Boot and Shoe Operatives' Productive and Distributive Society.' This meeting decided upon the rules which were to govern the new society. The shares were to be 5s. each, bearing no interest. It was to be compulsory on an employé to become a shareholder, but no shareholder was to hold more than twenty shares; although the committee calculated that the capital required was equal to £25 per head of persons employed. Ninety per cent. of the profits were to be employed 'solely for the extension of the business'; of the remainder, 5 % was to go to a workers' provident fund, 2½ % to an educational fund, and 2½ % to a special services fund. The committee was to be composed of 'three riveters, three finishers, two clickers, two pressmen, and two open.' It was strongly urged at the meeting that it was the duty of operatives generally, who were members of the trades union, to take up one or more of the five-shilling shares, so as to give the society a fair start¹.

The rapid increase in the number of boot manufacturing societies has caused some feeling, both among themselves, in their competition for the trade of distributive societies, and between them and the Wholesale, who takes the giant's share of the co-operative orders. The Co-operative Union has endeavoured to eradicate this feeling by proposing

¹ *Leicester Daily Post*, January 26, 1893.

a federation of the boot societies, to regulate their relations to one another and to their customers. With this view, a conference was held at Wellingborough on January 12, 1888, which was attended by the representatives of six boot manufacturing societies; and the following resolution was passed: 'That this meeting of representatives of the Co-operative Boot and Shoe Societies of Northamptonshire is of opinion that it is desirable in the interests of each society, and with a view to avoid competition, that some form of federation amongst them should be adopted¹.'

Rules were drawn up, and a United Boot and Shoemakers' Association was registered later on in the same year²; but Mr. Butler (of Wellingborough) has informed me, that 'it soon came to grief, as the societies found it unworkable.' Mr. Geo. Evans, who has worked hard in helping to form boot manufacturing societies, asserted at the Rochdale Congress, that 'the attempt at federation in the boot and shoe trade failed because there were too many would-be managers³.'

The competition continues, and on August 30, 1890, Mr. Simons (of Kettering) read a paper to the Wollaston conference, in which he said

'they were afraid that the competitive element would creep into the societies, and thus destroy and defeat the ends of true co-operation. But the competition of these societies was small indeed when compared with the competition of the Wholesale Society, in whom they found their most formidable rival;' although 'it was only just to the Wholesale Society to mention that it has rendered generous aid to individual co-operative production⁴.'

The subject was renewed at the Rushden conference in November, 1890, and again at the Wellingborough conference on February 28, 1891. At the latter conference, the delegates from the boot productive societies not only

¹ *Co-operative News*, vol. xix. p. 58.

² Registrar's Returns, 1889, p. 93.

³ *Co-operative News*, vol. xxiii. p. 661.

⁴ *Ibid.*, vol. xxi. p. 939.

complained of the competition of the Wholesale, but also alleged that the Wholesale bought from private firms in preference to the productive societies. This the Wholesale Society's representatives vigorously denied, and, with reference to competition, they reminded the delegates that the Wholesale works were the first in the field, so that competition came from the boot productive societies¹.

This conference seems to have had a satisfactory result in clearing away some misapprehension; for the district conference committee, in reporting to Congress, said,

'certain charges had been made at previous meetings against the Wholesale. At this meeting the questions in dispute were thoroughly discussed, and answered by the representatives of the Wholesale, and at the close the general feeling was that many of the difficulties had been removed, and much that was thought to be wrong was made clear and straight, and a better understanding arrived at².'

Another turn was given to the matter, so far as the Wholesale was concerned, at the conference held at Wellingborough, on June 18, 1891. Mr. Bishop thought the Wholesale 'made a mistake in centralizing the manufacture of boots and shoes at Leicester, and mentioned, as an instance of the advisability of starting works in other districts, several cases where they had been obliged to send to Northampton for boots they could not get at Leicester.'³ To this Mr. Stansfield, amidst applause, said he 'felt sure the time would come when the Wholesale Society would manufacture boots in other places besides Leicester;' and Mr. Hawkins expressed his belief that 'sooner or later, the Wholesale would establish additional boot manufacturing works in Wellingborough or some other district in Northamptonshire.'³ The tone of this conference, at which I was present, would lead one to infer that the co-operators of Northamptonshire would hail with pleasure the oppor-

¹ *Northampton Daily Reporter*, March 3, 1891.

² Congress Report, 1891, p. 50.

³ *Co-operative News*, vol. xxii. p. 656.

tunity of working in a factory established in their midst by the Wholesale Society.

In consequence of reports coming to the productive committee of the Central Co-operative Board, which asserted that there was a practice among the Northamptonshire boot productive societies of refusing the privilege of membership to fully qualified workers, a conference of delegates from the boot productive societies was convened by the committee. This conference was held at Kettering on January 9, 1892, when a paper, written by the general secretary of the Co-operative Union, was read. From this paper I have extracted the following, as it formulates the charges made against the societies, and expresses the opinions of the officials of the Co-operative Union thereon :

‘A co-operative productive society should be free and open to all whom it employs. If the persons are fit subjects for employment they are also fit for membership. Directly a so-called co-operative society closes the doors of its membership against any of these employés so as to retain greater benefits for the more fortunate members it ceases to be co-operative, though it may still continue to sail under false colours. Many societies have acted illegally in placing hindrances in the way of poorer workers becoming members. They have actually demanded a lump sum to be paid down for the shares on admission, while by their rules no member can be compelled to pay up at a greater rate than the instalments fixed therein. It is also said that family influence militates largely against the proper diffusion of the benefits to be derived from true co-operation in these societies. Perhaps in village life this is certain to obtain more or less, as well as the petty jealousies sometimes to be found in village cliques. But these reasons and causes cannot be allowed to hinder the march of true co-operation. If it is found that the system pursued by such societies leads only to the foundation of self-interest and small mastership and not to the direct self-employment of every worker capable of taking an active and useful part in the propagation of our movement, then the fallacy must be exploded, and it will be the duty of the productive committee of this union to see that it is effectually done. It is for the

societies present to show that their own methods are such as can be looked on with favour by co-operators. As regards the absent ones, and those who have not seen fit to take any notice of our endeavours to refute or substantiate the charges of "non-co-operation" brought against the societies generally, we can only say that there are means of bringing even their attention to this important question.'

A resolution was carried, *nem. con.*, as follows: 'That in the opinion of this conference, the only way to promote true co-operative production is by allowing any one to become members of the societies, and by giving them a fair share of the profits¹.'

During the three years 1890-2, the boot trade was very much altered, by the almost general adoption of the factory system instead of the old plan of working at home, and by the rapid introduction of machinery. The monthly report of the National Union of Boot and Shoe Operatives for January, 1893, took special note of these two facts; and strongly urged on the minority of the operatives who clung to home work, to fall in with the views of the majority, in the following words:

'The indoor working question has made considerable progress; in nearly all the centres affected by the Federation notices have been sent in, and the matter has been considered by them. At Northampton the employers wish to refer it to conference, but we pointed out that it had already been referred to a conference, and ruled out of order as being a local question. Since then they have definitely stated their willingness, not only to consider it with a view of arriving at a peaceful settlement, but they are willing that the conference should take place without delay. To this course we have consented, believing that it will conduce to the advantage of both sides, and prove the value of such conferences. We are aware that the employers will assert that there are a large number of men opposed to going inside. This we do not deny, but in all such matters the minority must abide by the decision of the majority, and it is an incontrovertible fact that the vast majority are in favour of indoor working, and to the minority we would point out that

¹ *Co-operative News*, vol. xxiii. pp. 66, 67.

whether we will or no indoor working is sure to come by the introduction of machinery, and those who cling to working at home will soon be left high and dry without any work to do, whilst those who agree to go inside will be employed on and with the machines. Therefore we should strongly advise such members to not only go inside but to take work at the machines, and thus reduce the number who must inevitably be displaced by its introduction¹.

The Co-operative Wholesale Society's works at Leicester were, at the time of writing, the most advanced in the country in the two matters referred to in the union circular. On December 30, 1892, the finishers engaged on new finishing machines at the Wholesale Society's works dined together to express their satisfaction at the new state of things. At this dinner the manager, Mr. John Butcher, said :

‘ When they first decided to commence finishing boots by the aid of machinery he felt there would be a considerable amount of, he would not say opposition, but prejudice, which was quite excusable, against the innovation. But he would like to say that, so far as the management was concerned, they had met with but very little of that prejudice. So far as was practicable, he had endeavoured to introduce that reform into the works in such a way as not to displace any more hand labour than necessary. He made up his mind long ago, from experience and from what he had seen, that if they wished a new undertaking to succeed they must, as Mr. Livingstone had said, put the best labour they could upon it. One thing he always deprecated, not only in this matter of the finishing machinery, but all other machinery that had been introduced within the last 25 years. He believed it was a mistake for the sellers of those machines to try to instil into the minds of the boot manufacturers that the work could be done by cheap or boy labour. He thought the operatives could bear witness that their establishment had not transgressed the rules of the trades union in any way as regarded the employment of boys. He had had a circular sent to him stating that there were some old men out of employment in the town through the introduction of new machinery and asking for some kind of help that

¹ *Workman's Times*, February 4, 1893.

would enable them to keep a home over their heads. It occurred to him that some of those old people might be employed to assist their work-people in some portions of the operations where skilled labour was not required, and that they might in that way keep them from seeking relief. The trades union officials fell in with that suggestion, and he believed the arrangement had answered exceedingly well. He had also endeavoured to get the operators on the machines taught as well as possible. It should be clearly understood by those outside the trade that they had had to take workmen who had never seen the machines before, and they could not therefore expect them to work to their entire satisfaction at once. On that account he was anxious to employ only men who were proficient. Mr. Butcher proceeded to speak of the prejudice that was manifested against the introduction of the sewing-machine in the boot trade, and said that kind of opposition was so ridiculous that one could not argue upon it. Although such an innovation as that might for a time disturb some portion of the industry, it would in the end prove as great a blessing as had been accorded the girls who were now running their steam sewing machines. A great many new machines had been introduced into the shoe trade, and all had been received with more or less prejudice, but the people were to-day better and more cheaply shod than they ever were before, and he agreed with an American political economist who looked upon it almost as a crime to oppose the introduction of labour-saving machinery. It would in the end be of benefit to the workman, to the manufacturer, and to every person who wore boots, and he hoped their productions would be trodden under foot all the world over¹.

¹ *Leicester Daily Post*, December 31, 1892.

CHAPTER XX.

EFFORTS IN THE IRON TRADES.

THE history of the societies started since 1862 in the different branches of the iron trade, whether large or small, is mostly one of disaster. The first of the kind under the Industrial and Provident Societies Act of 1862 was the Wolverhampton Plate-Locksmiths, which was registered in 1864.

A letter written in February, 1864, by Thomas Jones (the secretary), said :

‘A number of us have determined upon starting a co-operative establishment in the plate-lock trade. . . . The principal part of the promoters are men who have eschewed strong drink and filthy tobacco. . . . You will agree with me that it is quite time we tried to improve our condition, when I tell you that the weekly wages of our trade do not average more than 12s. ; but we trust, by co-operation, to bring about a better state of things¹.’

An advance of wages had been asked for and agreed to ; but the employers subsequently refused to carry out the agreement².

The founders of the society started with £13³, and went to work with such energy that, in October of the same year, they had ‘more than 50 men at work⁴,’ although the total number employed in the trade was only about 250. Early in 1865 this number was increased to 80. The Amalgamated

¹ *Co-operator*, vol. iv. p. 159.

³ *Ibid.*, vol. vi. p. 69.

² *Ibid.*, vol. vi. p. 3.

⁴ *Ibid.*, vol. v. p. 99.

Tinplate Workers' Union (of Wolverhampton) helped them with capital, and a gentleman built and leased to the society 'a large manufactory'.

The employers became alarmed at this rapid progress, and endeavoured to ruin the enterprise by an excessive reduction in prices. The men issued an appeal to the public for support ; and, after sending a deputation to investigate the case, the Wolverhampton trade societies called a conference to aid the lockmakers. At this conference, it was asserted that not only had the masters reduced prices below the cost of production, but they had tried to prevent the productive society purchasing oak, iron, and keys, by threatening the sellers of those articles if they supplied them. At another meeting, it was stated that the chairman of the society had been dismissed by his employer for refusing to cease to be a shareholder ; and up to the end of June, 1865, the co-operators had suffered an aggregate loss of £585 by the unfair competition².

In consequence of the appeal, a number of well-known men assisted the locksmiths with donations of £5 and £10 each. Among them was John Stuart Mill, who wrote :

'I beg to enclose a subscription of £10 to aid, as far as such a sum can do it, in the struggle which the co-operative plate-lock makers of Wolverhampton are sustaining against unfair competition on the part of the masters in the trade. Against fair competition I have no desire to shield them, . . . but to carry on business at a loss, in order to ruin competitors, is not fair competition. In such a contest, if prolonged, the competitors who have the smallest means, though they may have every other element of success, must necessarily be crushed through no fault of their own. . . . I am now convinced that they ought to be supported against the attempt to ruin them³.'

The struggle with the employers continued over two years. At the members' meeting held on February 26, 1866, 'it was unanimously and heartily resolved, that let

¹ *Co-operator*, vol. vi. p. 3.

² *Ibid.*, vol. vi. pp. 36, 69 and 71.

³ *Ibid.*, vol. v. p. 181.

the competition be what it may, or continue as long as it may, this meeting pledges itself to receive and be satisfied with such compensation for their labour as the market price will allow, and to calmly submit to any other inconvenience that may arise therefrom¹. In August, 1866, Mr. D. P. Foxwell, in his capacity of co-operative missionary, paid the men a visit, and sent 'the crier round, calling open-air meetings.' The men were much encouraged by this, the secretary saying, 'I never heard two more practical and interesting discourses in my life.' It was now stated that 'they were getting a better price for their locks, and receiving a fair supply of orders. The weekly sacrifices of the men would shortly cease, and they would receive the full price of their labour.' They had still 'above 60 men at work,' and at an industrial exhibition at Dudley, the *Birmingham Daily Post*, speaking of the productions of Messrs. Chubb and Sons and of the Locksmiths' Society, said, 'The whole of these productions are so good, that to give precedence to either would be out of the question.' In April, 1867, the secretary was able to write triumphantly :

'Our co-operative movement is now a complete success, for the competition has ceased, and all that we were then compelled to lose in the price of our goods we have regained, and more too. We are now realizing a better price than when we first commenced our co-operative movement, with a good supply of orders, so as to be able to keep all our workmen fully employed. . . . It is our aim and intention to rank ourselves amongst those

"Who only ask for humblest wealth,
 Enough for competence and health ;
 And leisure when their work is done,
 To stroll at setting of the sun ;
 Who toil, as every man should toil,
 For fair reward erect and free.
 These are the men, the best of men,
 These are the men we mean to be²."

¹ *Co-operator*, vol. vi. p. 231.

² *Ibid.*, vol. vii. pp. 112, 351.

In September, 1888, the struggle with the employers was renewed; but the secretary wrote:

‘We have lately made a move in the trade that is likely to settle the competition and give our movement the ruling power, as we are about to have a good number of men who have hitherto been with the masters; and if we only had the means, we could now have the trade in our own hands¹.’

In October an appeal was made for loans. It was stated that there were 150 members, with 600 shares of £1 each; but ‘very little has been paid up, owing to nearly the whole of the members being workmen, and the times being so bad that it has not been thought well to call for the payment².’ Another year saw them through this second battle; and it was reported: ‘We have made steady progress, and our society is in a better and safer position than ever;’ while at a festive celebration of the society’s sixth anniversary, held at the end of February, 1870, the manager, Mr. J. Dews, asserted that ‘the co-operative plate-lock makers were now masters of the citadel; for which they had so nobly and so bravely fought.’ When trade revived, ‘they would be able to lead where, in times happily now gone by, they had been compelled to follow³.’

By June, 1871, their prosperity was such that, in addition to their factory in the North Road, they had ‘a range of workshops on the other side, employ nearly half the workmen in the trade,’ and ‘had succeeded in getting into their hands one-half of the whole of the trade.’ Up to this date, they had paid no dividends on either capital or wages, but had employed their profits in repaying loans; ‘and in proportion as it has been done, the working men members of the association are being put into possession of one of the best furnished properties in the trade.’ It was further said that ‘though the men at work get no higher wages, in the usual sense of the term, they get better wages and earn them more pleasantly and easily⁴.’

¹ *Co-operator*, vol. viii. p. 588.

³ *Ibid.*, vol. ix. p. 849, and vol. x. p. 158.

⁴ *Ibid.*, vol. xi. p. 390.

² *Ibid.*, p. 706.

On October 30, 1873, the society met with a new antagonist, against which they had not adequately provided: 'A fire was discovered, doing damage to the extent of £300, which is only met by an insurance of £75.' The Central Board issued an appeal for help on behalf of the locksmiths, and a sum of £247 was subscribed; co-operative societies contributing £134, trade unions £87, and individuals £26¹.

With 1874 'there was a general revival of trade, and this,' they said, 'enabled us, step by step, to increase the market value of our goods; also to increase the wages of the workmen and realize a fair profit for the society. . . . The first dividend declared was for the period from April 4 to December, 1874.' The sales were £5,438, and the profit was £381. After reducing the fixed stock at the rate of 10%, and paying share capital 5%, 2½% was taken to a provident fund, and dividends were paid, on wages at the rate of 5%, and on the interest paid upon shares at the rate of 10%. In 1875, the sales were £9,633, and the profit was £1,336. Out of this, the work-people received a bonus of 30% on wages, amounting to £888. The 'few workmen' who were not members received 5% only, and their share amounted to £49. The shareholders received a dividend of 60% on the amount of interest paid to them. For 1876, the sales were £12,230, and the profit £1,874. The same dividends on interest and on workmen's wages were paid as in 1875. In both years the usual 10% depreciation on fixed stock was allowed, and £110 was carried to the provident fund. One-third of the workers' dividends was paid in cash, and two-thirds were credited to the share account. The workmen who were not members could become so by leaving in their share of the bonus. In 1877, they had 120 men at work, and over 100 of these were shareholders. These men were then 'earning nearly double the wages they had once earned, and had thirty or forty shares each in the society².'

¹ *Co-operative News*, vol. iii. p. 557, and vol. iv. p. 153.

² *Ibid.*, vol. viii. p. 335.

In 1877-8 business was bad, and by June, 1878, it was reported that

'the finding of employment beyond the requirements of the market for the locks produced, has led to the accumulation of stock which cannot yet secure a sale. Through the reduced cost of materials, and the drop in the wages scale, that stock is now worth much less than it cost, and there is so much of it that there is scarcely room for the operators to practise their calling.'

The Central Co-operative Board sent Mr. E. V. Neale to give counsel to the locksmiths, and he recommended that 'a revaluation should be at once made of the assets¹.' This was done; and a letter in the *Times* newspaper of August 1, 1879, stated that the revaluation swept 'away one-half of the share capital.' As the society could not raise funds to meet its liabilities, it was decided on August 25, 1879, on the advice of Mr. E. V. Neale, to go into liquidation, although 'virtually solvent.' There was a balance of over £800 in favour of the shareholders, or 8s. in the pound, and 'the object of the liquidation was only to prevent the stock being seized and sold at a ruinous loss.' The liquidators were authorized to dispose of the assets to a new society, and in the meantime to carry on the business². The effort to start another society was unsuccessful; and on January 18, 1880, the liquidators were 'authorized to dispose of the assets to the best advantage³.' The registrar of friendly societies, in his report, has given us a last glimpse. The business was to be 'made into a private individual firm; and it will cease to be a co-operative society in about nine days hence⁴.' The winding up left the men 'absolutely penniless: all the accumulated savings of years were gone⁵.'

Mr. E. V. Neale has supplied me with the following explanation of the causes of the failure of the Locksmiths' Society :

¹ *Co-operative News*, vol. x. p. 396.

² *Ibid.*, pp. 573, 620.

³ *Ibid.*, vol. xi. p. 101.

⁴ Registrar's Returns, 1879, p. 22.

⁵ *Co-operative News*, vol. xi. p. 300.

‘My recollection of the facts connected with this disaster, learnt by me during the efforts to save the society, in which I took an active part, enable me to cast on this subject a light which may possibly be useful to other ventures in co-operative production.

‘The main business of the society during the time of its prosperity was, as its name implied, the manufacture of plate-locks, which were large and rather costly articles, yielding a net profit to the society on the turnover, according to my remembrance, of from 18 to 32 %. A society which had succeeded in obtaining a considerable business of this character easily made large profits; but, with the period of commercial depression which followed the coal famine, the demand for these costly articles ceased. There remained to the society, as a source of income, only the manufacture of common locks, which did not yield more than about 9 % on the turnover. If the business had been carried on by a private manufacturer, he would probably have discharged the workmen for whom, from the falling off of the demand for plate-locks, he could not find profitable employment, and applied himself to develop the trade that remained. But this would have involved on the body of workers who formed the society an amount of self-sacrifice for which they were not prepared. Instead, they worked for stock, in the hope that the demand would revive. As it did not revive before their resources were exhausted, they inevitably came to grief. Debts multiplied upon them; the best workers fell away. Those who stuck to the society, if they did not lose heart, lost the means of self-support; and thus a society, which had been for years “a boast, a triumph and a show,” became a failure¹.

A new society was started on a small scale at Great Hampton Street, Wolverhampton, and was registered in the latter half of 1880². The Midland Section gave their help. The sectional secretary (Mr. Scotton) paid the new society a visit, and an effort was made to raise a loan ‘free of interest.’ The reasons were that

‘those men who had been most prominent in the work of the old society were turned on the wide world, none being willing

¹ *Co-operative News*, vol. xxii. p. 1080.

² Registrar's Returns, 1880, p. 53.

to give them employment. . . . These twelve men had striven hard to obtain employment, but had failed; and, having unbounded faith in co-operation, they have rented a small workshop, and by a great effort have got £30 among them with which to purchase tools¹.

Some £30 or £40 only were raised, co-operators having apparently become tired of responding to appeals from this quarter; the Midland Section saying that 'the amount subscribed was not equal to our expectations or the requirements' of the society². Another appeal was issued by the Midland Section in September, 1881; but it met with practically no response³. The new society dragged along until 1882, when it ceased to exist.

At the end of 1865 the firm of Greening and Company, wire-netting makers, Manchester, was turned into a limited company. Mr. Thomas Hughes became a shareholder, as he said, 'from a desire to help on the movement,' although the business of the new company 'was on a small scale⁴.' The original firm consisted, I believe, of Mr. E. O. Greening, his father, and his brother.

The first half-yearly meeting was held on May 19, 1866, when a report—but no balance-sheet—was presented, covering the five months that had elapsed since the company had taken possession of the works. The directors stated that the profits warranted them in 'recommending an *ad interim* dividend at the rate of 15 % per ann. on the whole capital of the company.' They also recommended the shareholders to vote 'a bonus of 5 % on the wages paid during the last five months to each person now employed by the company,' and they stated that 'the working of the new industrial partnership principle has, up to the present time, proved most satisfactory, inducing the company's work-people, almost without exception, to labour for the interests of the

¹ *Co-operative News*, vol. xi. p. 300.

² Congress Report, 1881, p. 37.

³ *Co-operative News*, vol. xii. p. 588.

⁴ *Co-operator*, vol. vii. pp. 2 and 7.

company with remarkable zeal and earnestness.' Shares were to be allotted to the employés receiving this bonus¹.

To celebrate this *ad interim* success, a series of 'delightful and significant meetings,' at which Mr. Greening 'acted as host,' were held in Manchester, on May 19, 1866; consisting of a shareholders' meeting, a luncheon, a conference and a soirée. At this soirée, Mr. Greening, in advocating profit-sharing, said:

'There is an anecdote—very popular in our own particular trade in Manchester—illustrating this position of ours. It is said that a smith went into a large workshop in this city, and asked for work from the master. When asked what wages he expected, he produced his hammer, which had a long handle, and three notches on it, and taking hold of the hammer with the shortest leverage, he said, "That, sir, is 28s. a week"; holding the hammer with a longer leverage, he said, "That, sir, is 30s. a week"; and then, taking hold of the hammer handle at the end, so as to wield the heaviest blows, he said, "That, sir, is 32s. a week." Now, we are proposing to have hammers with the longest handles, and wielded in the most effective manner, so as to produce the most powerful blows in our favour that we can obtain; but instead of giving the man 32s. a week only, and relying upon his word that he will earn it, we say to him, "If you will strike those telling blows, and show us the expected result, you will receive beyond your wages remuneration a share of the profits."'

He added, speaking of the firm of Greening and Co., 'We have no doubt that we shall show higher dividends and more regular profits by this system².' In advocating profit-sharing, Mr. Greening has repeated the above anecdote so frequently on co-operative platforms, that it may fairly be accepted as a summary of the ground taken up by him.

The directors reported in February, 1867, that 'it is to be regretted that the second half-year has not been so prosperous.' Some new capital had been obtained, on which a dividend at the rate of 15 % per ann. was paid, but no dividend was declared on the original shares³. No further

¹ *Co-operator*, vol. vii. p. 17.

² *Ibid.*, vol. vii. p. 14.

³ *Industrial Partnerships' Record*, March, 1867, p. 2.

dividends were paid, and the company went into a somewhat disastrous liquidation in, I think, 1868.

The great and successful strike in the iron trade at Newcastle-on-Tyne, in 1871, for a nine hours' working day, led to the establishment of the Ouseburn Co-operative Engine Works Company. The *Times* newspaper attributed the strike to

'the imprudent and impolitic conduct of the employers;' for 'the Newcastle workmen, when they demanded nine hours, agreed to submit to an equivalent deduction from their wages. . . . They wrote three separate times to their employers, asking for an interview, before they struck. They were contemptuously refused, and indeed offensively ignored¹.'

Among others outside the trade who espoused the cause of the men was the Rev. Dr. Rutherford, of Bath Lane Chapel. He had 'long been known as one of the influential speakers of Newcastle;' he had 'great popularity as a preacher, and he was qualified to practise as a doctor of medicine².' Dr. Rutherford conceived the idea of starting a works on co-operative lines to aid the strikers. He consulted some of the men, and they requested Mr. John Gusthart to look about for an engine and boiler repairing works. In the meantime the doctor heard of the Ouseburn engine works being in the market. On June 10, 1871, he obtained the details of the property. The same day Messrs. M'Kay and Archbold made a survey; 'and reported to the energetic doctor that the machinery was excellent, the price on the whole moderate, and the situation suitable³.'

A special correspondent of the *Co-operative News*, described as a man who 'from long personal familiarity with machinery knows its value, and when it is really of good quality, and of modern construction,' paid a visit to the works, and gave a description of them. This correspondent said:

'In all matters of investigation in which I am appointed to

¹ *Co-operative News*, vol. i. pp. 17, 18.

² *Ibid.*, p. 25.

³ *Ibid.*, p. 49.

ascertain the truth for any public object, my plan is to go to the enemies, the opponents of the scheme, and ascertain their opinions. . . . I then know what importance to attach to the sanguine estimate of friends.'

He then went on to say :

'Mr. Morrison, the founder of the works bought by the co-operators, was himself an engineer, the architect of his own fortunes, and who had a rare artistic passion for perfect machinery. He spent a large fortune in getting into his works the most perfect machinery that money could buy or skill devise. Indeed, he was ruined by this costly taste, for his capital was exhausted by maturing his machinery. His works have stood closed for six years, and finding no purchaser, the co-operators have been so fortunate as to secure them' for £30,000. 'Good judges of engineering works have assured me that the premises and machinery thus acquired were worth £100,000. I found the vast machine shops, foundries and forges all laid out with grim order. There was a consistent uniformity in the structure of the buildings very unexpected and satisfying to the eye. There was nothing small or mean about the place, and the ponderous, well-arranged, well-placed machinery showed that a competent mind had presided over the construction of the works¹.'

On June 12, 1871, Dr. Rutherford invited working men interested in the proposed company 'to meet him at the Bath Lane Schoolroom.' The doctor presided, the meeting was enthusiastic, and the 'enrolment of shareholders was then and there commenced.' Other meetings were held on successive evenings; by June 22 the deed of association, prepared by the doctor, had been drawn up, and on the 25th the articles were signed. The capital was £100,000, in £5 shares, and the qualification for a director was fixed at 150 shares².

On July 8 a conference of co-operative societies was held in support of the Ouseburn company. This led to large investments, the Blaydon society acting as pioneer by taking up £1,000 worth of shares, while some of their members

¹ *Co-operative News*, vol. i. p. 25.

² *Ibid.*, pp. 25, 49.

invested another £200. Among the earliest to invest were Halifax, £1,000 shares and £2,000 loans; Heckmondwike, £1,000; West Cramlington, £1,000; Mossley and Seaton Delaval, £500 each; and Chester-le-street, £250¹.

The articles of association provided for a working week of 54 hours,

‘or such other term as may be mutually agreed upon between the workmen and the directors; or as after reference in case of dispute may be determined by the court of arbitration. . . . The rate of wages, in each case, will be determined between the workman and his foreman, but in case of dispute will be referred to arbitration. . . . After setting aside a first portion of the profits as a reserve fund for losses, depreciation and repairs, and declaring a dividend upon capital, all profits in excess of 10 % upon paid-up capital shall be divided equally between capital and labour. The bonus upon work will be declared at least once a year, will apply to every worker in the company, and will be apportioned to the amount paid him in regular wages, salary or fees, but not for overtime, contract work or special remuneration².’

On July 21, 1871, a shareholders’ meeting was held at the works to take formal possession. Mr. Robert Murray (manager for Oswald and Co., of Sunderland) was appointed manager, and he commenced his duties on July 24. During the next month work was rapidly proceeded with. Contracts were taken for engines to the value of £35,000, and arrangements were made with the bankers for ‘large credits.’ By the end of August 130 men were employed, and on Thursday, September 7, ‘the first pair of cylinders were successfully cast.’ At the end of September, the value of the orders given for engines had been increased to £65,000; and, while ‘more than 300 hands’ were then employed, arrangements were being made ‘to put the works on double shift, when the men employed will be over 800.’ Later on, at the beginning of 1872, it was announced that the company

¹ *Co-operative News*, vol. i. pp. 49, 114, 125, 128, 175, and vol. ii. pp. 100, 244 and 377.

² *Ibid.*, vol. i. p. 25.

'had work for twelve months in hand;' while there were 'enrolled as shareholders some 1,300 persons, nearly all of them working men, and most of them connected with the various branches of marine engineering. They had a subscribed capital of something like £30,000, and a paid-up capital of £23,000¹.'

Every workman at Ouseburn had to become a shareholder. If at first he was not able to put down £5 (the price of a share), or to put down anything towards a share, they constituted him a depositor. At a co-operative meeting it was explained that 'if a man earned less than £1 per week, 6*d.* was the amount of his deposit money; if he earned between 20*s.* and 30*s.*, 1*s.*; if between 30*s.* and 40*s.*, he deposited 2*s.*; and if he earned above £2 a week, then he deposited 10% . . . The sum left in deposit, at the rate going on at present, would amount to £2,500 per annum².' This deposit system soon created a difficulty. Workmen, when leaving their employment, were refused the repayment of their deposits, on the ground that they represented partly-paid shares; but the county court being appealed to, the judge decided in favour of the men. In consequence, a special meeting was called on June 7, 1872, to alter the articles of association, so as to compel 'every worker in the company to leave a portion of his wage on deposit with the company; the amount thus left to become part of the capital of the company so long as the capital is not fully subscribed, and afterwards to be devoted to the purchase of shares in the company, on account of the working members³.' At this meeting, the directors' qualification was reduced to £50.

The engines made by the company gave great satisfaction. They 'were admitted by engineers on the Tyne to be inferior to none⁴.' A pair that were put in the *Helen Philipson*

¹ *Co-operative News*, vol. i. pp. 14, 25 and 49; and vol. ii. pp. 10 and 255.

² *Ibid.*, vol. ii. p. 255.

³ *Ibid.*, p. 316.

⁴ *Ibid.*, p. 255.

were reported to have 'worked remarkably well¹.' Those made for the ss. *Lunberg*, after trial to Hamburg and back, were reported by the engineers and inspector to be 'first-class.' Those for the ss. *Newfoundland* gave 'great satisfaction ;' while a friend of Mr. Walter Morrison, M.P., said that those supplied to him 'were the best pair he ever had in any of his shops².'

Dr. Rutherford was both the chairman and managing director of the company. As such he received a fee of £600 a year³. In his own words, he was 'virtually manager of the concern,' although he shortly afterwards said: 'Nothing could have been more unfortunate for the Ouseburn Engine Works than that the man at the head, the chairman, should not have been a practical engineer.' At the Newcastle Congress, held in April, 1873, he had to tell an unhappy story:

'They commenced their operations by booking engines at a very low price. It was perhaps right to book a few at a low price, because, as an engine was a piece of machinery which very few people wanted, they could not tempt any one to purchase unless they could be assured of a good article at a very cheap scale. If the buyer had to take the risk of engines not being very first-rate, then a company often had no alternative than to tempt them on the books by a promise to construct them cheaply. The manager of the Ouseburn, at the commencement, did that with a vengeance. The directors were always asking him whether the shareholders would realize 5 % on his prices ; and he as frequently said, "Oh, yes ; there will be 10 %." Well, relying on his judgment, they had put twenty engines on the books—each averaging 100 horse-power—and they had been carrying them out ever since. At first they got out their engines very slowly ; but they had improved their pace from month to month, and now they could turn out from twelve to sixteen pairs of engines in the year. . . . When they had finished these early contracts he calculated that the company must have contributed not less than £25,000 to their customers,'

¹ *Newcastle Chronicle*, June 14, 1872.

² *Co-operative News*, vol. ii. p. 388 ; vol. iii. p. 195.

³ *Ibid.*, vol. iii. p. 491.

the prices at which they had booked being 'actually below what they ought to have secured before the strike. . . . They were now nearly through the bad work, having only a few more engines to send out under the old régime; and when they escaped from the lane which to so many of them seemed to have no turning they would have the satisfaction of knowing that they had spared no expense, no labour, no anxiety, no thought, to make even these engines of the very best description,' although they had lost £25,000 by their contracts for them¹.

At the meeting where Dr. Rutherford made the statement from which the above account has been extracted, a resolution was proposed by Mr. Thomas Hughes, M.P., and seconded by Mr. Walter Morrison, M.P., 'That this meeting, having heard the statement of the chairman as to the Ouseburn works, and it being a fundamental rule of that society that the work-people are shareholders in the undertaking, recommend that the whole of the mortgage moneys charged on the Ouseburn works be taken up by co-operative societies and individual co-operators.' The resolution was carried 'without a dissentient.' It was stated that Halifax had increased its investments to £10,000, and Heckmondwike to £3,000; while Brighouse society had recently invested £1,000, and the Co-operative Wholesale had 'lent £5,000 on debenture bonds².' The energetic doctor had started, in June of the previous year, the Industrial Bank of Newcastle; and in an address to co-operative societies soliciting support, both as shareholders and customers, it was stated the bank would 'be conducted on the soundest and most approved banking principles³.' As a matter of fact, its principal function was to finance the Ouseburn Engine Works.

At the beginning of October, 1873, 'about 100 men and boys engaged in the boiler-making department' went out on strike. They had been on piecework, and 'the men were satisfied with the amount of money they earned.' But a short time before the strike they were told that in future

¹ *Co-operative News*, vol. iii. p. 193.

² *Ibid.*, pp. 193 and 194.

³ *Ibid.*, vol. ii. pp. 336 and 400.

they would have 'to work by time, the weekly wages being fixed at 27s.' The men complained 'that the directors gave them only two or three hours' notice of their intention to make a change; and did not allow them to finish the contracts in hand on the old terms.' The men then sent

'in a claim for an advance, in order, according to their statement, that they might be placed on an equality with workmen engaged in similar work in other establishments in the district. According to the rules of the Ouseburn company, a certain amount is deducted weekly from the wages of the workmen with a view to their becoming, in time, owners of shares in the company; and the boiler-makers feel that with a lower rate of wages than that received by men in other manufactories, it is impossible for them, with the present high cost of all necessaries, to properly maintain themselves and their families, and at the same time allow a portion, however small, to remain in the hands of the company¹.'

The strike caused a series of county court applications for the repayment of deposits; and, in spite of the new rules, the county court judge decided in favour of the men; the result being that all the boiler-makers 'were able to recover every shilling that stood to their credit on deposit².' It appeared that the proper legal formalities had not been complied with to render the deposits equivalent to share capital³. In connexion with this, it should be observed that in the early part of 1873 Dr. Rutherford stated that the men, 'instead of leaving 10% as a deposit, were leaving now at the rate of 20% on their weekly wages⁴.'

The balance sheet for the year ending June 30, 1873, showed a loss of £10,097; but this did not show the full and true state of affairs, for there had been a revaluation of the assets, and a nominal reserve fund of £11,224 was created by the simple process of writing up the paper value of the property. In this balance sheet, the paid-up share capital stood at £30,005, and the loans on mortgage, &c.,

¹ *Co-operative News*, vol. iii. p. 491.

² *Ibid.*, p. 641, and vol. vii. p. 218.

³ *Ibid.*, vol. iv. p. 267.

⁴ *Ibid.*, vol. iii. p. 194.

at £24,778, while there was an unpaid balance of purchase money of £20,205. The value of the works, plant, &c., was entered at £54,997, and the item of 'unfinished work, less instalments received,' figured at £15,942¹.

For the year ending September, 1874, the directors reported a profit of £1,605, and a dividend of 5% was declared on share capital. But the auditors objected, pointing out that the previous year's loss had been written off out of reserve. 'As the reserve fund was not set aside out of the trading profits of your business, but was created by a revaluation of the works, we are of opinion that it should not be made to bear the loss on your trading transactions².' At the annual meeting Dr. Rutherford was accused of doing 'just as he liked.' A director had 'resigned that night, and the reason he resigned was that he would not be kept running about the Ouseburn works, and be treated with the contempt with which he was treated.' Dr. Rutherford offered to resign, but a unanimous vote of confidence was awarded him³.

On September 6, 1875, a circular was issued exhibiting a lamentable state of affairs. It said:

'We regret to inform you that our engine manufactory account for the last year shows a loss of £10,862 5s. 4d., the iron foundry of £225 5s. 6d., the brass foundry of £176 15s. 11d., the copper-smiths' shop of £149 3s. 7d., while the forge shop shows a profit of £549 12s. 1d.'

Through the failure of several firms they had also

'made bad debts amounting to over £8,000. At the commencement of the working year, though we had old contracts to finish, and new contracts could only be booked at a great reduction in price, the workmen insisted upon a rise of 10% in the rate of wages, which we were wholly powerless to prevent. The system of compulsory deposit, though founded on sound principles, has, in the opinion of the manager and foreman, increased the cost of production.'

¹ *Co-operative News*, vol. iii. p. 458.

² *Ibid.*, vol. v. p. 160.

³ *Ibid.*, p. 186.

The debenture holders and others had been approached with a view of obtaining additional funds, but 'the result has not been such as to warrant the hope that we shall be able to resist the pressure of our creditors or to prevent liquidation¹.'

In a statement submitted to the delegates at the Glasgow Congress, Dr. Rutherford gave the following reasons for the failure, in addition to those already narrated :

'We had never a leaven of co-operation sufficiently powerful to leaven the whole lump. . . . With no knowledge of the principles of political economy, and a very narrow interpretation of the rules of their unions, it is not to be wondered at that so many of our men became the tools of a political and social clique that from the first plotted our destruction as a co-operative institution. The time rules of the Ouseburn, including the rule that each day counts its own overtime; the excessive restrictions upon labour from a section of our men, the small proportion of our apprentices, the frequent discussions and deputations, the excessive amount of overtime required to enable us to finish our contracts, and, generally, the want of discipline resulting from the impression that every man was his own master—all contributed to increase the cost of production.'

Against the above must be set the doctor's words in April, 1873, at the time when he first publicly announced the loss of £25,000 on contracts. He explained that 'he was a mere apprentice, simply a learner, and he had to learn by dear-bought experience.' Speaking of the men, he said, 'they had very few difficulties inside, he was happy to say. To the everlasting honour of the men, they had made his position and that of the directors as easy as possible. They had had suggestions to make at times, but they had been made in so thoughtful a manner that it would be impossible for the most critical to find fault with them³.'

Towards the end of the company's life, the men did

¹ *Co-operative News*, vol. vi. p. 487.

² *Ibid.*, vol. vii. p. 218.

³ *Ibid.*, vol. iii. p. 193.

get restive under what they thought was mismanagement. This restiveness seems to have been met by discharging some of the more active spirits; and this, in its turn, led to the formation of a 'workmen's committee.' In the *Newcastle Chronicle* of October 5, 1875, there appeared a long letter signed, on behalf of the workmen's committee, by William Thomson, in which the men sought to put their views on the matter before the public. Dealing first with the wages question, the writer said:

'The operative engineers had had granted to them by the employers an advance of 15% in their wages—5% in February, 5% in May; but the third 5% was not uniform throughout the district. Part of the firms gave it in August, while the greater part did not give it till January of this year. It must be observed that during this 15% wages agitation the workmen of the Ouseburn Engine Works kept themselves aloof, as the articles of association provide that the wages shall be fixed annually; but in order that the directors would not be taken unawares or by surprise, at a request for an advance of wages at the commencement of the working year, a meeting was held in February, presided over by the chairman of the company, the result of the proceedings being that the question of wages was referred to the arbitrators'—

numbering three chosen by the directors, three chosen by the workmen, and a chairman chosen by these six. On June 5, 1874, the arbitrators unanimously decided 'that an advance of wages to the amount of 10% be given to the workmen all round on July 4, 1874, and that a further advance of 5% be given on October 1 following.' After this, the workmen agreed to subscribe a double amount weekly out of their wages for 26 weeks, and let this stand as debenture loans bearing no interest for 18 months. They further gave up their claim to the 5% advance awarded them by the arbitrators, to be given on October 1.

The letter went on to state that the discharged workmen held an average of £65 each in shares, debentures, and deposits. They had been discharged for taking an active part in watching and criticising the management. They

‘pointed to the fact that the company’s secretary, along with another person, under the name of Wright, Wass and Company, supplied the works with the great bulk of its heavy materials,’ on which supplies the chairman of the company had admitted they paid 1 % commission ; but the writer added, ‘The facts in our possession bear no comparison to the above percentage.’ The superintendent of stores had been suddenly discharged ; and ‘the chief clerk of Wright, Wass and Co. was appointed, with instructions that the goods and materials required should be supplied’ either by Wright, Wass and Co., or by the Engineering Agency Company, which was ‘composed of the above firm along with others, some of whom are connected with the management of the Ouseburn works.’ The firm of Wright, Wass and Co., referred to by the men, came to grief with the fall of the Ouseburn ; and a well-informed person told me that ‘at the bankruptcy of Wright, Wass and Co. it came out that Dr. Rutherford was a partner.’

There was considerable trouble over the liquidation. On November 30, 1875, Messrs. Nuttall and Benson were appointed liquidators under a compulsory order, and the works were to be kept open with a view to selling them as a going concern¹. The Industrial Bank had to go into voluntary liquidation as a result of its close connexion with the Ouseburn ; and there seemed, at one time, a prospect of costly and interminable legal wrangling between the bank and the other creditors, over the division of the Ouseburn assets. At the Leicester Co-operative Congress, a committee was appointed to watch over the liquidation of the two companies, with a view to preventing a waste of co-operative funds ; and after considerable trouble, they succeeded in effecting a mutually satisfactory compromise².

In consequence of numerous statements having been made that the Ouseburn Company and the Industrial Bank

¹ *Co-operative News*, vol. vi. p. 625.

² *Ibid.*, vol. viii. pp. 502 and 652, and vol. x. p. 70.

had not been fairly treated by the Co-operative Wholesale Society, a conference of 50 delegates from 27 societies was held in Newcastle, on November 25, 1876, at the instance of the Wholesale Society, to investigate and discuss the subject. In the discussion, it was stated that between June, 1872, and June, 1873, the Wholesale, Halifax, Heckmondwike, and Bradford societies, had advanced £16,500 to the Ouseburn,

‘because it was represented that the company desired to pay off the mortgage. The security afforded was debenture bonds, which were to be a first charge upon the land, buildings, machinery and utensils, after the first mortgage had been satisfied. . . . It is now found that a large part, at least, of these advances were not used for the purpose of paying off the mortgage as promised. Then again, the very same security represented as having been granted to these societies was granted to the extent of £20,000 to the Industrial Bank for advances made since, and in addition a bill of sale for £10,000.’

The Ouseburn also obtained from the Wholesale Society, in 1874, another £3,000 on security of bills ‘which they were assured were perfectly good security, and would be honoured when presented. When the bills were matured and passed for clearance they were dishonoured. Afterwards they were acknowledged by representatives of the Ouseburn to be merely accommodation bills.’ The conference had a very exhaustive discussion of all the points at issue, and then unanimously passed the following resolution: ‘That this meeting exonerates the directors of the Wholesale Society from any blame in connexion with the Industrial Bank and Ouseburn Engine Works, and considers their action just and right.’

The investments of societies in the Ouseburn were: The Wholesale, £8,000 of debenture loans; six Yorkshire societies, £5,100 of shares and £11,750 of loans; and nine societies in the Newcastle district, £4,150 of shares and £3,100 of loans. The share investments of societies

in the Industrial Bank amounted to £10,340; and they also had balances lying to their credit with the bank¹.

At a shareholders' meeting held on January 22, 1876, with the object of reconstructing the company, the liabilities were stated to be £126,100 and assets £85,000, assuming that £51,000 could be obtained by the sale of the whole of the land, buildings, and plant². The effort at reconstruction fell through; and in August, 1876, the Wholesale, Halifax, and five other societies, bought the whole for £26,000, with the idea of recouping themselves, if possible, for their past losses³. In September, 1882, a first dividend of 1s. in the pound was paid to the creditors; and in September, 1886, a second and final dividend of 3¼d. in the pound was paid, making a total dividend to creditors only of 1s. 3¼d. in the pound⁴.

The purchasers of the Ouseburn works constituted themselves into the Tyne Engine Works Company. They kept the business going through the great trade depression until the beginning of 1881, when, disheartened at their continued want of success, they determined to sell at the best price obtainable. The forced sale realized £23,000 for the land, buildings, and plant. All the creditors were paid in full, and the shareholders received a dividend of 5s. in the pound⁵.

The Ouseburn were not the only ironworks that were started through a strike. After the six months' strike in the iron trade in 1866,

'a project was started by the men who were out on strike to build ironworks on the co-operative principle. The result was the Drinkfield Iron Company, at Darlington, with a nominal capital of £100,000. Only about £5,000 was paid up, which was expended in erecting works on a moderate scale; about £5,000 more being borrowed, and left as a mortgage. The works being erected there was no money to commence business.

¹ *Co-operative News*, vol. vii. pp. 625-7.

² *Ibid.*, p. 52.

³ *Ibid.*, vii. p. 430.

⁴ *Ibid.*, vol. xiii. p. 619, and vol. xvii. p. 972.

⁵ *Ibid.*, vol. xiii. p. 534.

A call of 35s. per share on the £5 shares was made, but remained to a large extent unpaid; and the company came to a deadlock' in July, 1868¹.

A company, of which Mr. Henry Curren Briggs was the chairman, and Mr. Walter Morrison, M.P., a large shareholder, was started in 1870, under the title of the North of England Industrial Coal and Iron Company. In June, 1872, the paid-up share capital was £97,570, of which the workmen held £550. The company possessed ironstone mines at South Belmont and Swainby, and blast furnaces at Carlton. The Leeds society was an investor to the extent of £2,000; Halifax and some other societies were also 'large shareholders'².

For the second year of its existence, it paid a dividend at the rate of 10% per ann.; 'and confident hopes were expressed that the balance sheet for the year 1873 would show such a surplus above the initial rate of dividend (10%) as would enable the company to pay a handsome bonus to all the employés³.' The company, however, made a loss of £15,922, instead of a profit. It had 'seriously suffered, in common with others, by the signal failure of the Danks patent puddling furnaces.' Some contracts had been taken at good prices in the early part of the year; 'but when the crisis came the parties concerned in them had, without exception, failed to carry them out.' When accounts came to be balanced, the company's debtors 'had suspended payment, and the company suffered serious loss.' The miners employed by the company at Ailesbury had

'continued work at the reduction of 3*d.* per ton during the late strike in Cleveland, thus enabling the company to gain considerable profit and declare a bonus to the men in the mining department. At South Belmont mines most of the unionists did cease work, and thus forfeited their right to any bonus.

¹ *The Co-operator*, vol. viii. p. 457.

² *Co-operative News*, vol. ii. p. 340, and vol. v. p. 44.

³ *Ibid.*, vol. ii. p. 340.

In the other departments the men had worked well ; but as no profits had been made no bonus could be declared.'

The bonus to the 'non-unionist miners upon the wages paid them during the past year' was 9*d.* in the pound¹.

In 1875, the company abandoned the South Belmont ironstone mines at a considerable sacrifice of capital, so as to avoid 'more serious and continuous losses.' On the other hand, they had completed the sinking of some coal pits, and were turning out over '400 tons daily.' The Carlton forge was stopped ; but the company was erecting 'new plate mills,' and hoped shortly to resume work².

From Mr. Morrison, who in 1891 was chairman of the Carlton Iron Company, and from Mr. Fawcett, of the Leeds society, I have learned that the company has had almost continuous non-success. It was reconstructed some years ago under the above name. Mr. Morrison said : 'For many years we have not been able to pay bonus to labour, nor indeed dividends on capital ;' while Mr. Fawcett said that the Leeds society has written off the original £2,000 investment, so that its value in the society's assets 'now only stands at £250.'

A smaller venture was the Excelsior Co-operative Ironworks, Limited, Sheffield. It was registered in August, 1872, under the Companies Act ; the capital being £2,000, in £1 shares. The intention was to carry on a general business of boiler-makers, founders, millwrights, &c., and to begin with the foundry first. The provisional committee consisted of five pattern makers, two ironfounders, two furnace-men, and one fitter. After paying 10 % per ann. on share capital, the remaining profits were to be 'divided proportionately between the subscribed share capital, the wages paid to all officers, servants, and directors of the company, and all customers of the company'³.

The first half-year's working showed a small profit of £32, it being stated that 'the prospects for work are very

¹ *Co-operative News*, vol. v. p. 44.

² *Ibid.*, vol. vii. p. 16.

³ *Ibid.*, vol. ii. p. 449.

good, but the directors have been very much cramped by the smallness of capital at their command.' The number of shareholders was 72, with 889 shares. In response to the directors' appeal, another 200 shares was subscribed by August, 1873. The company had only spent £41 on formation expenses, including registration certificate. Its assets were: £793 buildings and machinery, £229 stock-in-trade, £218 trade balances, and £73 cash balance¹. I can find no further traces of this company; and therefore conclude that, with its weak financial resources, it speedily sank under the great trade depression.

The Scottish Co-operative Ironworks Society was registered on May 11, 1872, under the Industrial Societies Act². It was asserted to be 'the first of the kind in Scotland;' and up to the end of 1892 it had also been the last. It arose from 'the engineers' short-time movement in 1872. At the close of that contest, a number of the leaders, who had become publicly known through their advocacy of working-class interests, were discharged from their various workshops. In these circumstances, it was proposed that a Co-operative Iron Company should be formed³. In support of the scheme, 'a series of meetings were held in Glasgow and Motherwell, addressed chiefly by Mr. Borrowman.' About the same time a proposal was made to start a shipbuilding society at Dumbarton; but an 'amicable amalgamation of the two efforts was made, so as to concentrate all the co-operative strength on the one object⁴.' The prospectus, after referring to the fact that shipbuilding and engineering were 'the staple industries of the Clyde,' stated that the 'company has for its basis the division of surplus profits between capital and labour. Interest at the rate of 5% per ann. is first given to capital, while labour receives the current rate of wages. The remaining profit is then

¹ *Co-operative News*, vol. iii. p. 444.

² Registrar's Returns, 1872, p. 79.

³ *Co-operative News*, vol. iii. p. 361.

⁴ *Ibid.*, vol. ii. p. 365.

divided equally at so much per pound between capital invested and wages earned¹.’

The first meeting of the shareholders after the registration of the society was held in St. Enoch’s Hall, Glasgow, on Saturday, July 6, 1872. A committee was elected, consisting mostly of operatives engaged in the iron trades. Provost Bennett, of Dumbarton, was elected chairman, and Mr. James Borrowman, then manager of the Scottish Wholesale Society, was elected treasurer. Shares to the value of £1,100 had been subscribed. Commenting on this, the editor of the *Co-operative News* said :

‘The society has not made that headway which the importance and the numerical strength of the engineers in Glasgow and the West of Scotland would have led us to anticipate. . . . We cannot think that a scheme so momentous to the future of labour would be indifferently received, but rather that there are circumstances which have intervened to divide the interest which this important undertaking ought to receive².’

At the end of February, 1873, the society secured the St. Rollox Engineering Works, which were fitted ‘for carrying on boiler-making and engineering in all their various branches,’ and several months were employed in the reconstruction of works, and in the rearrangement of old, and the fitting up of new, machinery. The value of the works was £5,000. By July, 1873, there were 100 workmen in full employ, all of whom were shareholders, and the orders on hand amounted to £6,000³. ‘As it was found that many of the shareholders were practically engaged in the shipbuilding industry, it was deemed desirable to prosecute that branch of business likewise.’ A shipyard was therefore ‘leased at Troon for carrying on ship repairs, and soon afterwards the company purchased about six acres of ground at Irvine for building new ships, and for doing marine engine work.’ The total number of persons employed in October, 1873, was 250, and it was the rule that ‘each

¹ *Co-operative News*, vol. ii. p. 442.

² *Ibid.*, p. 365.

³ *Ibid.*, vol. iii. pp. 100, 361 and 540.

person who is in receipt of wages from the company must be a shareholder¹.

The shares subscribed up to October, 1873, were 6,000 of £1 each; and the total paid-up share and loan capital was £7,233. The first half-yearly report said: 'The directors consider it judicious not to show any profit, the work in hand not being completed.' So they took the unfinished work into stock 'at the actual cost of time and material².'

During the early months of 1874, Mr. Borrowman (the manager of the Scottish Co-operative Wholesale Society), 'on his own responsibility, made large advances of loan capital to the Scottish Ironworks,' of which he was treasurer³. On the committee of the Wholesale discovering this, the matter came before the meeting of the delegates of the shareholding societies. It was already apparent that there would be great difficulty in making the ironworks a success, and some delegates asserted that the society could not retrieve its position. On the other hand, it was suggested that the committee should be empowered 'to give further pecuniary assistance, so as to enable them to overcome their present temporary difficulties.' Ultimately, the meeting, although very sore, left the matter entirely in the hands of the committee⁴.

The society never sent a return to the registrar; and the only detail given by this official after registration, was the brief notice in the return for 1874—'This society is being wound up⁵.'

At an adjourned meeting of the Scottish Wholesale Society, held on January 30, 1875, it was decided to recoup the loss sustained by the ironworks failure by deducting from the declared dividend 1*d.* in the pound of sales⁶. In principal and interest the loss was £10,214. For a short time it

¹ *Co-operative News*, vol. iii. p. 540.

² *Ibid.*

³ *Wholesale Societies' Annual*, 1887, p. 125.

⁴ *Co-operative News*, vol. iv. p. 171.

⁵ Registrar's Returns, 1874, p. 85.

⁶ *Co-operative News*, vol. vi. p. 65.

arrested 'the progress of the Scottish Wholesale Society, the capital decreasing during the next year 3 %, and the sales only increasing 6 % ; but the loss was cleared off in 2½ years, and in a very short time the society returned to its normal condition of progressive advance.' Mr. Borrowman, however, lost his position through his excess of zeal ; it being pointed out that 'the delegates alone have the power to invest capital outside their own business ;' and that therefore 'the manager was much to blame for making these advances to the Ironworks Company, and it was only just and right to appoint another in his place'¹.

The Co-operative Ironworks Company, of Oldham, was registered on March 27, 1872, with a capital of 4,000 £5 shares, under the Companies Act. Some details I have received from Somerset House, while others have been very kindly supplied by Mr. William Geldart, who was at one time secretary to the company. Among those who signed the articles and took a leading part in the formation of the company, was William Nuttall. In fact he was the second largest shareholder, and at one time he held 373 £5 shares. The objects of the company were to carry on the trades of 'engineers, millwrights, machinists, iron and brass founders, boiler-makers, builders, &c.' After paying a dividend of 10 % per ann. on share capital, the remainder of the profits were to 'be divided proportionately between the subscribed share capital . . . and the wages paid to all officers, servants, and directors of the company'². So said the preliminary prospectus. But other counsels prevailed ; and the articles registered by the company provided for the 'remainder' being divided into three equal parts, of which one part went to share capital, one part to the employés, and one part to the customers.

The North Moor Iron Works were purchased at the beginning of July, 1872, for £5,950, and 'competent

¹ Wholesale Societies' *Annual*, 1887, p. 125.

² *Co-operative News*, vol. ii. p. 105.

judges' declared that the property was worth £10,900. The directors explained that by this purchase they not only removed a competitor from the field, but saved the delay that would be incurred by building and fitting new shops¹. The special business entered upon was the making and fitting of turbine and other water-wheels, pumps, fans, boiler fittings, and mill gearing. The directors claimed that allowing labour and customers a share of the profits was 'the most certain means of securing the best workmen, and the greatest possible economy in material,' and would induce customers to give their company a preference with orders².

The first balance sheet was made up on December 31, 1872. The shares subscribed up to this date were 895, on which £2 per share had been paid. The Wholesale Society had lent £5,000, and other loans amounted to £946. The directors said that 'this balance sheet exhibits a more satisfactory position than ever they anticipated.' £41 was written off preliminary expenses, £68 carried to a reserve fund, and a dividend at the rate of 20 % per ann. was declared on the paid-up share capital. Customers received a dividend of $1\frac{1}{4}$ % on the amount of their orders, and the workers received a dividend of $3\frac{1}{2}$ % on the amount of their wages³.

The second balance sheet, for the quarter ending March, 1873, showed a dividend at the rate of 10 %, and the third quarter's dividend to share capital was at the rate of $17\frac{1}{2}$ % per ann. This quarter, the work-people received a bonus of $7\frac{1}{2}$ % on their wages. The sales were at the rate of £25,000 a year; the share capital had increased to £12,000, and the loans to £8,500⁴. This prosperity continued for some time, and Mr. Geldart has informed me that for the quarter ending March, 1875, the company declared a dividend at the rate of 20 % per ann.; but nothing now went to the workers or the customers, as, by a new clause in the articles,

¹ *Co-operative News*, vol. ii. p. 354.

³ *Ibid.*, vol. iii. p. 65, and Mr. Geldart.

² *Ibid.*, p. 454.

⁴ *Ibid.*, p. 455.

which was registered in January, 1875, all the profits were in future to be divided exclusively among the shareholders. They now numbered 250, holding 4,641 shares, on which £3 each had been paid.

In 1876, the company changed its name to the North Moor Foundry Company, and the whole of its articles of association were altered.

‘From this time the firm drifted into bankruptcy. With repeated losses, and dividends nil, its position became desperate. No doubt various causes existed to bring about this adverse state of things; perhaps the chief reason being that the company embarked in a new business to the neglect of their specialities. They commenced to make steam-engines, a business entirely new to them, and for which the works were not adapted; for, although taking orders for and making several, not one was made at a profit. Indeed, the last pair contracted for were taken at £5,000, whilst they cost the company the sum of £9,900 to produce. This contract proved to be the last straw on the back of the unfortunate camel. The company became surrounded by difficulties; the mortgagee foreclosed for the amount of mortgage, £5,000, and costs, and the company went into voluntary liquidation on October 29, 1881. The statement of accounts, as presented to a meeting of creditors, showed assets as realized to pay 20s. in the pound to the creditors and leave a small balance. But on the appeal of the solicitor to the liquidators, on behalf of the shareholders, who were chiefly working men, the creditors generously consented to accept a dividend of 17s. 6d. in the pound. The shareholders then received a return of 3s. on each £5 paid-up share¹.’

The liquidation was finished on September 12, 1882.

The Keighley Ironworks Society was registered on November 26, 1885. The rules state the objects of the society to be to carry on the trades of manufacturers and dealers in washing machines, brushes, &c., ‘with the purpose of thereby improving the social and domestic condition of its members, and of conciliating the conflicting interests of the capitalist, the worker, and the purchaser.’ Any person, society, or company could be admitted to

¹ Statement supplied to me by Mr. Geldart.

membership, if approved by the directors. The shares were to be £1 each, and every shareholder had one vote. Out of ten officers and directors, the employés had the right to specially and exclusively elect one director, who must be both a shareholder and an employé. This exclusive right does not appear to have affected their right of voting as shareholders in the election of the other directors, or of standing for election as directors at the ordinary shareholders' meeting. The profits, after providing for a depreciation of 10 % per ann. on fixed stock and 'the necessary allowance for the depreciation of buildings,' were to be appropriated in paying 5 % per ann. interest on share capital, and the remainder was to be 'divided into three equal parts, viz.: one to capital, one to labour, and one to the customer.' No employé was to be 'allowed to withdraw any profits until his shares' amounted to £5.

'The idea of forming a society to manufacture wringing machines was, in the first instance, mooted at the annual festival of the Keighley Industrial Society,' in November, 1884¹. Mr. William Webb, in an article printed in the *Dewsbury Pioneer* of, I think, March, 1891, said:

'The project in its inception was received by a determined but ineffectual opposition, and the old and familiar argument of ruin to the private trader was rigged up and trotted out very vigorously; but such a laudable cause could not long be delayed; and when in December, 1884, Mr. John Hey read a paper on the subject before the monthly meeting of the members of the Keighley Industrial Society, the opposition vanished like mist before the rising sun. . . . The meeting adopted a resolution requesting the quarterly meeting to consider the matter, and in response to the resolution the quarterly meeting held on January 28, 1885, directed the board of management to appoint a sub-committee to formulate a scheme and bring the matter to a focus.'

The sub-committee was duly appointed, and about the middle of 1885 a prospectus was issued, which resulted in 'ninety-

¹ *Co-operative News*, vol. xvi. p. 759.

one persons and societies agreeing to take up between 600 and 700 shares.' Thus encouraged, a meeting of persons favourable to the new society was called in the assembly-room of the Industrial Society on August 5, 1885, at which 'the attendance was very promising for the future success of the enterprise.' At this meeting 'it was stated that a works could be commenced easily with a capital of £1,300, which would be capable of manufacturing about 100 wringing machines weekly. It was also considered desirable to get as many as possible of the distributive societies having furnishing departments to become shareholders in the concern ¹.'

From this date up to July 31, 1886, the provisional committee were occupied in securing shareholders and capital; and at the 'first half-yearly meeting' they were able to report that the shares taken up amounted to £1,396. At this meeting the committee recommended the shareholders to rent the Goulbourne Street Works, Keighley; and their proposal was adopted by 'a very large majority ².' In the article by Mr. Webb, to which I have previously alluded, he stated that 'the society entered upon the premises in August, 1886, at a rental of £68 per ann. The first manager was appointed in the following October, and operations were commenced with a working staff of only four in number.' The premises were certainly large enough for the staff, for they comprised 'a large two-story workshop, engine and boiler-houses, and other erections.' Preparing for business occupied them until the end of the year; their sales up to January 1, 1887, being only £8. Their shareholders at that date numbered 160, with a paid-up share capital of £890, and a loan of £100 ³.

With the opening of the year 1887, the society entered upon an arduous struggle against ill-fortune, from which, thanks to Yorkshire grit, they came out successful. Their

¹ *Co-operative News*, vol. xvi. p. 759.

² *Ibid.*, vol. xvii. p. 785.

³ Congress Report, 1887, p. 122.

sales for this year were £1,350, on which they sustained a loss of £128. They had expended £649 on fixed stock, and their share capital had grown to £1,596¹. In 1888, the sales increased to £2,812, and the loss for the year decreased to £65. The directors attributed the loss in this year to bad rollers, heavy expenditure on 'show cards, illustrated catalogues, &c., and a reduction in the price of machines.' They also reported to the members, that they had effected a change in the management, 'which, judging from the past three months' work, will have a most beneficial effect upon the society's welfare².'

These anticipations were realized. From this date the society's career has been one of unchecked and growing prosperity. The profit in 1889 amounted to £247, which enabled the directors to write off past losses, and create a small reserve fund³. According to Mr. Webb, the society had erected a foundry, and had added the casting of umbrella stands, fuel economizers, &c., to that of casting the iron frames of the wringers. In 1890, the society purchased the freehold of its premises. The year had been very prosperous. The sales were £4,460, and the net profit £244. After paying 5% to share capital, a bonus of 6*d.* in the pound was declared on capital, custom, and wages. This was not an accurate rendering of the rule, which distinctly said that the profit shall 'be divided into three equal parts.' By this reading of the rule, capital took about £43, custom £67, and labour only £17. The legal division should have been £42 to each. The rule has since been altered so as to conform to the practice. The directors very fairly boasted that in three half-years 'the society had cleared away a deficit balance of £161; depreciated fixed stock, £150; added to fixed stock and not charged to it, £49; and raised a reserve fund of over

¹ Congress Report, 1888, p. 119, and *Co-operative News*, vol. xix. p. 755.

² Balance Sheet for December, 1888.

³ Congress Report, 1890, p. 152.

£40¹.' The balance sheet for the half-year ending June, 1891, showed further progress. A foundry and workshop were in course of erection, and further enlargements were contemplated. The sales for the six months were £2,735, and the profit was £186, after paying 5% to capital, and providing for depreciation, on fixed stock at the rate of 20% per ann., and on land and buildings at the rate of 2½% per ann. This profit was disposed of in paying '6*d.* in the pound bonus on shares, labour, and trade,' being respectively to each £52, £19, and £67. A balance of over £46 was carried to reserve, bringing this fund up to £93. The share capital had grown to £2,307, belonging to 36 societies and 152 private shareholders; and there were £1,639 of loan capital. A return kindly supplied to me in 1890, showed that the society then employed about 24 persons; but only two of them were shareholders, owning £7 of capital.

The balance sheet for the half-year ending December, 1892, reported sales to the amount of £3,054, and the profit on these sales was £182. What has come to be regarded as the usual bonus of 6*d.* in the pound, was declared on 'capital, trade, and labour respectively.' The share capital had grown to £3,303; the loan capital was £2,164, and the reserve fund was £150. The value of the land, buildings, and fixed stock was £3,106; and the directors stated that 'the premises and plant are sufficient for double the trade done during the half-year.'

In the spring of 1892 the trades unionists complained of the Keighley Ironworks Society employing non-unionists; Mr. Alfred Burrows saying, 'There are three men employed at the shops who are eligible to be society-men; the other men employed are not eligible to enter the Ironfounders' Society.' To this the secretary of the Ironworks' Society replied: 'We never ask our men whether they be club men or no; consequently, if they be eligible, the fact

¹ Congress Report, 1891, p. 150, and *Co-operative News*, vol. xxii. pp. 93, 173.

of their non-membership is due to them and not to us.' A director supplemented this, saying, 'The society pays better wages than any other firm (in the district) engaged on similar work; and, in addition to that, a further sum in the shape of bonus to labour¹'

Several efforts at co-operative production have been made in the nail industry. In 1864, the nailmakers of Bromsgrove went out on strike against a reduction of 10% on their 'already scanty wages.' It was said that 'a nailer must work hard to earn 16s. a week; 10s. is perhaps the average of the men, and 3s. 6d. to 5s. the earnings of the women and children.' The 'evil of low wages' was aggravated 'by the illegal truck system.' In consequence of this strike a society was registered, with the object of enabling 'honest and industrious men to obtain better prices².' This society continued in existence until 1872, but no details of its history are obtainable.

The Lye Distributive Co-operative Society, which was registered in 1861, began to employ some of its members at nailmaking about 1867. Three-fourths of their members were nailmakers, and 'most of the employers kept tommy or truck shops.' The nailers 'were obliged to trade at their masters' shops in order to have work to do.' The society had a surplus of a few hundred pounds, so 'they began very cautiously by selecting the most worthy of their members, and employed them to make such nails as they were accustomed to produce. The society had only to supply the members with iron, and pay for the nails brought in,' as it was 'the custom in Lye for the work-people to furnish the plant³.'

A letter from Mr. Pearson, the then secretary, at the beginning of 1892, said:

'We have had lots of ups and downs, and have paid heavily for our experience. But we have kept pegging away, and have made a name for good workmanship, which has gradually

¹ *Co-operative News*, vol. xxiii. pp. 331, 388 and 420.

² *Co-operator*, vol. vi. p. 71.

³ *Ibid.*, vol. ix. p. 676.

brought us unsought trade. We have had to go outside the movement for all our trade. Besides making all kinds of hand-made nails, we make all kinds of wheelwrights', coachbuilders' and boatbuilders' ironwork, and all kinds of basket fittings.'

The Dudley Industrial Nail Manufacturing Society was registered in 1879, having for its first offices the address of the Dudley Co-operative Stores¹. Up to 1882, it was successful; but in 1883 it had a loss on the year's trade of £45. From that date its trade and its capital, which were never large, have dwindled down; its profits also have followed the same course. The membership has never been more than twelve, and was down as low as eight in 1881. Its highest sales were in 1883, when they amounted to £1,329. Its lowest were in 1890, when they were only £190. In 1891 the sales improved a little, being £300. Its highest profit was in 1884, when it amounted to £68. In 1890 it was only £5; and in 1861, although the sales had improved, the profit was only £2. In this year the fixed stock was valued at £5. In 1886, the society had a reserve fund of £54, but at the end of 1891, the reserve fund had disappeared. After paying 5% interest to share capital, the remainder of the profits have been divided, 'equally per man,' among the workers. In 1883, the share capital was at its highest, viz. £267, and the loans were £81. In 1889, the shares had dwindled down to £18, and the loans to £7. In 1890, the loans had disappeared, but the share capital had gone up to £31, and the number of members had increased once more to twelve². At the end of 1891, the share capital was £47. According to information supplied to Miss Potter, these shareholders were all employed by the society.

In 1885, Mr. Henry Rowley visited Dudley, and, writing of the Industrial Nail Makers' Society, said:

'They have made a success of their undertaking. This success, however, has been achieved by hard work and thorough

¹ Registrar's Returns, 1879, p. 37.

² Registrar's Returns and Congress Reports for the years named.

determination. Although they pay to themselves 4*d.* per 1,000 more for making nails than is paid by the trade, still they have not lost a day's work for want of orders during the last seven years. The same cannot be said of their brethren working for capitalists. They have had no security of employment. Their wages have not during the past seven years averaged 7*s.* per week¹.

The factory inspector for the Wolverhampton district (Mr. Hoare), reporting in 1888, described the hand-made nail industry as a declining trade, and further said: 'The workers undersell each other's labour, too often from destitution and ignorance.' A woman said to him, 'I made 5,000 hob nails last week, for which I got 2*s.* 7½*d.* I consider it a good week's work, having to look after the house and children.' Another said, 'a good worker might earn 5*s.* in a full week.' The remarks about underselling applied also to the chain trade. Mr. Hoare reported, 'a man making $\frac{5}{8}$ inch chain, working about 66 hours a week, in front of a hot fire, said, "I cleared 12*s.* last week."' Another worker, a 'girl of eighteen, making small chain, said, "I made a full week last week, and cleared 3*s.*" She seemed very industrious, and worked eagerly the whole time I was talking to her².

The above extracts from Mr. Hoare's report will perhaps serve to explain the gradual decline of the Industrial Nail Makers, as well as to illustrate the difficulties which societies in these trades have to contend against.

The Midland Nail Makers' Association, Dudley Street, Dudley, was registered in 1884³. At the end of that year it numbered ten members, with £183 of share capital, £65 of loan, and £16 of reserve. Its fixed stock amounted to £8. The sales for the year were £784, on which a profit of £36 was realized⁴. The year 1885 saw an increased success, except that the number of members was reduced to eight.

¹ *Co-operative News*, vol. xvi. p. 233.

² Factory Inspectors' Reports, 1888, pp. 108 and 109.

³ Registrar's Returns, 1884, p. 95.

⁴ Congress Report, 1885, p. 148.

The share capital was £265, the loans £216, and the reserve £27. The sales were £1,205, and the profit was £80. Share capital received 10 % interest, and £59 were divided among the workers, at an equal rate per man. The Midland Section of the Central Co-operative Board, in their report to the Congress of 1886, remarked :

‘This prosperity is remarkable in the face of the continued depression in trade and the severe competition. We know that the increased interest the members take in the style and finish of their work, combined with the good quality of the iron used in the manufacture, has secured for them a good name, which we trust they will ever maintain ¹.’

The profit made by the society in 1886 was £56, and in 1887 it was £67². In this latter year the trade fell off, owing to the manufacture of horse nails by machinery ; so that the members deemed it advisable to commence business in the spade and shovel trade. This, at first, did not prove so successful as some of them anticipated ; but during the six months ending March, 1888, their spades and shovels had been shipped to every known quarter of the globe. Their trade in these goods went on increasing up to the end of 1888 ; and instead of counting their output by the score of dozens, they spoke of it by the hundred of dozens³. The sales for 1888 were £1,539, being 40 % higher than those for 1887 ; but unfortunately there was a loss of £25. The share capital was £333, and the loans £132. In 1889, with sales of only £1,111, there was a loss of £84⁴ ; but in 1890, although the sales were only £916, the society managed to make a profit of £34. The share capital had gone down to £288, and the loans to £43. The small amount of fixed stock had been written off. In this year, according to a statement supplied to Miss Potter, the society employed fifteen persons, all of whom worked at their own homes. Five of these were shareholders, and

¹ Congress Report, 1886, pp. 38 and 140.

² Registrar's Returns, 1886, p. 62, and 1887, p. 72.

³ Congress Report, 1888, p. 44.

⁴ Registrar's Returns, 1888-9, p. 72.

owned £192 of capital. Three shareholders, who were not employés, held the remaining capital. In 1891, the sales were only £236, on which a profit of £25 was realized. At the end of the year, there were only eight members, with a share capital of £268, and a reserve fund of £18¹.

The Bromsgrove Nail Forgers' Society was started in November, 1887, and was registered in July, 1888. At the end of this year it was only just commencing working². At the end of 1889, it had 157 members, with £151 of share capital. During the year it had sold £265 of goods, on which a profit of £10 was made³. At the end of 1890, the balance sheet showed that the sales had been £438, on which a profit of £22 had been realized. This, like the profit of 1889, was carried to a reserve fund. The number of members was 170, with £232 of share capital. This capital had been scraped together by weekly contributions, collectors being paid £18 during the year to collect £86. The society had also made 'levies' amounting to £10 17s. 5d., and had received £14 in donations. But for these there would have been a loss on the year's working. The productive wages paid during the year amounted to £259, and salaries, &c., to £23.

In their report for 1890, the committee said :

'We have paid our work-people 10% more for wages than most in the trade, and 20% more than the sweater. In many cases we have defended the weak from the oppression of the sweater; and your committee are confident, if the whole body of nail-makers would join your society, sweating would soon be a thing of the past.' They concluded by saying: 'We would not forget our fellow towns-people, who have helped us this year at a time of great need, and who are so much interested in our well-being. To them our heartiest thanks are due.'

In March, 1891, the society was employing one person on its premises, and fifteen at the work-people's homes. Two of the employés were on the committee, and all the

¹ Congress Report, 1892, p. 172.

² *Ibid.*, 1889, p. 35.

³ *Ibid.*, 1890, p. 152.

sixteen were shareholders. The sales in 1891 were £398, and the profit was £21. Ten pounds of this were appropriated to the payment of interest on share capital at the rate of 5 % per ann. The reserve fund amounted to £43. The membership had fallen to 145, but the share capital had risen to £280¹.

The Dudley Bucket and Fender Society was registered in 1888. During its first year, it effected sales to the amount of £853, on which it had a loss of £36. The number of its members at the end of 1888 was eight, with £343 of share capital, and £82 of loans. The fixed stock was £136². The year 1889 was more successful. The loan capital had been repaid, and the share capital had been increased to £430. The balance sheet showed that goods had been sold to the value of £3,009, on which a profit of £146 had been realized. The productive wages paid during the year amounted to £590, and management wages to £45. After writing off the previous year's loss, the profit was divided as follows:—Interest on share capital at 5 % per ann. for 1 $\frac{3}{4}$ years, £37; bonus to capital, £55; bonus to labour, £28; bonus to manager and officers, £15; and to educational and reserve funds, £11. The bonus to the work-people was only on the wages of the last half of 1889; and was at the rate of 1s. 6d. in the pound. 'The bonus was paid in cash to workmen at a social supper on January 24, 1890, to the great satisfaction of the work-people.' At the members' meeting, on January 17, 1890, it was further decided to 'distribute free to every workman a copy of the *Co-operative News* every week,' with a view to developing their co-operative sympathies³. The number of shareholders remained at only eight.

In July, 1890, according to the rules and to a statement sent to me by Mr. Jos. Edwards, the secretary, the shareholders had increased to fifteen, comprising three work-

¹ Congress Report, 1892, p. 172.

² *Ibid.*, 1889, p. 34, and Society's Balance Sheet for 1889.

³ *Co-operative News*, vol. xxi. p. 137.

people, five other persons, and four co-operative societies. The share capital was supplied in the following proportions: By the three workers, £335; by societies, £45; and by the five other persons, £245. The three employes were on the committee; and the society was then employing on its premises, thirty men, women, and children. It was not the committee's fault that so few of the employes were shareholders. Some of the employes had promised to invest their bonus in shares; but they afterwards 'raised an excuse that the money was needed for other purposes.' The method of dividing profits was one-third to capital, one-third to labour, and one-third 'to be applied as the committee may determine.' Besides making the buckets, the society also does the galvanizing. Five-sixths of the sales were to co-operative societies.

The sales for the year 1890 were £5,499, on which a profit of £319 was realized. Only £170 of this was divided, half going to capital, giving it an additional $12\frac{1}{2}\%$ per ann., and half going to labour, giving it a bonus of 1s. 7d. in the pound on wages. The reserve fund had been increased from £11 to £79¹.

For the year 1891, the society showed continued prosperity. The sales were £6,841, and the profit was £493. The share capital received its 5% per ann. interest, and a bonus equal to another 20% per ann. Labour received £156, equal to 2s. 2d. in the pound of wages. The reserve fund amounted to £167; and the fixed stock had been reduced by £77 during the year, leaving the value in the accounts at £133².

The Walsall Industrial Lock and Hardware Manufacturing Society was registered on November 5, 1874. I have received from Mr. W. G. Harrison, whose father has been manager from the commencement, some details that otherwise I should not have been able to obtain. In 1873, there was a strike at Walsall in the lock trade, the workers having

¹ Congress Report, 1891, p. 150.

² *Ibid.*, 1892, p. 172.

demanded an advance of 10% on their wages, and also the introduction of a uniform trade price list. After a week's strike the employers conceded the men's demands ;

'but almost immediately the men had returned to work, the masters posted a notice refusing to pay the list prices, although they had signed an agreement to do so. The men left work again and sued the employers for breach of contract, when the action was compromised by the employers paying a sum of money to the Cottage Hospital, and returning to the list price again. Very shortly one firm began giving some of the men notice to leave in order to avoid paying the list prices ; so the workmen for that firm came out a third time. However, some of them returned to work, and others followed, until about 20 only were left out. These were spotted and refused employment ; so the trades council, after paying strike pay for about 17 weeks, decided to recommend the union to support the out-of-work men in forming a Co-operative Padlock Society. The initiative was left to the men, but they were helped largely by a gentlemen in the town (Mr. S. Welsh) who used his influence on their behalf. Several unions, including the locksmiths', took up shares or gave donations ; and certain individuals in the town helped in the same way. Thus, with the addition of what the men could subscribe themselves, a capital of £83 was raised.'

The rules provided for the capital being held in £1 transferable shares, and 5% per ann. interest, was allowed thereon. The remainder of the profits was to be divided on shareholders' interest, and on wages, in the proportion of two parts on each £1 of interest to one part on each £1 of wages. No servants of the society 'other than journeymen' were eligible for office as committeemen.

The originators appointed G. Harrison, one of their number, to act as manager ; and he still filled this position at the end of 1892.

'In selecting workers, they at first started with all those that were out on strike, and were still unemployed ; and afterwards, when in want of a man, an invitation was given to some one whom the committee thought would suit, the committee retaining the power of engaging and dismissing men.'

‘ There was no organized attempt on the part of the masters to crush the society ; but they acted, and always have done, in a hostile manner towards it. The bulk of the trade being for abroad, the society did not employ a traveller ; but business was done with merchants and factors, principally at Birmingham.’

With rare exceptions, these gentlemen were found quite friendly, and as well disposed to buy from the society as from private firms, when prices were as low.

The statistics in the Registrar’s returns show that, at the end of 1876, the society had 23 members, with £328 of share capital and £109 of loans. The sales for the year were £3,412, on which there had been a profit of £53. In 1887, the sales were £4,745, but there was only £23 of profit. Year by year, the sales steadily increased up to 1886, when they amounted to £11,248. Year by year, too, the profit seemed to grow ; except in 1880, when none appears to have been made ; and in 1886, the profit amounted to £470 on a share capital of £508, and a loan capital of £236. In 1887, the sales fell to £9,038, and the profit to £428. The highest membership during these years was in 1881, when the number was 33. In 1886–7 the number had declined to 27¹.

In March, 1888, an amendment of rules was registered, which altered the name to ‘ The Co-operative Padlock Society,’ and raised the interest on share capital from 5 % to 7½ % per ann. This was done in the hope of attracting capital, as, although the workers had left some of their bonus in the society, the greater portion, up to this date, seems to have been drawn out.

The balance sheets for the years 1888–90 showed continued prosperity—the sales being respectively, £12,079, £11,737, and £13,175. The profits were respectively, £558, £739, and £712. At the end of 1890, the share capital amounted to £776, and the loans to £334. There

¹ Registrar’s Returns, 1876 to 1887.

was a reserve fund of £976, an inventions fund of £19, and an undivided profit balance of £144, in addition to the year's profit above mentioned. In 1888 and 1889, the bonus on wages was 8% on a total wages bill for the two years of £11,805. The profit made in 1890 was disposed of as follows: 7½% on shares, £58; 20% bonus on share interest, £11; making altogether 9% per ann. on share capital; 10% bonus on £6,312 wages, £631; educational fund, £40; reserve fund, £20; and carried forward, £96. The fixed stock was valued at £686. In April, 1891, an effort was made to obtain £2,000 of share and loan capital, so as to enable the society 'to erect a new factory' which would 'effect greater economy in working, and provide more healthy accommodation for the work-people.' The new buildings were completed in May, 1892; and were said to be fitted in a most convenient manner for the business¹.

At the end of June, 1891, the society had 58 shareholders. Six of these were societies and trades unions, holding £285; 48 were employés, holding £851; and there were four other individuals, holding £159; making a total share capital of £1,295. The number of employés was 180. All the employés worked on the society's premises, except about seven, who were engaged at key-filing in their own shops, and employed others under them. These seven employed about 20 persons. Writing to the *Co-operative News* on this point, in reply to a stricture, Mr. Harrison said:

'It is universally the custom in this trade for one branch of work, the filing of keys, to be carried on in small shops, where the different operations, requiring a varying amount of strength and skill, can be carried on under the personal supervision of the sub-contractor. The Padlock Society, from necessity rather than from choice, has adopted the same system².'

Writing to me at the latter end of 1888, Mr. Harrison said:

¹ *Co-operative News*, vol. xxiii. p. 560.

² *Ibid.*, vol. xxii. p. 895.

‘ In late years we have done a little foreign trade direct with Canada, France, and Belgium. Advertising may have brought us most of these customers. The greater part of our orders, however, come from samples which we supply free to merchants’ travellers. Although the trade is in the hands of half a dozen manufacturers, it has been cut up perhaps as badly as any trade, and worse than most. The competition is unnecessary, yet even at busy times it is continued ; and the only result is repeated reductions of wages. Of course we have had to face it, and we have managed to make a profit each year, although it has been a continual struggle. Compared with men outside the society, our workers are better off as regards regularity of work, and as to conditions of work also. According to correspondence between the union secretary and a newspaper writer, our work-people receive about 10 % better prices than other firms pay. Most of our reductions of wages have been decided by the general body of workers (members and non-members), who have had to choose between no work or reduced pay. They have generally chosen the latter, and so all friction has been saved.

‘ Very few of our members are members of a co-operative store. For one thing, the society here has been in existence a short time only. There is also one great hindrance to our progress co-operatively and socially. The members refuse to elect other workers as shareholders, as it would to some extent reduce their bonus, for half the non-members’ bonus is retained and added to the reserve fund. This consequence of the selfishness and ignorance of our members is a complete block ; and no arguments will induce them to do their duty and elect new members.’

In the interval, the members seem to have made some moral progress, if not much ; for while there were, when the above was written, only 35 shareholding employés, there were 48 in June, 1891 ; and by the end of 1892, the total shareholders had increased from 40 to 74. In his letter of August 29, 1891, previously referred to, Mr. Harrison further explained that ‘ a large proportion of the non-members are young persons—youths, girls.’ The co-operators have become ‘ the largest makers in their branch of the padlock trade ; but they are not large enough to do all the work they could have,’ if they had more capital to

extend their operations. All the committee are journeymen employés.

The sales in 1891 were £14,722. In 1892, they dropped slightly, and were only £13,523. The profits were £1,015 and £611 respectively. In 1891, the employés received a bonus of 10 % on their wages; in 1892, they received one of $6\frac{1}{4}$ %. The wages paid were, in 1891, £7,327, and in 1892, £7,011. Shareholders received the regulation $7\frac{1}{2}$ % each year, and in addition, a bonus in 1891 of 20 % on their interest, and in 1892, one of $12\frac{1}{2}$ %. The share capital at the end of 1892 was £1,867; the loan capital was £2,087; and the reserve fund was £1,472¹.

In January, 1887, a meeting was held in Walsall to promote the formation of a chain manufacturing society. On the application of the promoters, the Co-operative Union sent a representative to advise the meeting. It appeared that 'the chainmakers, having been on strike for about six months against a reduction of wages, already at starvation point,' had begun 'to look for some means of avoiding these constant struggles.' It was stated that 'the men can raise about £150, and are confident that they could commence operations with a sum of £200. They express their willingness to sacrifice a portion of their weekly wages with this object².' The struggle between masters and men continued up to midsummer, 1887, when, the resources of the Chainmakers' Union being exhausted, most of the workers had gradually returned to their employment; but a few still stood out, and registered the Walsall Co-operative Cart-gear, Chain and Hame Manufacturing Society³.

The new society started work at once, and by the end of the year it had sold goods to the value of £224, and made a profit of £4. There were 12 members, with £25 of share capital and £10 of loans. The sales decreased in 1888 to £179, and in 1889 to £116; while the profits were respec-

¹ *Co-operative News*, vol. xxiii. p. 310, and vol. xxiv. p. 127.

² *Ibid.*, vol. xviii. p. 80.

³ *Ibid.*, p. 679.

tively £10 and £9. In 1890, the number of the members was increased from 12 to 24, with £58 of share capital and £15 of loan. The fixed stock was £27. The sales for the year were £346; but there had been a loss of £14¹.

A co-operator, writing at midsummer, 1891, said :

‘The Cartgear Society is pretty much in the same position as twelve months ago, and does not gain ground. There is, however, a reasonable prospect of success before it, with honest management. In their case, there are grounds for believing that the fact of there being a co-operative society, small as it is, has helped to sustain wages in the chain trade in Walsall; as employers do not wish to drive their men to the co-op.’

The sales in 1891 were £576, and the profit was £31. I am not aware how this profit was divided².

The terrible nipping of the operatives in the small iron trades of Staffordshire by the middlemen, or foggers as they are termed, has been noted for more than a generation. Each nip has usually caused a strike; but the workers have been often defeated. On April 4, 1887, a great mass meeting of over 2,000 operatives was held at Cradley Heath to protest against another reduction of wages, and it was determined to strike unless an advance were conceded³. At another meeting, held on May 23, 1887, Mr. Malcolm Guthrie, and other gentlemen from Liverpool, urged the chainmakers to form themselves into a co-operative society; and promised that, in the event of the society being formed, members of trade societies throughout the country would be willing to take shares⁴. At a further meeting, held in July, 1887, it was stated that ‘as sections of the employers were determined not to concede the advance, the only remedy was to try co-operation,’ and it was determined to take all necessary steps to provide works in the district⁵.

¹ Congress Reports, 1888, p. 39; 1889, p. 34; 1890, p. 152; and 1891, p. 150.

² *Ibid.*, 1892, p. 172.

³ *Co-operative News*, vol. xviii. p. 360.

⁴ *Ibid.*, p. 513.

⁵ *Ibid.*, p. 619.

In consequence of this, a small society was formed, and was registered in 1887 as the Cradley Heath and District Chain Manufacturing Society¹. The society did not get to work until 1888. At the latter end of January of that year, a meeting in its support was held in the Salvation Army Barracks, Cradley, and was addressed on behalf of the Co-operative Union by Mr. George Evans, of Leicester. The chairman urged the audience that 'as they had not been able to do what they would have liked during the present strike,' they should 'turn their attention in another direction, so that they might be their own masters. As a society, their object would be to abolish foggers, and so get a fair day's wage for a fair day's work².' The society had, at the end of 1891, made very little progress.

This may have been, and probably was, owing to the fact that a more ambitious attempt was being made under the auspices of the Co-operative Union. In consequence of the attention of the Productive Committee of the Central Board having been called 'to the distressing conditions under which the nail and chain industries are carried on,' this committee visited Cradley Heath on December 15, 1888, and 'interviewed many of the workers. Amongst them were the members of the small chain manufacturing co-operative society already in existence³.' This society then numbered 21 members, with £15 capital; but they had not even yet commenced working, beyond doing a little at their own homes⁴. The committee, in their report, condemned the domestic workshop system as involving a great waste of power, long hours of work, uncleanliness and disorder, and a lowering of prices to an unnecessary and excessive degree. They recommended, therefore, the establishment of a co-operative chain factory, 'in which the workers shall receive the usual price for their labour, and after interest has been duly paid to the capitalist, the

¹ Registrar's Returns, 1887, p. 106.

² *Co-operative News*, vol. xix. p. 89.

³ *Ibid.*, vol. xx. p. 236.

⁴ Report of visit to Cradley by the Productive Committee.

remaining profits shall be allotted amongst the workers in proportion to their earnings, and shall be accumulated for them as paid-up share capital.'

On receipt of this report, the Central Co-operative Board authorized an appeal to be made for £1,000 of capital, to enable the proposed co-operative factory to be started; and at the 1889 congress, the Productive Committee reported that 'in response to our appeal, we have now some £800 promised as shares in the society¹.' In 1890, however, the committee reported that 'further consideration has convinced us that it would be injudicious to encourage any commencement unless a capital of at least £2,000 is promised.' Over £1,000 had been subscribed; but they thought that 'if the attempt is to be made at all, it ought to be on such a scale as will enable success to be made probable. The Trades Union Congress Parliamentary Committee has expressed its willingness to assist².' There the matter still rested at midsummer, 1891; the committee reporting to the Lincoln Congress that the total funds promised amounted to £1,120, and that the position of affairs remained almost the same as reported to last congress³.

After the congress, the Central Board Productive Committee appointed a sub-committee to push the project forward. On the recommendation of this sub-committee, in September, 1891, it was decided to get a society registered, and, subject to the approval of the promised shareholders, to 'erect a factory with ten or twelve fires, with blast, and machinery for testing and blackening chains⁴.' The effort failed, because, as the committee reported, 'it did not seem possible to get a sufficient number of earnest and enthusiastic workers to join in the attempt.' Neither could they find any one in 'whom they could thoroughly confide the management of the factory when started.' The

¹ Congress Report, 1889, p. 37.

² *Ibid.*, 1890, p. 39.

³ *Ibid.*, 1891, p. 38.

⁴ *Co-operative News*, vol. xxii. p. 997.

individuals and societies who had subscribed in support of the scheme had their contributions returned in full¹.

At the latter end of 1886, Mr. Stevens, a member of the Birmingham School Board, read a paper to the Amalgamated Tin Plate Workers' Society, recommending the adoption of the principle of co-operation in the tin plate industry. The trade society took the matter up with great energy; the Birmingham branch at once took 400 shares, the Wolverhampton branch 100 shares, and individual members became the holders of 200 more. Thus the capital subscribed was £700; and this was deemed sufficient to commence business as manufacturers of all kinds of tin, iron, brass, and copper, sheet metal goods. Of the board of directors, eight represented the Birmingham branch of the trade society, two the Wolverhampton branch, and three the individual shareholders². The society was registered towards the middle of 1887, as the Midland Productive Co-operative Tin Plate Workers' Society, 25 Masshouse-lane, Birmingham³. Business was commenced very speedily; and at the end of the year, the directors reported that the result had far exceeded their expectations⁴. The number of members was 64, and the paid-up share capital was £500⁵.

At the end of 1888, the society numbered 63 members, with £828 of share capital; the fixed stock was £136, and the sales for the year were £1,208. On this, there had been a loss of £182; they had employed, during the year, about sixteen men, three women, and two boys. 'They had been somewhat handicapped by the unprecedented rise in the value of tin, copper, and iron; and also by the anxiety on the part of buyers to buy low-priced, and therefore very shoddy, articles, which they had been in the habit of purchasing.' The Birmingham District Conference Association

¹ Congress Report, 1892, p. 36.

² *Co-operative News*, vol. xviii. p. 1321.

³ Registrar's Returns, 1887, p. 107.

⁴ *Co-operative News*, vol. xviii. p. 1321.

⁵ Congress Report, 1888, p. 39.

had been 'officially informed by the president of the trades union that this productive society has saved that body at least £5 per week by finding employment for their unemployed members¹.' Matters improved in 1889. The sales amounted to £2,281, on which a profit of £91 was realized²; and the improvement being continued, additional accommodation for their workpeople had to be provided in the middle of 1890. The number of employés had increased to 30, and at the opening of the extension it was asserted that 'the society had proved that the workmen employed could be paid the standard rate of wages and a 10 % bonus; and that a fair amount of profit could then be made³.'

In August, 1890, Mr. Gannon (the secretary) sent me a little information. Seven co-operative societies held £765 of share capital, and 72 workers held £141, the total being £906. I do not know whether the trade union is included as a society, or if it has withdrawn its capital. Miss Potter has informed me that, early in 1891, there were only five employés who were shareholders, the other 'members apparently preferring to work for private firms until the concern is well established.' The number of employés in August, 1890, was 32, and all of them worked on the premises. The rules prohibit employés from being on the committee; and provide for the profits being divided as follows: 5 % per ann. to share capital, 50 % to the workers, and the remainder 'between capital, labour, and customers, in such proportions as a general meeting directs.'

In 1890, the society made a loss of £134; but in 1891, it made a profit of £88. The sales for the two years were £3,332 and £3,612 respectively. The number of members at the end of 1891 was 78, and the share capital was £926⁴. Most of the trade was done with co-operative societies.

¹ Congress Reports, 1888, p. 44, and 1889, p. 34; Registrar's Returns, 1888, p. 70.

² Congress Report, 1890, p. 152.

³ *Co-operative News*, vol. xxi. p. 652.

⁴ Registrar's Returns, 1890, p. 78, and 1891, p. 86.

Early in 1888 some members of the Alcester Co-operative Society began to discuss the advisability of starting a society for manufacturing needles. One of the advocates, who was a needle-maker, urged that 'one firm in Redditch made a profit last year of £22,000. They employ 400 hands. He thought that this small sum would help co-operators a little if the employés were co-operators¹.'

The result of the discussion was the registration of the Alcester Productive Society on October 2, 1888, the object of the society being the manufacture of needles. The rules provided that the shares were to be £1 each, and each member must hold not less than five shares. Share capital was to receive 5 % per ann. interest, and the remainder of the profit was to be divided in three parts, of which one went to the shareholders, one to the purchasers, and one to the workers. No employé could be an officer of the society.

Operations were commenced with 23 members, and £40 of share capital²; and the society issued its first balance sheet at the end of June, 1889. The sales for the half-year had been £63, and the net profit was £13. This allowed a bonus of 6*d.* in the pound on wages, sales, and capital, and £5 to a reserve fund³. At the end of 1889, there were 53 members, with £139 of share capital, and £25 of loans. The sales for the whole year had been £189, and the profit was £27. Of this sum £9 went to share capital, and £2 each to the purchasers and workers⁴. At the end of 1890, the number of members had increased to 118, the share capital to £461, and the loans to £203. The fixed stock was £301; the sales for the year were £421, and the profit was £32. Of this amount, share capital took £18, the purchasers received £1, and the workers received £2⁵.

In 1891, the sales were £699, and the profit was £29.

¹ *Co-operative News*, vol. xix. p. 328.

² Congress Report, 1889, p. 34.

³ *Co-operative News*, vol. xx. p. 849.

⁴ Congress Report, 1890, p. 153.

⁵ *Ibid.*, 1891, p. 150.

This was only sufficient to pay 5 % interest on share capital¹. In 1892, the sales were over £1,200. The committee reported that after writing '£51 10s. off fixed stock, a profit of £94 18s. is available.' It was 'decided to dispose of this by paying 5 % to shareholders,' and a bonus of 4*d.* in the pound on share capital, sales, and wages. £10 was added to the reserve fund, and a balance of about £20 was carried forward to the credit of the 1893 profit and loss account. It was further reported that 'the society has had to contend with lack of capital, and has had to have recourse to a considerable bank overdraft, for which the committee are personally responsible².'

The above-described application of the profits appears to me to be another instance of a wrong interpretation of the rules, as special rule 12 of this society distinctly says that one-third of the net profits shall be allotted to each of the three following classes—shareholders, purchasers, and workers.

The secretary (Mr. Simpson) has told me that, in the early part of 1891, the society was employing twenty persons. Fourteen of these worked on the premises, and six in their own homes, 'the great amount of subdivision of labour in the needle trade making it impossible' to employ all on the premises, until a larger trade has been secured. Thirteen of the employés were shareholders. The proportion of wages paid to the value of the raw material, as far as I can judge by the balance sheet, appears to be about one-third of wages to two-thirds value of raw material. Most of the goods are sold to co-operative societies, and the quality is highly spoken of. In September, 1891, the name of the society was changed to the Alcester Needle-makers' Society³. In the present state of public prejudice against co-operation, this is probably a wise alteration.

In 1890, the Knights of Labour Sheet Iron Workers'

¹ Congress Report, 1892, p. 172.

² *Co-operative News*, vol. xxiv. p. 103.

³ *Ibid.*, vol. xxii. p. 1007.

Society was registered¹. At the end of the year, however, it had not made a start; but early in 1891 it commenced business at Cradley Heath². The representative of the society, speaking at a conference held in Birmingham in October, 1891, said 'the chief difficulty his society had experienced was in finding a market for their productions, most of which were exported³.' The sales in 1891 were £4,466; but no profit was made. At the end of 1891, the number of members was 101; the share capital was £729, and the loan capital was £512⁴.

On February 15, 1890, another attempt at co-operative lock-making was initiated at Wolverhampton, by a meeting, in St. George's Hall, of forty persons, representing 1000 workmen. Among other speakers, addresses were given by Messrs. G. Evans and E. L. Griffiths (of the Central Co-operative Board), and by Mr. Stanley (secretary to the Working Locksmiths' Trade Society). In moving a resolution to start a productive society, the latter said: 'If there had been a co-operative productive society in existence in their trade, a recent strike, which had cost the trade union over £1,000, would not have occurred.' A committee of nine working men was appointed to 'arrange preliminaries' for starting the society⁵.

The new venture was registered about midsummer, 1890, as the Wolverhampton General Locksmiths' Co-operative Society; and, at the end of 1890, it had 41 members, with £41 of share capital. It had expended £12 on fixtures, and had done a small trade, amounting to £30⁶. Mr. W. G. Harrison (of Walsall), writing to me at the end of June, 1891, said: 'The Wolverhampton locksmiths make high-class work; and when I was last there they were engaged on

¹ *Co-operative News*, vol. xxii. p. 59.

² Congress Report, 1891, pp. 52 and 150.

³ *Co-operative News*, vol. xxii. p. 1024.

⁴ Registrar's Returns, 1891, p. 90.

⁵ *Co-operative News*, vol. xxi. p. 183.

⁶ Congress Report, 1891, p. 150.

locks for the General Post Office. They are short of capital; yet their rules restrict each member's holding to £10.'

An almost forgotten effort is that of the Co-operative Filesmiths' Society, of Sheffield, which was registered on February 19, 1866, and 'was established by the Filesmiths' Union, with the view of finding employment for members who were unable to obtain work elsewhere.' For a time the society is said to have done well; but, from 1871 downwards, it steadily declined, owing, it was thought, to the death of their first manager¹.

At the end of 1871, there were 25 members, with £1,250 of share capital, and £5,882 of loans. The fixed stock was valued at £582, and the sales for the year were £3,674; but there was no profit². From this date, the society made no returns to the registrar, probably on account of the unfavourable state of its affairs. In 1877, it borrowed £450 from the South Yorkshire Miners' Association; and, as the miners could obtain neither interest nor principal, they sued the Filesmiths in the Court of Queen's Bench. They got a verdict, but no money; so they obtained, on November 7, 1880, a compulsory winding-up order from the County Court. It was stated that the Miners' Association was almost the only creditor, and that 'the Filesmiths' Society had drifted into its present position in consequence of the depression of trade³.'

In 1873, there was quite a crop of co-operative societies sown in Sheffield, no less than six having been registered under the Industrial Societies Act in that year. Among them was the Sheffield Engineering Society, of New-street⁴. At the end of 1874, this society had eleven members, with £778 of share capital, and £350 of loans. It had done a trade during the year amounting to £2,597, and had made £232 of profit⁵. In 1875, its business amounted to £2,632,

¹ *Co-operative News*, vol. xi. p. 750.

² Registrar's Returns, 1871, p. 52.

³ *Co-operative News*, vol. xi. p. 750.

⁴ Registrar's Returns, 1873, pp. 68 and 69.

⁵ *Ibid.*, 1874, p. 58.

but there was no profit¹. The society rapidly declined under the depressing influences of the bad times, and its business in 1876 was only £1,228. In 1878 it was dissolved².

The Sheffield Cutlery Co-operative Productive Society was also registered in 1873, but with a much longer name than its present long one³. This society has had a very slow, but on the whole a steadily improving, career. At the end of 1874, it had 34 members, with £67 of share capital, and £53 of loans. At the end of 1875, it had 93 members, with £108 of shares, and £208 of loans. The fixed stock was £41, and the sales for that year were £188; but there was no profit. In 1876, the sales fell to £35, and again there was no profit. During the next three years, the sales gradually rose, until, in 1880, they amounted to £478, with a profit of £22. Then there was a relapse; and in 1883 there was a loss of £22, on sales of £536. From that date, the society has steadily improved, except in membership, the number at midsummer, 1892, being only 66, while in 1884, there were 80 members⁴.

At the end of 1890, the society had £372 of share capital, and £262 of reserve funds. The fixed stock was £24. The sales for the year were £1,944, and the profit was £288. From this profit, share capital was allotted £15, being 5% per ann.; labour received £30, being 1s. 6d. in the pound on wages; and the customers received £109, or 1s. 6d. in the pound on their purchases⁵. About equal prosperity attended the society's operations for the year 1891, and a similar division of profit was made⁶. The first half of 1892 gave the same results; but in the last half of 1892, the profit only allowed a ninepenny bonus to be paid to the employés and customers. The sales for 1892 were £1,946, while in 1891 they were £2,112⁷.

¹ Registrar's Returns, 1875, p. 64.

² *Ibid.*, 1876, p. 29, and 1878, p. 34.

³ *Ibid.*, 1874, p. 58.

⁴ *Ibid.*, 1875-89, and *Co-operative News*, vol. xxii. p. 961.

⁵ Congress Report, 1891, p. 150.

⁶ *Co-operative News*, vol. xxii. p. 961, and vol. xxiii. p. 310.

⁷ *Ibid.*, vol. xxiii. p. 987, and vol. xxiv. p. 127.

Up to the end of 1886, the society divided profits between capital and custom only, the former getting in the last half of 1886 $7\frac{1}{2}\%$ per ann., and the latter a dividend of *6d.* in the pound on purchases¹. But in March, 1887, new rules were registered, which, besides shortening the name, provided for 'the payment of a dividend on paid-up share capital, at such rate, not exceeding $7\frac{1}{2}\%$ per ann., as the profits shall permit; and the remainder shall be divided in equal half portions between purchase and labour.' All profits allotted to labourers, or purchasers, must accumulate as share capital until the recipient has £20 invested². As a matter of practice, the society pays 5% per ann. only on share capital; and, after taking a portion of the profit to the reserve fund, as entitled by the rule, allots labour and custom the same amount in the pound on wages and purchases, which is not quite the same thing as giving each an 'equal half portion'³.

Early in 1891, Mr. Knowles (the secretary) informed me that 99% of the trade was done with co-operative societies. Employés are not permitted by the rules to be committeemen. Ten co-operative societies held £100 of share capital, 30 employés held £70, and 20 other persons held £202. The society was then employing 40 persons, all of whom worked at their own homes, 'in accordance with the custom of the trade.'

From the above sketch, the reader will observe that the efforts to establish co-operation in the iron trades have extended from shipbuilding and marine engine-making on the one hand, to needles, nails, and wringing machines on the other. All the big efforts have collapsed; but some of the smaller ones are steadily growing in prosperity.

¹ *Co-operative News*, vol. xvii. p. 366.

² Society's Rule 16.

³ Congress Report, 1891, p. 151.

CHAPTER XXI.

COLLIERY FAILURES.

THE history of this section begins with the conversion of the firm of Henry Briggs, Son and Co. into a limited company on July 1, 1865. Speaking at a co-operative meeting at Manchester on May 19, 1866, Mr. Archibald Briggs said that 'when his father and brother adopted the co-operative system, he as a partner gladly agreed to the proposal.' It

'was another instance of good coming out of evil; for his brother was so disgusted with the coal trade, from the difficulties caused by strikes and other misunderstandings, the result of which was that for two years the mines were worked at an average return of only $4\frac{1}{2}$ %, that he determined to sell the collieries. This resolve was afterwards modified into an attempt to form a partnership with the men, so as to induce them to work more steadily, and strive to promote their masters' good¹.' It

During a period of ten years prior to the formation of the company, four strikes had occurred, 'lasting in the aggregate 74 weeks².' The fourth of these occurred in 1863; and was caused by the colliery owners, including the Messrs. Briggs, demanding certain reductions in wages, and the riddling of the coal in the pit without payment; and threatening to lock out their men unless all the miners in the neighbouring collieries also agreed to the reductions.

¹ *Co-operator*, vol. vii. p. 3.

² Taylor, *Profit-sharing*, p. 118.

The contest between masters and men was of a bitter character, the former utilizing the police to get non-unionist labourers ; obtaining local government stores to accommodate them ; and evicting the unionists from their dwellings under circumstances that ultimately created a riot. This riot led to vindictive prosecutions of unionist leaders ; but after a 16 weeks' strike, the men secured a substantial victory and work was resumed ¹.

In consequence of this treatment, the feeling of the men towards the firm was very bitter. One workman is reported to have said, 'All coal-masters is devils, and Briggs is the prince of devils.' When the experiment of co-operative profit-sharing was introduced, a general opinion prevailed that 'it was instituted in order to destroy the union,' and one man remarked, 'The thing is good ; but, you see, it comes from Briggs, and I have no faith in Briggs ².' Mr. Briggs himself said :

'In order to test the willingness of the men to work with them before granting this bonus, they required them to take the small trouble of obtaining a penny book containing the rules, in which their wages had to be entered. . . . The unexpected and rather disheartening fact was that a large number, nearly one-half, of the workers had never asked for these books ³.'

Those who did not get the books knew they would thereby lose their bonus ; yet, 'only 300 out of 1,000 workmen applied for them ⁴.'

When the firm became a limited company, everything was taken at the value at which it stood in the books of the firm ; while two-thirds of the capital, and the full control of the practical management, were to remain in Messrs. Briggs' hands. The allocation of profits was as follows : Whenever, after providing for the redemption of capital, &c., the divisible profits exceeded 10 % per ann. on the capital of

¹ Pamphlet by John Holmes, Leeds, 1863.

² Taylor, *Profit-sharing*, pp. 13 and 56.

³ *Co-operator*, vol. vii. p. 3.

⁴ *Ibid.*, p. 230.

the company, the work-people, 'including managers or agents at fixed salaries,' were to receive one-half of such excess profit, 'to be distributed amongst them in proportion to, and as a percentage upon, their respective earnings during the year¹.' The company was paying about £1,000 a week in wages².

The result of the first year's working was that the shareholders received a dividend of 12 %, while the workers who were shareholders received a bonus on their wages of 10 %, and the non-shareholding workers received a bonus of 5 %. This result was announced to a meeting of some hundreds of the work-people, which was held in the Whitwood Schoolrooms, on August 3, 1866; and on October 2, a 'commemorative meeting of the shareholders, workmen, and friends' was held in the Town Hall, Leeds, to celebrate the success. Among others who attended, were Mr. Thomas Hughes and Professor Fawcett. The former characterized the company as 'a great and successful experiment,' while the latter said that the 'success of the remarkable co-operative scheme which they were celebrating that evening would work a new and blessed epoch in the industrial history of the country.' At this meeting, an address and a 'silver épergne' were presented to Mr. H. C. Briggs, in the name of the employés³.

The second annual festival was held in a large wagonshed at the Whitwood Colliery, on September 21, 1867, when about 1,800 persons sat down to tea, the room being profusely decorated 'in an elaborate and tasteful manner' with flowers, flags, mottoes, Chinese lanterns, and trophies made from the pitmen's tools. The dividend on the £90,000 of share capital was at the rate of 13 %; £8,000 was taken to reserve, and £2,700, out of a total net profit of £20,417, was divided among 975 employés as bonus, at rates on their wages varying from 4½ % to 12 %. At this

¹ Taylor, *Profit-sharing*, p. 118.

² *Co-operator*, vol. vii. p. 3.

³ *Ibid.*, pp. 87, 189, 190.

meeting Mr. A. Briggs pointed out that the men could help to make additional profit by 'working how and when the managers wanted them to work ;' and complained of some men giving up their situations because they were required to work for a time at a different pit¹.

The company continued prosperous, paying year by year up to July, 1872, dividends on capital varying from 13½ to 15 % ; while the sums granted to the workmen as bonus varied from £1,740 to as much as £5,250. 'During the last of this series of years the inflation in the coal trade commenced, the prices of coal rising rapidly with a corresponding advance in the rate of wages.' These advances in wages amounted in 'the aggregate from 27½ to 30 %.' In consequence of these advances, the dividend to be paid to the shareholders before dividing profits with workers was raised 50 %, viz. from 10 to 15 % ; and by June, 1873, it is asserted that the advance in wages had increased to 'at least 50 % on the original standard.' The revised division of profits gave shareholders in 1873 a 25 % dividend and the men a bonus of £14,256². In addition to this, the Whitwell Main Colliery was bought for £55,000, and £30,000 of the purchase money was provided out of the year's profit. This £30,000 was allotted to the existing shareholders in the form of a new issue of shares, and thus the men were deprived of their portion of it, which would have been £15,000³. In 1874, the shareholders received 18 %, while the men's bonus was £6,048. The share capital was now £201,600, and the number of employes was 2,218⁴. In addition to the sums divided, large amounts were placed to depreciation and reserve funds, altogether out of proportion to what is usual, and the men were thereby deprived of the share which ought to have come to them as bonus. In the two years 1873-4, the

¹ *Co-operator*, vol. vii. pp. 469, 519-21.

² Taylor, *Profit-sharing*, pp. 120, 121, 144-7.

³ *Co-operative News*, vol. iii. pp. 430, 442.

⁴ Taylor, *Profit-sharing*, pp. 120, 121, 144-7.

reserve was increased by £26,600; and in the three years 1873-4-5 'stores, repairs, renewals, and depreciations' were credited with £151,377¹.

'During the half-year ending December 31, 1874, the reaction commenced, and the selling prices of coal gradually declined. This change in the trade necessitating a reduction in wages, notices to that effect were issued to the miners. The men, however, declined to recognize this necessity, and the employers thereupon offered to refer the question to arbitration; but it was only after a strike of four weeks' duration, in which the workmen of the company joined, that this offer of arbitration was accepted.'

The arbitration resulted in a reduction of wages².

In consequence of the men taking part in this strike, 'the system of payment of bonus on earnings' was discontinued; the directors saying that 'as the miners act, in all questions arising between themselves and their employers, strictly under instructions from the executive of the union, it is evident that they are no longer prepared to recognize any special arrangement with the company³.' The above is extracted from a memorandum prepared by the Messrs. Briggs, and printed in Mr. Sedley Taylor's book.

Messrs. Briggs went on to say in the above-named memorandum, that they had, in 1872, come into collision with the men about the union. The latter had fixed on August 19 for a great demonstration. Accidentally, or otherwise, Messrs. Briggs fixed their annual shareholders' meeting for the same date, and issued a notice 'to the effect that any workman absenting himself from work in order to attend the union meeting would be considered as forfeiting all claim to bonus for the future. About one-third of the men did so forfeit their bonus.' This action on the part of Messrs. Briggs was characterized by Mr. Sedley Taylor as 'autocratic,' and Mr. Taylor remarked that the result must have been 'embitterment on the men's part,

¹ *Co-operative News*, vol. vi. p. 647.

² Taylor, *Profit-sharing*, p. 121.

³ *Ibid.*, p. 122.

for they could only regard it "as an unwarrantable interference with their freedom of action¹."

Commenting on the discontinuance of the bonus system at Messrs. Briggs' collieries, the editor of the *Co-operative News*, on December 18, 1875, stated that the fundamental conditions of association were wanting.

'We find neither the formation of a partnership with the object of doing justice to the worker, nor the observance of equity to him, by securing that his share of profits shall be clearly an addition to his wages, and not a substitution for them; nor the absence of a disposition to turn any unusual profits to the advantage of the capitalist at the cost of the worker. . . . The workers themselves declared that they were never paid for certain extras in work, on which, since the bonus system has been given up, they have actually got an advance of pay;' and 'when the unnatural inflation of the price of coal took place in 1872-3, the promised equality in the division of profits above a dividend of 10 % on capital was evaded.'

The opinion of the editor of the *News*, as above given, was confirmed by the Messrs. Briggs; for they said:

'Some of the surrounding colliery proprietors, anxious to attract men to their pits and secure as large a share as possible of the great prosperity, and finding the bonus given by our company was a great inducement to men to remain with us, began to offer something beyond the regular wages of the district, saying it was instead of "Briggs' Bonus," thus strengthening the view already entertained by some discontented men that the bonus was something kept back out of the weekly wages to be given at the end of the year².'

When, therefore, the shareholders, in February, 1875, decided to discontinue the bonus system, the decision gave rise to 'no disturbance, or even any visible emotion,' which was 'a pretty conclusive proof that the men did not think they had much to lose by its abolition.'

The South Buckley Coal and Fire-Brick Company, Limited, was registered under the Joint Stock Companies

¹ Taylor, *Profit-sharing*, pp 123, 146.

² *Ibid.*, p. 125.

³ *Co-operative News*, vol. vi. p. 647.

Acts in 1866. It was promoted, like the ill-fated Cobden Mills, by Mr. E. O. Greening; and, attracted by the statement that 'the collieries and brickworks will be placed under the system which has proved so successful in the case of the Whitwood and Methley Collieries, in Yorkshire, where a bonus is paid to the servants of the company in proportion to profits earned above 10 %,' shares were taken in the undertaking by Mr. Thomas Hughes, the present Marquis of Ripon, the Earl of Derby, and the Duke of Devonshire.

The prospectus further asserted, in reference to the profit-sharing provision, that 'this arrangement, which opens a door to self-improvement to the work-people, has been found to induce zealous co-operation by them in the promotion of the interests of the company, to lessen the chances of disputes and strikes, and to result in larger production and greater and more regular profits than are made even by private firms.'

The capital was to be £50,000 in £10 shares, of which not more than £5 was to be called up; £10,000 was to be reserved to the work-people¹, to whom a voluminous address, signed by Mr. Greening as secretary, and a number of shareholders, was issued by the company to induce them to take up shares, &c. In it, they asserted 'the certainty of the success of the company as a commercial speculation. Until they had so satisfied themselves, they had refrained from appealing to the work-people in their employ to join them;' but they were 'now perfectly satisfied'².

Notwithstanding this perfect confidence, the concern was a *fiasco* from the commencement. The first annual report of the directors, dated March 14, 1867, said: 'On taking possession of the property they found two small pits. . . . It was decided not to work the first-named pit, but to sink two new shafts.' They had no efficient means of transport for the coal, and had been crippled for money, although there only remained 'about 1,000 shares undisposed of.'

¹ *Co-operator*, vol. vii. pp. 2, 20, and 488.

² From copy of address supplied by Mr. T. Fowe.

Mr. Thomas Hughes had become a director. The report further stated that when 'the company has proper railway communication provided to open a suitable market, a large number of hands can at once be placed in the workings; and they believe about 1,800 tons per week can be raised.' On this somewhat doubtful report, an 'interest dividend' (whatever that may mean) was placed to the credit of each shareholder¹.

I believe this was the only dividend the company ever did pay; and when, after some struggling, it was liquidated, Mr. Hughes and his friends were very heavy losers by the catastrophe.

What was at the time sensationally called the coal famine, broke out in 1872, and continued for about two years. Really it was not a dearth of coals, but a sudden excessive demand for coal from an exceptionally prosperous iron trade; and this sudden excessive demand caused an extraordinary advance in prices. Writing in the *Co-operative News* of September 14, 1872, Mr. John Holmes gave some details, showing that in the West Yorkshire district 'since September, 1871, there have been five advances of coal, amounting to 8s. 3½d. per ton, averaging all round nearly 150% upon the gross price of the coal itself.' The working miners were blamed by the masters, and, through their assertions, by the public also, for this advance, but Mr. Holmes pointed out that there had been in the same period only 'three advances of wages, amounting to 5½d. per ton, or about 25% upon the gross amount of wages².'

Before the above-named statement was printed, the prices of coal, in the district named by Mr. Holmes, went up another 5s. to 6s. per ton. Criticizing this advance, the *Leeds Express* said:

'Now that the best coal is above a guinea per ton, the colliers are receiving only 9d. per ton more than when the same kind of

¹ *Industrial Partnerships' Record*, 1867, p. 12.

² *Co-operative News*, vol. ii. p. 470.

coal was 10s. per ton. Our readers will thus clearly see to whom the lion's share of the enhanced price is falling. If colliers, who risk health, limb, and life, in their occupations, are to be considered shamelessly audacious in asking for an increase of 6½*d.* per ton, what are we to think of their gentlemanly employers, who demand of those they serve an advance of 5s. per ton, and that too, after securing a like advance, by instalments, in the course of two years¹?

By September, 1873, both wages and prices had advanced still further; and in a lecture delivered at King's College, Professor Leone Levi stated that 'the average wages of a miner in 1871 were 4s. 11*d.* a day, and in 1873, 8s. a day, being an increase of 62%. But while the profits of the coal-owners averaged but 7*d.* a ton in 1871, they reached 3s. 6*d.* a ton in 1873, that is an increase of nearly 500%².' At about the same date, it was stated at a co-operative conference, at Barnsley, on the coal question, that 'the increased price of coal, even only calculated at the rate of 7s. 6*d.* a ton, amounted to £45,000,000, of which only £10,000,000 had gone to the coal-workers, and the remainder to the coal-owners³.'

In consequence of the exorbitant prices, and the fabulous profits realized by colliery owners through these prices, collieries were opened in all directions, and in October, 1873, the *Newcastle Chronicle* warned the trade and the public that the result of the high prices would be a run of ruinously low prices.

'Colliery undertakings are being offered at exorbitant prices, and the value thus exacted is not likely to be recouped when trade is restored to something like its normal state. . . . At the very best the enormous profits which are admittedly made by colliery proprietors at the present time cannot last much longer. . . . The coal-owners of this generation have sown the wind; the generation that is to follow will reap the whirlwind⁴.'

¹ *Co-operative News*, vol. ii. p. 487.

³ *Ibid.*, p. 467.

² *Ibid.*, vol. iii. p. 514.

⁴ *Ibid.*, p. 514.

The event followed quickly on the prophecy; and in April, 1874, it was reported: 'Coal is coming down, and wages are coming down faster than the coal; thus giving the counterpart to the rise of 18 months ago, when the men did not get more than one-sixth of the rise, although the greater part of it was placed to their account¹.' The downward movement was almost as rapid as the rise had been; and the fight for life among the colliery proprietors resulted, as usual, in the survival of the fittest and the collapse of those who, through want of capital, through excessive royalties, through inferior coal-beds, or through other causes, were not strong enough to continue competing against their more fortunate rivals. Both co-operators and trades unionists took part in, and were affected by, the general excitement. At miners' association meetings, as well as at co-operative conferences, the subject was discussed; and resolutions were repeatedly passed in favour of starting co-operative collieries.

The first co-operative effort in the field was the Darwen Mining Company, Limited, with a nominal capital of £12,000². It was started in the early part of 1872 by 'a number of members of the Darwen Industrial Society³,' Mr. Wm. Taylor, who afterwards became the manager, being the initiator of the affair. Mr. C. J. Beckett wrote to me: 'The dangling of a 40% dividend caused' the Darwen Industrial Society 'to put £1,000 in shares into the company, and otherwise give it a lift in the world. It ended, as it often does, by lifting us into a position we had not bargained for.'

The site selected for the colliery was Whitebirk, near Blackburn. Borings had previously been made, and it had been 'ascertained that there were two seams of coal, the higher and the lower, the latter being 30 inches thick.' The first sod was cut on April 29, 1872, and 'the work was

¹ *Co-operative News*, vol. iv. p. 198.

² *Ibid.*, vol. iii. p. 49.

³ *Ibid.*, vol. iv. p. 104.

zealously continued' until February 25, 1874, when 'the long-looked-for time of coming to the lower-mine' had arrived; and 'the first piece of coal brought up the shaft from the lower mine,' weighing 26 cwt., was carted by the Industrial Society through the streets of Darwen in triumph, and was presented to Mr. Eli Walsh, who had given 'every information to Mr. W. Taylor, the manager of the Darwen Mining Company' during the progress of the shaft-sinking¹.

In 1889 Mr. Taylor sent me a cutting from a local newspaper, describing the working of the colliery, and he also gave me some further information. From these I gather that from the completion of the two shafts 'the colliery has been in full work,' with scarcely an intermission.

'There is a gradual slope from the workings to the bottom of the shaft, and the trucks of coal can be brought along what is called a chain road, running parallel with the intake airway, without any labour or steam. An endless chain runs from the workings to the pit mouth. Each truck is fitted with a fork, in which the endless chain catches, and runs the coal trucks from one end of the mine to the other. The weight of the trucks causes them to work without any other power being applied.'

The shaft was 137 yards deep. Over 500 gallons of water were pumped out of the mine every minute, and this was sold to the Leeds and Liverpool Canal Company.

The Mining Company was not able to make the pit pay under the altered conditions of the coal market. Loss succeeded loss; the Darwen Industrial Society helped the company by lending £6,000 on the mortgage of the colliery; but when this was engulfed, the Industrial Society called a meeting of its members on November 14, 1882, to consider whether it was advisable to foreclose and to work the colliery as a department of the society. The directors of the society recommended this course, 'and, to cover the present loss, they proposed to again put up the value of the

¹ *Co-operative News*, vol. iv. p. 104.

buildings, as had been done before.' Mr. Lightfoot, 'as an experienced collier,' gave his opinion, on the invitation of the chairman, 'that the Whitebirk Colliery never had paid its way, and never would. Mr. W. Hargreaves, a large shareholder in the Whitebirk, bore similar testimony.' In the end it was decided by a majority of nearly two to one to take over the colliery, and work it as recommended¹. In consequence of this decision, the Mining Company went into voluntary liquidation on December 23, 1882².

Mr. Beckett, writing to me in April, 1889, explained that 'the liability to coal lessors for ungotten coal stared us in the face; so the Industrial Society took the bull by the horns, and spent another £1,000 in addition to our £6,000 already there,' in a desperate effort to recoup the loss. 'We wrote down the plant to £2,000 upon entering into possession.' The society then negotiated with 'the coal lessors, and succeeded in getting terms which effected a saving of at least £500 a year. It was a period of great anxiety, and at one time writs and threats of action for compensation were like grasshoppers for multitude³.'

The Industrial Society continued to work the pit until the coal was all secured, and Mr. Taylor told me that the colliery made a profit every quarter after the society took possession, except the first quarter, and once since. At the end of 1889 the pit was closed, and the plant was sold for £2,275. During the seven years it had been in the possession of the Industrial Society, the whole of the assets were written off by depreciation. In addition 'the colliery had paid in interest no less than £700,' and 'instead of losing their £5,000, abandoning the plant, and incurring a costly lawsuit, they had recovered every penny of the money; they had sold the plant⁴, and partially recompensed themselves for the capital which was written down at the time' they took over the colliery⁵. The amount realized by the sale

¹ *Co-operative News*, vol. xiii. p. 863.

² *Ibid.*, p. 891.

³ *Ibid.*, vol. xxi. p. 329.

⁴ *Ibid.*

⁵ Society's Report, December, 1889.

was written off buildings and placed to reserve fund. Mr. Beckett informed me that two of the principal colliery employées were allowed a share in the profits, but as far as the rank and file went, the society kept all the profits, because the losses had been theirs.

A great effort may be said to have arisen from the gigantic demonstration held on Durham racecourse, on June 13, 1872, at which 35,000 miners were present. On this occasion, Mr. Thomas Burt, after saying that 'he was a co-operator himself, and had been for many years,' expressed his gratification that the principle

'was spreading throughout the two great mining districts. In Northumberland, they scarcely had a colliery of any magnitude but what either had a co-operative store of its own, or very easy access to one. . . . He would like working men to lay hold of the great principle of co-operation, for it was the highest species of unionism, and to recognize it as a great lever that is to raise them to a higher moral, social, and intellectual position than they occupied at the present time. . . . They wanted the principle applied to the production of wealth. . . . That must be their ultimate aim. They must go on accumulating funds until they were in a position to have mines of their own, and become their own employers¹.'

On October 19, 1872, a meeting of delegates and members of the Northumberland Miners' Association was held at the Mechanics' Institute, Newcastle-on-Tyne, to consider the advisability of commencing a co-operative colliery. The chairman, Mr. Grieves, 'pointed out the necessity which existed for the formation of a society to work a mine, in which the men should participate in the profits arising from their labour.' This meeting 'unanimously resolved to form a Co-operative Coal Mining Society,' and appointed a committee to carry out the resolution. Among those appointed were Mr. Burt, Mr. E. Lowther, Mr. Stapleton (manager of the Newcastle branch of the Co-operative Printing Society),

¹ *Newcastle Chronicle*, June 17, 1772.

and Dr. Rutherford¹. This committee prepared and, at the beginning of December, 1872, issued a prospectus of the Co-operative Mining Society, Limited. Mr. Edward Lowther was appointed secretary, and, besides those already mentioned, as well as several other Newcastle men, there were on the committee seven men representing respectively the miners employed at the Dinnington, West Sleekburn, North Seaton, Coxlodge, Bebside, West Cramlington, and Cambois collieries².

The society was registered under the Industrial Societies Act on January 8, 1873³. The shares were transferable, and of the value of £5 each. They were to have a first claim on the profits equal to 10% per ann. After this claim was satisfied, a portion of the profits were to be devoted to the reserve fund, and the remainder was to be 'divided equally between labour, capital, and trade.' The promoters appealed for support 'from every class of the community.' They pointed out that 'coal-mining was a laborious and hazardous occupation, and should be well paid.' The prospectus went on to say :

'To give the miner the fruit of his skill, economy, and care in production is nothing more than the barest justice. In certain co-partnerships of labour this has been done with very good results, both in economy of time and material. But what is wanted is, that the miner shall feel that the pit in which he works is his own; and in order to this, it must be open to him, if he chooses, to invest all his earnings there. To this end, the miners of Northumberland and Durham have resolved to have collieries of their own. . . . It is intended that every worker shall be a member. One of the objects of the society will be the erection of roomy, airy, well-ventilated dwellings; and powers have been taken in the rules to enable the society to do this.'

Speaking of the capitalist, the prospectus said : 'Conflicts between capital and labour are costly, destructive, and

¹ *Co-operative News*, vol. ii. p. 543.

² *Ibid.*, p. 627.

³ Registrar's Returns, 1873, p. 68.

wasteful. In this society such conflicts will be impossible, and capital, if it has not so large a dividend, will have better security and fewer risks.' And, speaking of the third party in the proposed profit-sharing arrangement, it said: 'In the recent immense rise in the price of coal, the consumer has been the great sufferer. Everybody is a consumer of coal, and in dividing with every purchaser a portion of the profits, this society adopts a principle which recognizes a harmony of interests, and which, it is hoped, may promote a greater kindliness of feeling.' The prospectus concluded by urging that 'every miner should make it a point of honour and of duty to take up at least one share. In no other way can he so well contribute to the elevation and enfranchisement of labour ¹.'

At a further public meeting, held at the Mechanics' Institute, Newcastle, on December 21, 1872, it was explained that subscribers would be allowed 18 months in which to pay their subscriptions; it was pointed out that great indirect benefit would accrue to the miners, for the co-operative colliery would enable the men to show the private coal-owners that 'mining can be conducted without such an amount of danger to life and limb as obtains at present.' A unanimous resolution was passed at this meeting, recommending the miners at each colliery to appoint two of their number to receive subscriptions ².

The society was vigorously pushed forward. It was asserted that its 'intention was, and still is, to have collieries in each mining district, and thus afford the workmen the opportunity of ascertaining the real value of their labour ³.' By March, 1873, 1,300 shares had been taken up ⁴. Speaking at a meeting in London, on behalf of the society, Dr. Rutherford, who was the president, said they had held 'no less than sixty committee meetings' since they started, for which the 'committee had not received a penny';

¹ *Co-operative News*, vol. ii. p. 627.

³ *Ibid.*, vol. iii. p. 568.

² *Ibid.*, p. 672.

⁴ *Ibid.*, p. 101.

and 'he did not think £100 had been spent in printing the prospectus and rules, or for other expenses¹.' Mr. G. B. Foster, of Backworth, was appointed mining engineer to the society, and advertisements were issued with the view of obtaining a suitable field for active operations².

There was some delay in securing a coal estate, but after viewing a number of places that had been offered, the committee considered they had, in April, 1874, 'made a good start in the direction of coal-ownership by purchasing Monkwood, near Chesterfield. They had had to go rather far afield for their A pit, but it is believed that long before the society has exhausted the letters of the alphabet in naming their collieries, they will have obtained some hold on the northern coalfield.' The society purchased the colliery for £68,000. Mr. Lowther told me that there was also a minimum royalty rent of £2,000 a year. The purchase price was only for the workings, plant, machinery, coke ovens, &c. It

'had two working shafts and an upcast; the royalty was 400 acres, of which 324 acres yet remained unworked. The seam of coal was 30 fathoms below the surface, and . . . the average height of the seam was 4 ft. 8½ in. The coal was very clean, and of excellent quality, with a steady demand for it. The output at present is about 250 tons a day. . . . They had 84 coke ovens and a brickyard. They intended to commence making bricks at once. . . . There is a farm of 75 acres, which is part of the society's holding. As yet there are only about 250 men and boys employed. The existing accommodation for residence is thirty capital houses, having four rooms each, besides attic and cellar, and nine houses, equally good, except that they have no attic and no cellar. Between thirty and forty other houses are held on lease. . . . The Monkwood Colliery is now safely launched as an adventure, and already it is evident that it is to be a great success³.'

The expectations raised by this purchase had a great effect in stimulating the investors, and at the end of 1875 the

¹ *Co-operative News*, vol. iii. p. 312.

² *Ibid.*, p. 430.

³ *Ibid.*, vol. iv. pp. 256, 289.

society numbered 2,163 members, with £35,796 of paid-up share capital, and £4,690 of loans¹.

The purchase of Monkwood by the Mining Society was said to have 'nipped in the bud a threatened dispute, the whole of the workmen having been called together to hear its advantages explained.' Mr. Robert Stapleton, one of the committee, was at this meeting, which was held on Friday, April 3, 1874. Describing the scene, he said he never remembered being at such a meeting.

'The colliers, almost in the state of savages, met them on the pit hill at Monkwood. They had never heard of co-operation in any aspect; and as the plan was shown forth to them, their countenances gradually relaxed, and they saw there was something in the co-operative system which would raise them from their degradation, and exalt them somewhat in the social scale².'

But, although the threatened dispute was averted, the workmen 'did not to any extent become members,' notwithstanding the efforts of the committee of the society to convince them 'that every worker there should be interested in the results of his daily work³.' Mr. Lowther thinks that not one of the miners became a shareholder.

I have had information supplied to me by several persons who were more or less interested in the Monkwood Colliery. The society worked the colliery for about two years; and Mr. E. Lowther, who was the secretary, has lent me a copy of the last balance sheet issued. It was for the year ending June 30, 1875. The sales of coal amounted to £20,344; and the total loss on the year's working was £11,010. The committee regretted 'having to communicate such an unfavourable state of affairs to the members;' but in reporting to the meeting of shareholders, held at Newcastle, on September 25, 1875, they said:

¹ Registrar's Returns, 1875, p. 34.

² Congress Report, 1874, pp. 181, 182.

³ *Co-operative News*, vol. v. p. 192.

‘It has arisen from circumstances over which we have had no control. The output of the colliery has never been such as the committee were led to anticipate. This, with the consequent increased cost of production, and the unsatisfactory state in which the society found the colliery, has occasioned the loss.’

Shortly after this, the society fell into financial difficulties, and the officers saw little hope of carrying their enterprise to a successful issue. An extraordinary circumstance then became known. Dr. Rutherford and Mr. Walter Morrison had signed the lease and other documents on behalf of the society; the latter having been told by Dr. Rutherford that there was no personal risk. Trusting to this statement, and on this condition, Mr. Morrison signed the lease; but when the society got into difficulties, the lessor called on Mr. Morrison to carry out the terms of the covenants, claiming that he was personally liable. This turned out to be true. Mr. Morrison had thought that under the very worst circumstances, he could not be liable for more than £35,000. It appeared, however, that this was not so, and that his liability was unlimited. Finding himself caught, Mr. Morrison spent many months, first in seeing whether it was possible to work the colliery successfully; and finding that impossible, in getting out of the unfortunate dilemma to the best advantage. He sacrificed his own interest to the interests of the society and its bondholders; and was ultimately a loser to the extent of over £22,000. The winding-up was completed in 1877; the shareholders losing all their capital, and the bondholders obtaining about £1,200, which really belonged to Mr. Morrison; but he waived his claim to it in their favour.

At the final meeting of the shareholders of this unfortunate society, I believe that a full explanation was given of the circumstances connected with the negotiations for the purchase of the colliery. These negotiations were conducted by Dr. Rutherford (the chairman), and Mr. G. B. Foster (the mining engineer). But, while it is advisable, as a warning

for the future to say that many things were done that ought not to have been done, it is trenching on very delicate ground to go into details; and it is therefore not advisable to do so. Mr. Lowther has told me that the coal was most costly to work, because there was a band of 10 or 12 inches of extremely hard stone right in the centre of the seam. Not only had this stone to be hewn, but the working of the under portion of the coal seam had to be done under such conditions as to make this portion of the coal almost worthless for the house coal market. Mr. Thomas Burt, writing to me in April, 1888, said :

‘My impression is that the chief causes of the disaster at Monkwood were (1) that a great deal too much money was paid for it; and (2) that it was bought at the worst possible time. The coal trade had reached its highest point, and the tide was just turning. A heavy ebb tide set in, which has been running swiftly ever since. One of the most eminent mining engineers in the country advised us. I believe, too, that he is a thoroughly honourable man, but he must have blundered egregiously.’

Mr. Lowther, in addition to supplying me with other facts, said : ‘Great praise is due to the manly way in which the shareholders took the disaster. They never gave one bit of trouble, and were exceedingly sorry for Mr. Morrison in his great losses.’ And speaking of the latter, he said : ‘Mr. Walter Morrison acted in the most noble and generous manner. He gave an enormous sum to help the committee in trying to avoid a failure; and the thanks of co-operators are due to him for what he then did.’ Indirectly the Monkwood Colliery was the cause of the co-operative movement losing the services of Mr. Morrison. He took offence at Dr. Rutherford taking a prominent part in the Newcastle Congress, considering that it was an insult to himself. Of course, no such thing was intended; but, although the Glasgow Congress, at the instance of the Central Board, passed a resolution on the subject, he

persisted in his opinion, and in consequence ceased his connexion with co-operation.

Through so many co-operative coal mining societies being started at about the same date, the Newcastle Coal Mining Society urged the necessity of not weakening the strength of co-operators by embarking in a number of enterprises, but to concentrate their strength on one at a time. Although this suggestion did not meet with very much favour from the promoters of the several efforts, the Halifax Congress of 1874 passed a resolution advocating the necessity of the coal societies acting 'together in co-operative union as opposed to competition¹;' and at a special coal conference held at Leeds on May 16, 1874, it was unanimously resolved 'that it is desirable that the coal societies should be federated for joint action, and that it be recommended to the various boards to take the matter into consideration².' No practical result, however, seems to have come out of the resolutions.

The Newcastle Mining Society succeeded better with their Scotch friends. In October, 1873, an 'Ayrshire Coal Mining Society' was started with £1 shares. It was 'got up by bona fide working men, chiefly engaged in the trade; but largely backed up by respectable working men of other trades, and in sympathy with the members of co-operative societies in the county of Ayr.' Mr. J. Borrowman was the provisional treasurer. After providing 10 % per ann. for share capital and for a reserve fund, the remaining profits were to be 'equally divided between capital, labour, and consumer;' and the promoters urged that 'wherever this has been partially adopted and carried out, the results have been of the most satisfactory nature. It puts an end to the oft-recurring feuds that take place between employers and their workmen, concentrates individual energy and carefulness, and thereby promotes the stability and prosperity of the undertaking³.'

¹ *Co-operative News*, vol. iv. p. 213.

² *Ibid.*, p. 278.

³ *Ibid.*, vol. iii. p. 506.

As a result of communications with Newcastle, a conference of the supporters of this new venture was held at Kilmarnock, on November 13, 1873. The society had not been registered, but it had enrolled 53 members with £288 of share capital paid up. Mr. Borrowman urged on the conference to join their Newcastle brethren; 'to link themselves in one united organization, was their best and surest policy.' Mr. John Allan supported the proposal, and Mr. Stapleton, representing the Northern Section of the Central Board, invited them 'on behalf of the miners of Northumberland and Durham' to unite their forces, as he 'believed they would thus have a fairer chance of success.' The following resolution was carried unanimously, 'That this conference, after hearing the various speakers to-night, recommend the miners of Ayrshire to join the United Miners' Association, as recommended by Mr. Stapleton¹.'

An ambitious effort was made in Edinburgh, early in 1873, to float a Scottish Co-operative Coal Company, Limited, with £50,000 in £1 shares. The company proposed 'to sink mines, lease pits, and work them wherever it is found most advantageous to do so.' 10% per ann. was to be paid on share capital; after which, the company would 'divide the surplus profits equally amongst the consumers and shareholders, &c.'² I cannot find any traces of this company ever securing a colliery and working it.

Cumberland made two somewhat feeble attempts. In March 22, 1873, a numerously attended meeting was held at the Crown Hotel, Alston. The purpose was to form a co-operative society to get 'crow coal.' The shares were to be 5s. each, 'so as to bring them within the reach of the labouring classes.' An Alston Co-operative Coal Company was thus formed, and 'commenced operations at the Holyfield mine, the first cartload being presented to the oldest inhabitant.' The seam was close to the surface, but was 'only 18 inches or so in thickness'³.

¹ *Co-operative News*, vol. iii, p. 588.

² *Ibid.*, p. 316.

³ *Ibid.*, pp. 171, 230.

Another small Cumberland venture was the Broughton Moor Co-operative Mining Society, which was registered on January 20, 1874¹. They obtained a royalty at the village of Dean, and the first sod of the new colliery was cut by the wife of the royalty owner on January 12, 1874. 'The projected colliery' was 'the enterprise of a considerable number of working men².' Both these efforts seem to have withered away almost as soon as they were started.

'A meeting of miners and representatives of several co-operative societies,' held at Masborough, on March 12, 1873, decided to establish the South Yorkshire Mining Co-operative Society, with a capital to be subscribed in £1 shares. 'After paying a fair interest on capital,' viz. 10 % per ann., 'the profits were to be divided between labour, capital, and consumer³.' The society was registered on July 21, 1873⁴. A similar project in Sheffield amalgamated with the South Yorkshire Society, 'mainly on the ground that it was in the hands of practical miners⁵.' The caution with which the committee went to work justified this confidence.

The first half-yearly meeting was held on Saturday, October 4, 1873, when the committee reported 'that a number of coalfields had been offered to the society,' but they did not think they had yet 'sufficient capital to justify them in closing with the owners⁶.' At the second half-yearly meeting it was again reported that 'a large number of coalfields and collieries have been offered and rejected from one cause or another. The committee had decided not to entertain a question of a going concern, on account of the very high prices asked, at which it would be almost impossible to make any profits in case prices for coals are reduced considerably.' They quoted the *Mining Journal* to fortify their opinion that prices of coal must come down,

¹ Registrar's Returns, 1874, p. 68.

² *Co-operative News*, vol. iv. p. 53.

³ *Ibid.*, vol. iii. p. 124, and vol. iv. p. 323.

⁴ Registrar's Returns, 1873, p. 69.

⁵ *Co-operative News*, vol. iii. p. 409.

⁶ *Ibid.*, pp. 506, 544.

and that in consequence 'we shall before long see not a few mines unable to pay any dividends. . . . Trade probably will be none the worse when coal mining comes back to something like its legitimate condition ; but before it does so, evidently a great deal of weeding will have to be performed¹.'

At the half-yearly meeting held on September 26, 1874, the chairman announced that they had

'nearly completed arrangements for a lease ; and that by the course pursued by the committee in examining closely the various properties offered, and by their rejection, a very large sum had been saved the society, as we have found that during the past months owners have not known what to ask for their collieries ; but by patience they had succeeded in meeting with a royalty on reasonable terms.'

The royalty referred to was for 300 acres of High Hazel seam, 4 feet thick. The railway passed through the estate. The coal was 'equal to Silkstone.' It was only 80 yards down ; £20,000 would enable the society to raise about 600 to 700 tons a day. The royalty to be paid was moderate, and much less than 'we could have obtained twelve months ago².' About this time, the society had a membership of 334, including twenty co-operative societies, and the paid-up share capital amounted to £3,443³.

The arrangements, as above reported, were never concluded. The committee and shareholders noticed the rapid changes for the worse in the condition of the coal markets. The society was consequently put into liquidation without starting business⁴, and Mr. Swann has informed me that every shareholder was paid 19s. 6d. in the pound.

The Leeds and Yorkshire Co-operative Coal Mining Company was registered at the latter end of 1872, under the Joint Stock Companies Act, with a capital of £100,000

¹ *Co-operative News*, vol. iv. p. 170. ² *Ibid.*, vol. v. p. 184.

³ *Ibid.* p. 184, and Registrar's Returns, 1875, p. 62.

⁴ Mr. John Shillito.

in 20,000 shares of £5 each. Its office was at Croft's Chambers, Leeds. They obtained 'about 500 members, of whom 100 were practical miners;' and 'about two-thirds of their capital was paid-up' in the course of the next twelve months. 'Not a shilling had been spent in promotion money beyond printing.' They had 'considered the coal question with a view of getting rid of the disputes of capital and labour;' and, first paying 10 % per ann. to the shareholders, they arranged for the apportionment of the profits as follows: after 'applying a sufficient sum for redemption of capital, and proving new coalfields, the remainder shall be divided equally per £1 on the annual earnings of the workpeople, and per £1 value on the coal bought by the members; but no member to receive bonus upon more than £20 for coal bought in respect of each £5 share he holds¹.' I have been informed that by 1876 the company had a paid-up share capital of £53,292.

The company leased a coalfield around the Lofthouse and Wrenthorpe railway station. They were to pay a royalty of £40 per acre of one foot in thickness, for the Middleton Main Coal, which was at a depth of 325 feet, or about equal to 8*d.* per ton. For the other workings, which were not so good, they were to pay £35 per acre, or just over 6*d.* per ton². On this coalfield the company sank 'two of the finest shafts in the West Riding;' and put down excellent engines and machinery, including pumps of a capacity of '50,000 gallons of water per hour³.'

The bad times tried this company severely, although it was very strong financially, and had been very fortunate in the selection of its coalfield. In March, 1880, the company altered its articles, and changed its name to the Lofthouse Colliery Company. The secretary has told me that since then there have been no 'profit-sharing arrangements with the employés; as such provisions were eliminated when the

¹ *Co-operative News*, vol. ii. p. 581, and vol. iv. p. 278.

² *Ibid.*, vol. iii. p. 455.

³ *Ibid.*, vol. iv. p. 278, and Congress Report, 1874, p. 2.

name of the company was changed.' He also added that 'the profit-sharing never came into force' with the Leeds and Yorkshire Co-operative Coal Company; because, I presume, no profits were realized. Mr. Shillito has informed me that since the concern became the Lofthouse Colliery Company, it has done remarkably well, paid good dividends, and is repaying its share capital.

The Leeds, Morley, and District Co-operative Coal Society was started at a meeting held at the British Workman, Morley, on November 12, 1872. 'Leeds, Wakefield, and Dewsbury are to be solicited to join in the movement, but Morley is to be the centre of operations. . . . A considerable number of shares were registered at the close of the meeting . . . 75 % per cent. being taken by working miners¹.' The society was registered on December 28, 1872². The shares were £1 each; and after paying a dividend of 10 % per ann. on share capital, depreciating plant and machinery 10 %, and allowing 2½ % for educational purposes, the surplus profits were to 'be divided—one-third to bonus on labour, one-third to purchase, and one-third to contingent fund³.' By March, 1873, seven societies had subscribed £4,350. There were, in addition, some loans, as well as the subscriptions of individual shareholders⁴.

At the end of March, 1873, the committee reported that they had 'agreed to purchase a pit at work at Wakefield.' The cost was £1,500, 'but the plant was so poor that at first they could only get about ten to twenty tons per week.' However, in May of the following year they had so improved it that 'they could get 600 tons per week from it⁵.'

In October, 1873, the society bought 32 acres of glebe land at St. John's, Wakefield, 'with the ungot minerals,' for

¹ *Co-operative News*, vol. ii. p. 582.

² Registrar's Returns, 1872, p. 67.

³ *Co-operative News*, vol. ii. p. 616.

⁴ *Ibid.*, vol. iii. p. 136.

⁵ *Ibid.*, and vol. iv. p. 278.

£13,925; and a little later in the year they 'took on a long lease an extensive piece of land, part of the estate of Lord Cardigan, adjoining Lingwell Nook, estimated to contain 10,026,000 tons of coal; so that the society, when in full operation, will be able to supply almost any quantity of coal for a long period¹.'

In 1875, the society came to grief, being 'broken down with the present fall in prices².' Mr. Shillito informed me that 'the great drawback to it was that all the coal had to be carted to the railway trucks.' Mr. Shillito further informed me that

'when the society had to go into liquidation, a number of the shareholders bought the St. John's estate at cost price, and laid it out for building purposes at some expense. It was then sold, both by private contract, and by auction, with very profitable results. Each shareholder in the coal society, who joined in this second purchase, had a share allotted in proportion to the shares held in the coal society. The Halifax society had 2,000 one pound shares in the coal society, and received, for its share in the second operation, the sum of £6,500, thus making a profit of £4,500 by the transaction; and all the other shareholders who joined in the adventure, profited in like proportion. The liquidation of the coal society also yielded a small dividend to the shareholders.'

The Tipton Green Colliery Company, Limited, was an essentially Leeds undertaking, although it was situated 120 miles away from that city. In the first instance this colliery property was bought by a Mr. Sunderland, of Birmingham, and Mr. R. Carter, of Leeds; and when the crash came, accusations were made against the latter of having induced working men to invest their small, hardly-earned savings in the company. These two gentlemen obtained 1,000 £10 shares each for buying the estate and turning it over to the company³.

Notwithstanding certain extraordinary facts that became

¹ *Co-operative News*, vol. iii. pp. 506, 623.

² Congress Report, 1876, p. 20.

³ *Co-operative News*, vol. vii. p. 477.

known when it was too late, 'a most promising report was made of the colliery by eminent experts,' and the Leeds society was induced, at a meeting held in January, 1874, by 'a majority of more than three-fourths,' to give the 'board power to invest £25,000' in shares of this colliery. A minority of the board were, however, 'against the decision of the meeting.' They said, 'there was no coal to get, and the water would drown them out.' In consequence, probably, of this difference of opinion, only £15,000 worth of shares were taken up, and with £10,500 paid up, the members of the Leeds society were gratified to see in their report for June, 1874, that the first half-year's working of the Tipton Green Colliery had resulted in a dividend of 10 %. 'They had made more, but prudently reserve it for contingencies,' and the directors of the Leeds society expressed their belief that there was 'every prospect of an increased profit in the future¹.'

The company soon got into difficulties; and in September, 1875, a special meeting of the Leeds society was held in the Philosophical Hall, to consider the advisability of further helping the company. It was explained that the company's difficulties arose from attempting 'too great a work with too small a capital.' Then, again, the articles of association 'provided that a certain number of directors should have £1,200 a year amongst them.' Several of the directors of the Leeds society 'had visited the estate, and they were all of opinion that it was possible to redeem the company, and by vigorous working, to make it a profitable concern.' An amendment, moved by Mr. J. Handforth Richardson, that no more money be advanced, only received the support of about twenty persons, and a crowded meeting decided almost unanimously, 'amidst loud cheers, again and again repeated,' to authorize the 'directors to take such action as will in their judgment best secure the interests of the society².'

¹ *Co-operative News*, vol. vii. p. 323, and vol. v. pp. 55, 1.

² *Ibid.*, vol. vi. p. 504, and vol. xxiii. p. 162.

At another meeting, held on November 19, 1875, 'after a protracted and animated discussion, the following resolution was passed: "That the society advance the sum of £10,000 on loan to the Tipton Green Colliery Company, on security¹.'" This security was not forthcoming, so on May 31, 1876, another meeting of the Leeds society was held, when the directors recommended the loan of £6,000 only. It was stated that the Leeds society's share investment was one-third of the total share capital, so that, with the addition of the £20,000 of shares originally taken by the promoters, only another £10,000 of share capital had been obtained. The colliery had been flooded, but 'most of the water had now been got out.' The output of coal was about 800 tons a week; but four-fifths of this was 'slack,' the 'thick coal not yet being quite reached.' Ultimately it was agreed to 'advance money to meet the pressing demands of the Tipton Green Colliery Company, as these arise from time to time, the advance not to exceed in the aggregate £6,000. That the society be allowed 10% interest; that the company make over to the society all profits until they amount to the total advances and interest; that the company should grant the society a second mortgage on the freehold and leasehold estates, that each shareholder holding £500 shares or upwards should execute a deed to the society, making himself responsible jointly and severally for the whole advance, and that the present loan- and bondholders undertake, so long as they receive interest on their loans, not to withdraw them until these advances are repaid².'

When this £6,000 was nearly all spent, another special meeting of the Leeds society was called on September 4, 1876, 'to discuss the advisability of investing further capital in the Tipton Green Colliery.' Mr. Hanson (the manager) was of 'opinion that £3,000 or £4,000 more would be sufficient to put the concern into a paying condition.' It

¹ *Co-operative News*, vol. vi. p. 60.

² *Ibid.*, vol. vii. p. 324.

was stated that the promises of an increased output had been realized. 'During the last fortnight 2,113 tons of coal had been got out, which realized £607, the net result being a profit of £154. He (Mr. Hanson) believed that an output of 4,000 tons a week would last for five years.' Now that they 'had got to the ribs and pillars,' the colliery would pay.

At this meeting, it was stated that the colliery had been worked by different proprietors for 48 years. The chairman said, that

'they had always been led to look upon the colliery as a sort of El Dorado—a little gold mine. It had been represented to them that it was all solid coal, or at least all ribs and pillars. . . . But what were the facts? Instead of there being ribs and pillars to get, it turned out that in that particular quarter, the coal had been worked at least twice, and sometimes three times, already.'

The secretary (Mr. Swallow) added to this, by saying, that 'he could not have believed that any set of men could have been so deceived as to buy what was never in existence.' Mr. Thomas told the meeting that 'when the Leeds society voted the £15,000 it was well understood that there was no other money wherewith to work the concern; and Mr. Wilberforce expressed an emphatic opinion that 'the men who led them into the undertaking had themselves had no confidence in it.' The result of this meeting was that on the motion of Mr. Richardson, seconded by Mr. Wilberforce, a resolution was carried by a large majority, to 'invest no more money' in the colliery, although, as the seconder said, it meant 'that they deliberately lost £19,000' by doing so¹.

In consequence of this resolution, the company went into liquidation; and it was finally wound up on May 30, 1883, when a first, and final, dividend to creditors of 10½*d.* in the pound was declared. 'There being a small surplus left,

¹ *Co-operative News*, vol. vii. p. 477.

a portion of it was presented to the liquidator, and the remainder was granted to the small loanholders¹.

Early in 1875, the South Yorkshire and North Derbyshire Miners' Association purchased the Shirland Colliery, near Alfreton, Derbyshire, 'for the sum of £69,000².' According to Mr. John Holmes, who was managing director during the latter portion of the mining company's life, the colliery was 'to be managed on the true co-operative principle, viz. for labour to find capital, take profits, and to divide profits with the operative labourers.' He then explained that

'after acting first, and paying £10,000 as a deposit, they (the miners) began to consult, and they asked Messrs. Mundella and Macdonald, M.P.'s, Messrs. Moore and Clegg, of Sheffield, and myself, to join them as hon. directors, and to advise and guide them in the financial and commercial department. Of course I joined with these other gentlemen, and with four practical operatives, to form a board, who soon found a difficult task before them. With heavy purchase price, inflated wages standard, and declining markets, and with an untried team, working to a loss for the first six months, what else could be expected?' 'But,' he added, 'while not sanguine for the present, and for some time to come, we are well satisfied there is a glorious future before us³.'

In the opinion of Mr. C. Markham, the head of the Claycross Coal and Iron Company, Shirland possessed 'some advantages on account of the good quality of the coal, and from the reduced rates of carriage from proximity to the rails⁴.' The terms of payment were £5,000 every six months until the whole was paid. The Miners' Association actually paid £25,000 of the purchase money, and supplied £5,600 for working expenses. In addition to this, £47,000 was raised on debentures, issued to the public at 5 % and 6 % interest. There were two pits, the Blackshale and the Tupton. It was asserted that 'the Tupton coal has

¹ *Co-operative News*, vol. xiv. p. 510.

³ *Ibid.*, p. 167.

² *Ibid.*, vol. vii. p. 476.

⁴ *Ibid.*, p. 323.

generally cost more to get than it realized in the market,' while 'the Blackshale has been fairly remunerative ¹.'

As far as appears from his own statements, Mr. Holmes made strenuous efforts to promote the success of the colliery. Of the employés he said :

'The workers themselves, instead of working heartily with the directors, place difficulties in their way. They grumble and combine against necessary arrangements, and they combine and grumble to take terms of working common in the district and essential to making the concern pay.'

On another occasion he stated that

'to go to a place and preach up the mutual relations of capital and labour, when the mutual has been, like the Irish say, all on one side, and to go and teach, or rather, tell of a co-operative colliery to a class of men who don't know what co-operation is, who never knew of its working, and who never received a bonus, is just like "words, words," were to Horatio. At Shirland, the men do not know the principles of co-operation, nor do they believe in its benefits to them. It is something offered to, but not evolved from them. They did not ask for it, nor do some of them desire it ².'

To the capitalists, co-operative or otherwise, Mr. Holmes said : 'There are most tempting openings out to profit for some £20,000 or £30,000. With this sum a new estate and new workings, which mean wealth untold, and a model co-operative village of good houses, are practicable ³.' This appeal, as well as an appeal to co-operative societies for trade, had no effect. He complained of the latter that they declined to support the colliery for 'queer reasons.' Some because 'they are already fixed, and unless we can do better it is of no use.' Others because 'the committee fear the coal will not please their members ;' and again of others because 'some will have the coal in large lumps, although they have to break it up ; and others will have it to 'crosil ;' and others won't have it unless it 'burns down.' 'Well,' he

¹ *Co-operative News*, vol. vii. pp. 533, 689.

² *Ibid.*, pp. 167, 288.

³ *Ibid.*, p. 167.

said, very philosophically, 'the coal is as it is, and won't alter to please us;' and then he somewhat ambiguously finished:

'Fearful co-ops., fresh courage take,
The coals ye so much dread
Are big with heating, and will break
In profits on your head¹.'

Getting short of cash, a miners' delegate meeting was called and held in Sheffield, on Tuesday, August 22, 1876, when Mr. Holmes reported

'that a large amount of further capital would be required; and it was suggested that all the lodges should subscribe 6*d.* per member to enable operations to be continued. . . . Unless additional capital to a large extent is forthcoming, the colliery cannot be continued. . . . The prospects of the concern are very gloomy, as the union has been disorganized and disunited since the great strike of a few months ago².'

A second meeting was held at Barnsley, on September 4, 1876, at which 'delegates representing about 100 lodges' were present. Mr. Holmes 'stated that the concern could not be carried on any longer, unless the miners subscribed £5,000 more. The delegates present declined to recommend those they represented to subscribe any more money.' It was asserted, 'that all the value of coal taken from the pit had been required to pay wages³.'

In consequence of the resolution of the Barnsley meeting, the miners were discharged, and the pit left idle for a short time; but, at the latter end of September the bondholders took possession; a Mr. Smith (of Derby) advanced £10,000 on their behalf to work the concern, and the Miners' Association lost the whole of the capital they had invested⁴.

Another section of miners were interested in the West Yorkshire and North Staffordshire Co-operative Coal Mining and Building Society, of Market Street, Wakefield, which was registered under the Industrial Societies Act, on

¹ *Co-operative News*, vol. vii. p. 323.

³ *Ibid.*, p. 476.

² *Ibid.*, p. 454.

⁴ *Ibid.*, p. 689.

April 22, 1874¹. Shares were said to have been taken up freely, and a colliery at Halmerend was obtained in September, 1874. It was asserted by the *Potteries Examiner* that

‘the venture is not merely a safe one; it is a splendid opportunity, which has been wisely embraced. We have no hesitation in strongly urging the whole of the miners’ lodges in the district to invest a portion of their funds; and those individual miners also who have had thrift and forethought will do well to take up a few shares; for we have been credibly informed that the colliery is a more valuable property than the Northumberland and South Yorkshire miners have purchased for a much larger sum².’

I cannot trace this society any further, for, notwithstanding its glowing prospects, it never figured in the Registrar’s returns beyond being registered.

The Derbyshire and Nottinghamshire Co-operative Mining Society was registered on February 13, 1875, with its office at Ripley³. This society bought an estate of 104 acres of freehold land, containing both coal and clay, for £25,385. Of this amount, £7,255 was paid at once, £8,000 had to be paid in September, 1878, and £10,000 was to remain for an indefinite time on mortgage at 4½ % interest. The estate was situated at Stanley Hall, about six miles from Derby and Ripley, and three miles from Ilkeston. There were three beds of coal; one at 50 yards depth and 3ft. 6in. thick, one 7 yards lower 2ft. 3in. thick, and ‘the famous Kilburn, 5ft. thick,’ at a depth of 250 yards. The total quantity of coal in the estate was estimated at 1,780,000 tons⁴. The society speedily got to work at brickmaking; a shaft was sunk; and, at the end of 1875 it had 458 members, £6,684 of share capital, and £19,685 of loans. It had sold goods to the value of £972, and it had paid a dividend amounting to £467⁵.

¹ Registrar’s Returns, 1874, p. 69.

² *Co-operative News*, vol. v. p. 128.

³ Registrar’s Returns, 1878, p. 34.

⁴ *Co-operative News*, vol. viii. p. 419.

⁵ Registrar’s Returns, 1875, p. 10.

The society ultimately sank two shafts to the two upper coalbeds, and worked the colliery up to about the end of 1877. Unfortunately, there was neither rail nor tramway communication to the pit, and this very much handicapped the society. When the coal 'had to be carted to a distance, the increased cost prevented them competing with other collieries.' Difficulties crowded on the society in consequence, and being short of capital, they tried, at a conference held at Nottingham on July 28, 1877, to interest the co-operative societies¹. This attempt failed, the society went into liquidation, and was dissolved in 1878².

The Eccleshill Coal Company, Limited, was registered in April, 1872. 'At this time, there were only seven shareholders, with a paid-up capital of £4,000;' so that it was really a small private association. 'Being small and short of capital,' it offered, in December, 1872, to the Over Darwen Co-operative Society the opportunity of becoming a shareholder. As there was 'at this date considerable discussion among co-operative societies about the wisdom and necessity of commencing coal mining, the members decided to accept the offer, and invest £2,000, and also to sell the coal through the society to themselves.' 'Each of the seven shareholders at the same time agreed to double' the amount of capital held by them, thus raising the total share capital subscribed and paid-up to £10,000. 'Other shafts were then sunk, existing pits further opened out, and arrangements made for a much larger trade³.'

These efforts met with immediate success; and the dividend for the half-year ending December, 1873, was at the rate of 20 % per ann.⁴ Encouraged by this, it was determined to allot the remainder of the unissued shares, each of the existing shareholders taking 'twice as many shares as he then held,' thus making the total capital

¹ *Co-operative News*, vol. viii. pp. 419, 420.

² Registrar's Returns, 1878, p. 34.

³ *Co-operative News*, vol. x. pp. 90, 179, and vol. iii. p. 42.

⁴ *Ibid.*, vol. iv. p. 40.

£30,000. 'The lot which fell to the Darwen store, viz. £4,000 worth, was sold by the store to its own members to the highest bidders, at a meeting held in the store. By this means the company became a more public one, about 150 members being added to the list¹;' and the other shareholders also disposed of some of their shares.

The profit for the first half of 1874 only enabled a dividend to be declared at the rate of 10 % per ann., as there had been a strike, which at the end of the half-year was not settled². Notwithstanding this drawback the company continued to prosper, and the next dividend was at the rate of 16 % per ann., while the shares were 'easily sold at 15 to 20 % premium.' The company went on sinking 'its new pit, opening out the workings, laying down tramways, and erecting coke ovens.' Indeed, 'so valuable was the property considered, that in a dispute with a neighbouring colliery owner, which was referred to arbitration, the Eccles-hill Company accepted the alternative award, and agreed to pay £8,000 for his colliery and works³.'

While the new share capital was being paid up, the directors resorted to the familiar process of obtaining an overdraft from their bankers, the Co-operative Wholesale Society. This amounted, by the end of 1875, to about £7,500; and in December, 1876, the Rawtenstall Co-operative Society and the Wholesale Society became joint mortgagees, the former for £2,000, and the latter for a sum not exceeding £10,000⁴.

The decline in the price of coal put a stop to the dividend-earning power of the company. In 1876, there was a strike of the miners, 'which lasted 14 weeks.' This strike was against a reduction of wages, and what with 'the loss of output, and the workings becoming flooded with water,' the money loss to the company was nearly £5,000. In July, 1876, the output of the mines was about 600 tons per week ;

¹ *Co-operative News*, vol. x. p. 90.

³ *Ibid.*, vol. x. p. 90.

² *Ibid.*, vol. v. p. 122.

⁴ *Ibid.*, pp. 179, 180.

and two experts who inspected the mines, could not agree within 1s. per ton as to the cost of getting the coal. They, however, agreed that the property would be exhausted in 12 years, if the coal were obtained at the rate of 1,000 tons per week¹. The probable cause of the difference of opinion of the two experts, was the cost of pumping and the inferior character of some of the coal; it being asserted, that at one pit it kept two engines pumping water to one engine winding coal; while 'about one quarter of the stuff brought up was stone'².

The company continued its operations until May 2, 1877, but the losses sustained by the strike, aggravated by the reduced prices of coal, caused the shareholders to then determine to go into voluntary liquidation. Two attempts were made by the liquidators to sell the collieries, without success; and in August, 1878, the Co-operative Wholesale Society engaged 'a mining engineer to report to them as to the feasibility of working the mines to a profit. His report was condemnatory of the whole property, and said it never could be profitably worked with the heavy rents attached.' In consequence of this report, the mortgagees 'agreed to relinquish their mortgage to the liquidators, in exchange for some of the saleable plant above ground.' This arrangement brought the mortgagees into conflict with one of the royalty owners; and, in consequence of an error of judgement of a barrister engaged in the case, it was only settled by the mortgagees at a further considerable sacrifice.

At the time of the stoppage of the Eccleshill Company, the plant had cost £29,745, of which £2,100 had been written off by depreciation; and the total balance of loss against the company was £4,331. All the £30,000 of share capital was lost; but, while 'all the trade creditors and unsecured loan holders' were paid in full, the two societies, which were supposed to be secured, lost about £12,000³.

¹ *Co-operative News*, vol. x. pp. 90, 179, 180.

² *Ibid.*, vol. xii. p. 422.

³ *Ibid.*, vol. x. pp. 90, 179, 180, and vol. xi. p. 600.

Another Darwen enterprise requires mentioning, because it was for some years in the hands of the Co-operative Wholesale Society, and was worked by that society; viz. the Spring Vale Colliery Company, which was originally 'composed of but a comparatively limited number of shareholders, the shares being £50 each¹.'

'The property was bought by the company from Mr. P. Graham, with the right to get the coal from 8 acres of land, for £8,000, the coal to be got in 14 years. It was afterwards arranged that the time should be extended to 28 years.' The coal seam was 18 inches thick, and there was also a bed of fire-clay, for which it was 'arranged to pay an additional £70 a year.' The purchase price of the coal had 'to be paid at the rate of £1,000 a year.' The purchasers 'must have had an idea that coal would continue to rule high,' for the cost was equal to a royalty for the coal of '2s. 6d. per ton,' and for the clay of '3½d. per ton².'

Shortly after the company purchased the colliery, they applied to the Wholesale Society for an overdraft of £1,000 on the security of their deeds, which was granted. A collateral security, which subsequently turned out to be worthless, was also given. 'In consequence of repeated applications to assist the company to pay the periodical instalments' of the purchase money being acceded to, 'the Wholesale's advances had increased so much, that they would not advance any more.' At the time this decision was come to, the amount paid off the '£8,000 was about £3,500;' the overdraft was £4,809; the total expended on the colliery amounted to about £11,000; and the paid-up share capital of the company was £7,400³.

The result of the decision above referred to was, that in March, 1880, the directors of the Wholesale Society reported that 'the security held by this society on the Spring Vale

¹ *Co-operative News*, vol. v. p. 122.

² *Ibid.*, vol. xi. p. 559, and vol. xii. p. 422.

³ *Ibid.*, vol. xi. p. 166, and vol. xii. p. 422.

Colliery has fallen into its possession. Your committee have determined to work the colliery and brick plant for the present, and we believe that this can be done to a profit when the estate is restored to its usual working condition.' At the shareholders' meeting, it was said on behalf of the committee, that 'in the opinion of practical men, the Spring Vale Colliery was a good investment; and they believed they would get their money back.' Little or no coal was sold. Most of it was used in the brickmaking department¹.

The result of the first quarter's working by the Wholesale Society was a loss of £167, which was attributed to the fact that 'the coal trade still continued depressed, lower prices than ever having to be accepted to effect sales;' while 'the iron trade, on which the brick department of Spring Vale Works mainly depends, is also very depressed.' At the meeting where this report, and a still worse one concerning another colliery, was presented, the chairman tried to cheer the delegates by saying that

'There is a tide in the affairs of men,
Which, taken at the flood, leads on to fortune.'

And 'he hoped this favourable tide would soon enable them to float away these impediments to progress².'

Notwithstanding the hopes and efforts of the Wholesale Society's committee, the colliery and brickfield kept making losses, owing to bad trade and other causes. In June, 1882, a change of management was tried, and with that change came a change, to some extent, in the articles produced; but the result was still the same; and at last, a final reason was given for non-success, besides depressed trade—viz. that the plant was not sufficiently good to do the work economically. In March, 1883, the colliery, brickfield, plant, and stock, were sold for £1,700; leaving a total loss to the Wholesale Society, through the original overdraft, the pay-

¹ *Co-operative News*, vol. xi. pp. 161, 162 and 813.

² *Ibid.*, pp. 598, 599.

ment of the balance of the purchase money, and the continued losses of working the concern, of about £9,000¹. This 'impediment to progress' was swept away by the profits of the trading departments of the Wholesale.

On Saturday, August 2, 1873, 'a meeting of delegates from various societies was held at the central stores of the Manchester Equitable Society, to take into consideration the advisability of taking some united action for securing a needful supply of coal from existing collieries, or by means of that co-operative enterprise which has so successfully promoted and carried on many other productive undertakings, to purchase and work a colliery, or collieries, for mutual benefit.' This meeting appointed a committee of seven persons 'to inquire into the propriety of embarking in the coal business,' and the persons appointed to form this committee, were the representatives respectively of the societies at Bacup, Bury, Eccles, Failsworth, Heywood, Manchester, and Rochdale².

This committee reported to another meeting, held at the same place as the previous one, on September 20, 1873. The chairman (Mr. R. Barker) supplemented the report with a statement. They suggested 'four sources of supply, so as to provide for customers in every direction in the four counties of Lancashire, Yorkshire, Cheshire, and Derbyshire.' They pointed out that 'there were some important considerations in relation to prices which must be taken into account. If present prices were to go down soon, and they purchased a mine, loss must ensue, as they would have to buy at present prices; but, if prices were likely to keep up, say for three years, substantial profits might be secured.' The chairman 'had not met any person who thought prices were likely to go down for a long time to come; while some people were of opinion they never would be so low again as they had been.' It was unanimously decided to form

¹ *Co-operative News*, vol. xii. pp. 601, 818; vol. xiii. pp. 150, 393, 604 and 821; vol. xiv. pp. 192, 512.

² *Ibid.*, vol. iii. pp. 395, 396.

a society to be registered under the Industrial Societies Act¹.

Acting on this resolution, a prospectus of the United Coal Mining Society was issued in November, 1873. It was to be 'a federation of co-operative societies and co-operative mills, as well as of individual shareholders.' The shares were to be £5 each, payable in instalments of 5s. per month; and the first issue was to be 20,000 shares. The profits were to 'be divided, in the first place, by paying the capital invested 10 % per ann. The remaining net profits to be divided between capital invested, and the amount paid for coal by shareholders².' The society was registered on January 26, 1874³.

In June, 1874, the society 'secured an extensive and valuable field of coal within 11 miles of Manchester. The London and North-Western Railway runs through the property.' The following, among other information, was supplied to the shareholders. In the Bugle Horn Colliery, as the property was named,

'there are the following five seams of coal: The Bin Mine, the Crombroke, the Brassey, the Six-feet, and the Great Mine, or seven-feet; the total thickness of coal in all the seams being from 20 to 30 feet. It has been reported upon by our mining engineers as second to none in Lancashire; and, having been fully proved, the risks accompanying such ventures are very much reduced. . . . The take is in two lots—one of 44 Cheshire acres from one owner, and the other of 20 Cheshire acres from another owner, who have disposed of their interest in the same to this society for the sum of £5,000. The leases have a term of 35 years to run. . . . The royalty upon the whole field averages 10*d.* per ton; which, with the purchase price, makes a total royalty of 10½*d.* per ton. . . . The outlay necessary to place the field in thorough working order, including the purchase money, £2,000 for contingencies, and £2,000 for interest, will, on an outside estimate, not exceed £27,000.' After providing 'for two shafts, two engines, boilers, and the requisite

¹ *Co-operative News*, p. 479.

² *Ibid.*, p. 595.

³ Registrar's Returns, 1874, p. 69.

plant, the committee expect that in about eighteen months they will be able to supply both house fire and engine coal¹.

'The committee anticipate that not less than 100,000 tons per ann. will be raised from the two pits intended to be sunk; and taking the price of house coal at 12s. 6d. per ton at the pit bank, and engine coal at 7s. 6d. per ton at the pit bank, the result will leave a handsome profit to the society. A series of calculations have been gone into, the correctness of which has been examined and confirmed by two mining engineers, and, after providing for interest on capital at the rate of 10 %, for wear and tear at the same rate, for royalty and purchase money, and for the ordinary contingencies of coal mining, and after leaving an ample margin for contingencies and a reserve fund, show that there will, in all probability, be a profit to divide between the capital of the society and the customers of at least 25 % per ann. The property has been purchased at a very moderate rate; and the excessive cost arising from the excitement in the coal trade has been avoided².

At the end of 1874, the society had 66 members; and at the end of 1875, it had 130. At this latter date, the paid-up shares amounted to £12,017, and the loans to £517. Sales had been made during the year to the amount of £6,267; the total assets were £35,956, and the total liabilities £37,338; leaving a deficiency of £1,432³.

Reporting to the half-yearly meeting held on February 5, 1876, the committee said:

'Immediately after this society had taken possession of the colliery, a period of deficient demand for some kinds of coal appears to have set in, and this society found itself, upon taking over the colliery, without orders, and it had to make a trade connexion. But during the months of October, November, and December, the demand for house coal and engine slack was nearly double the output. A serious cost was also incurred in the working of the colliery, from the fact that it had to be taken over as a working concern, with a complete permanent staff, which had to be maintained with so small an output'

as that shown, of about 300 tons a month in July and August,

¹ *Co-operative News*, vol. iv. p. 341, and vol. v. pp. 71, 116.

² *Ibid.*, vol. v. pp. 71, 116.

³ Registrar's Returns, 1875, p. 26.

and of 600 to 800 tons in each of the last three months of 1875. Further, the underground works were only

‘partially opened out, requiring the gradual and persistent working of months to come before the most advantageous get of coal can be obtained. . . . The subscribing societies absorb the whole present output of house coal, and are prepared to take a much larger quantity than we can at present deliver¹.’

At the half-yearly meeting held in August, 1876, it was stated that the average output for the six months had been 627 tons per week, while the value ‘of 3,100 tons per week was required to cover expenses.’ Owing to ‘the great depression of trade the sale of engine coal’ was very limited. Capital was badly wanted, 29 shares only having been taken up during the half-year. The Co-operative Wholesale Society had been asked, but the shareholders had declined to take up some shares. Pressed by the extreme urgency of obtaining more capital, it was resolved ‘that the committee of the United Coal Mining Society have power to effect a mortgage for the amount required to meet the claims of the vendor, the bank, and for the further development of the colliery².’

In consequence of the above resolution, the Bolton and the Co-operative Wholesale Societies became joint mortgagees for sums of £10,500 each, or a total of £21,000³. Thus armed with additional means, the Coal Society persevered, but with little or no success. Nominally, they succeeded occasionally in making a small profit; but to do this, they charged to Plant account such items as £3,000—being the cost of getting through ‘a fault’—and other items for work, which one of the auditors thought ought to be cleared off very much more rapidly. The discussion of these differences caused the shareholders to decide that, ‘for the present,’ £500 per half-year should be devoted to depreciation; but this, as far as I can now judge, was inadequate to meet the real requirements of the case⁴.

¹ *Co-operative News*, vol. vii. p. 76.

² *Ibid.*, pp. 155, 169 and 453.

³ *Ibid.*, vol. viii. p. 594.

⁴ *Ibid.*, pp. 124, 447.

In June, 1887, the output had been gradually increased to 1,200 tons per week; and it was said that 'an additional demand for 300 tons of house coal per week would enable the directors to work the colliery without loss¹.' But, according to the committee's report, a strike directly after 'had a seriously injurious effect upon the trade. It drove the shipping orders to ports distant from this district; and the competition of low prices by which colliery proprietors elsewhere have tried to retain, and those about us and ourselves have tried to win that business back again, has made it impossible to obtain paying prices for the portion of our output so disposed of; and which portion is, unfortunately, very large².' The difference in home prices was also great; for, 'by a circular issued by the society to its expected customers, bearing date June 25, 1875, it appears that the prices at the pit mouth then were, for best house coal 11s., for seconds house coal 10s., and for slack 4s. 9d. per ton.' But, in September, 1877, 'only about 9s., 6s., and 4s. 6d. per ton respectively' could be obtained. In the interval, too, the quality of the coal had improved; 'at the outset the house coal did not give satisfaction,' though it did so in 1877. 'A customer not far from Manchester had effected a saving of two loads in the year since using the Bugle Horn coal. The farther they went into the mine they found the coal vastly improved.' Mr. Marland, of the Star Corn Mill, confirmed this. He said, 'since they had begun to use it their consumption had greatly diminished, and in that way it had been a great economy to them³.'

The balance to debit of profit and loss account at midsummer amounted to £2,977; but this sum had been run up partly through the society's practice of crediting shares with 5% interest, in the same manner as is usually done by the distributive societies. Capital was again running short. An account with the 'Wholesale' bank, which might,

¹ *Co-operative News*, vol. viii. p. 347.

² *Ibid.*, vol. ix. p. 139.

³ *Ibid.*, vol. viii. pp. 484, 485.

according to agreement, be overdrawn by £3,000, had been drawn upon to the extent of over £6,900; and the directors of the Wholesale Society were insisting on the repayment of the amount. One way or another, the Coal Society had expended a total sum of £46,618. An effort was made to get preference share capital; and Mr. E. V. Neale, writing in favour of the society, calculated that the coal in the mine at the current prices was worth £630,000. Taking 30 years to get it, he estimated the cost of mining the coal at £450,000; and, after providing for contingencies, he estimated that there would be a surplus profit of £147,000, after repaying share and loan capital; or equal to 7% per ann. additional on the whole of the capital during the term, and to more than 10% additional on share capital only¹.

The last half of 1887 showed a further loss of £806. It was explained that there had been a 'diminution of sales, chiefly due to the fact that the committee has been disinclined to increase the output at the cost of lowering the price to the rates obtainable for coals when sold for shipping purposes.' The three-foot mine had been closed, and Messrs. Sowerbutts and Yates (the secretary and manager) had resigned. The latter had done so on account of 'the uncertainty of his position consequent upon the indifference which he believed to be manifested by the shareholders,' the attempt to get preference share capital having been a failure; and the secretary explained that 'his resignation was one of pounds, shillings, and pence. He could not afford to give the time for the remuneration the society could afford to give².'

In consequence of their desperate financial straits, the society decided, on April 20, 1878, to go into voluntary liquidation; and the Bolton and Co-operative Wholesale Societies took possession of the colliery as mortgagees³. At a meeting of the shareholders of the United Coal Society,

¹ *Co-operative News*, vol. viii. pp. 450, 594.

² *Ibid.*, vol. ix. p. 139.

³ *Ibid.*, pp. 253, 276.

held in September, 1879, a statement was given which showed a possible dividend of 4*d.* in the pound; but I do not know whether they ever got even this small amount returned to them¹.

The Wholesale Society agreed with the Bolton Society to work the colliery until a sale could be effected; on the understanding that the latter society shared neither losses nor profits. On April 22, 1879, a sale was effected for £2,000, the loose plant to be taken at a valuation; but, the purchaser failing to pay the money, the sale became void; and it was not until March, 1882, that the mortgagees succeeded in disposing of the property².

In the meantime, the colliery was kept working with an almost unbroken succession of losses to the Wholesale Society, which, at the end of 1881 and beginning of 1882, were aggravated by a strike of the miners for an advance of 10% in their wages. The Wholesale had agreed to give the advance; but the Union would not allow the men to work, until the strike against the other employers had ended. The colliers were ultimately defeated by the employers.

The sale of the colliery realized £1,500, which was increased by the valuation of loose plant, &c., to £6,081. The loss of the Bolton Society was over £12,000, and of the Wholesale Society about £20,000³.

A series of such heavy losses as those incurred by the Wholesale Society through making advances on collieries, ironworks, &c., led to considerable discussions at their shareholders' meetings, and to several special committees of inquiry; the result being, that everybody felt that the Wholesale had suffered through a general over-confidence on the part of the great body of co-operators, and not through any want of care on the part of its directors. The mingled feelings of dismay, regret, philosophical resignation, and confidence in the future, were fairly expressed in some lines

¹ *Co-operative News*, vol. x. p. 605.

² *Ibid.*, p. 280, and vol. xiii. p. 137.

³ *Ibid.*, vol. xiii. pp. 100, 137, 393, 421 and 427.

published by the *News*, and purporting to be 'Fragments from the 'Tea-table.' I give the first and the two last verses as specimens :

'Oh, Bugle Horn! Oh, Bugle Horn!
Much you've from our poor backs shorn,
Money from our pockets torn.
May you, then, in future warn
Us such wretched schemes to scorn.

Hope and trust. Hope and trust.
Lo, the chairman says we must.
Work till we return to dust?
Better so, than slowly rust,
Or give way to money's lust.

Strong our faith. Co-operation
Soon will make a happy nation,
Show the way to all creation;
Blessing many a struggling brother,
Aiding us to help each other¹.

¹ *Co-operative News*, vol. xi, p. 818.

CHAPTER XXII.

ASSOCIATIONS IN THE BUILDING AND ALLIED TRADES.

REFERENCE has already been made to the fact, that both the Co-operative Wholesale Society and the Scottish Wholesale Society have building departments for the erection of their own works. The former finished in the year 1891 the large corn mill on the Tyne, and the very extensive new boot works at Leicester; and at the end of September, 1891, was employing 304 workmen connected with the building trades. The latter had continued its building operations at Shieldhall, and a corn mill had been commenced near Edinburgh. On October 17, 1891, it was employing 173 men in this department¹. The Leeds society also has a building department to erect its own shops, &c. During the last half of 1892 it employed 135 persons in this department, and paid wages to the amount of £5,211². There may be other societies that have a special building staff for their own requirements, but I am not aware of them.

Of separate societies, this section opens with the Edinburgh Co-operative Building Company, Limited, which was registered in June, 1861, under the Joint Stock Companies Act, with a capital of £10,000 in £1 shares. In a little book called *Past and Present*, written by H. G. Reid in 1871, there is a most interesting account of the origin and early progress of this company; and in a letter to the London

¹ Wholesale Societies' *Annual*, 1892, pp. 6, 143.

² Leeds Society's Balance Sheet, December, 1892.

papers at the beginning of July, 1872, he gave, in a brief compass, the principal points in the company's history, as follows :

'Early in 1861, the Edinburgh building operatives, with the view of securing more leisure and improving their social conditions, resolved to obtain a change in their hours of labour, and, after giving proper notice to their employers, they asked or offered "nine hours' work for nine hours' pay." . . . The employers refused, alleging that the change would enhance the cost of production, by practically raising the rate of wages. . . . The men were in earnest, and then ensued a contest which lasted for three weary months. . . . Seldom has a trade dispute been entered upon under much more equitable conditions, or the relative strength of capital and labour been more fairly put to the test. Quietly and resolutely the workmen stood out for what they deemed to be their right, gradually reducing their numbers, and being enabled to allow the remainder from 10s. to 15s. per week, with the distinct avowal that it was essential to the preservation of their trade. . . . At the end of three months, the workmen received a note from the secretary of the Masters' Association, intimating that they did not consider it expedient to prolong the struggle.

'The nine hours' movement was thus established in the building trades of Edinburgh ; but the movement among the workmen did not end here. They had come to see that something better might have been done ; that the 10s. or 15s. paid weekly to each man for upholding, through idleness, the common cause might have been more advantageously employed ; that, in a word, the £4,000 or £6,000 expended might have done a two-fold work—maintained the struggle for a desirable end, and effected a social reform which, by providing properly constructed and healthily situated houses, would have rendered it possible for a portion of the newly-acquired leisure to be spent in a home life, possessing elements of comfort and happiness too often unattainable in the wretched workmen's dwellings which existed there, as in most other large towns¹.'

'I well remember the enthusiasm with which the proposal to establish a society for the erection of suitable dwellings on the co-operative principle was received².' First, on an 'evening in the month of April, 1861, six or seven masons, plain but

¹ *Co-operative News*, vol. ii. p. 351.

² *Ibid.*

clear-headed and earnest men, met with a friend in a dingy room, down a dingy close. . . . There was long and anxious consultation.' Then 'at a general meeting of masons, held on April 17, 1861, . . . it was resolved to form a co-operative building company. . . . It was a bold, but not a reckless venture; decision was needed to meet the old enemies—ignorance or indifference of the multitude, and the hostility of a privileged and powerful class. . . . The amount actually subscribed at first was £25—certainly a very small beginning¹.'

Through the exertions of Messrs. Stewart and Common, I have obtained a series of balance sheets of the company extending over a long period, and also copies of recent and old prospectuses. In one of the latter, it was stated that the company had made a start by building 'a block of houses for working men at Stockbridge; and, if duly supported, any number of similar houses may soon be erected. The present object is to build and sell the houses, and with the money thus received, not only to pay the interest on capital, but to build and sell again, until the supply of workmen's houses shall meet the demand.' This object it carried out faithfully. Eight houses were sold in the first year for £1,040. Fifty-four were sold in the second year, and seventy in the third year. So the company went on, until in the year 1868-9, the number sold was 137; in 1869-70, the number sold was 113; and in 1870-1, the number sold was 100.

Writing at this date, Mr. Reid said:

'The society confined itself to production, in this way turning its capital to the utmost general advantage; and hitherto the demand has been in excess of the supply. . . . By mutual arrangement with the company, the property investment societies take a place analogous to that of the building societies . . . in England, and advance on the security of the title deeds' £125 towards the purchase of a house costing £130; the purchaser only having to supply £5 at the outset, and 'by an annual payment of £13 redeems the property in fourteen years . . . being scarcely £2 more than the mere rent of a house in some other part of the town.'

¹ *Past and Present*, pp. 142-4.

As a frontispiece to his book, Mr. Reid gave an engraving of Reid Terrace and Hugh Miller Place, which were built by the company; and quoted Dr. Begg's remark,

'that one of the most pleasing moral spectacles in Edinburgh is to be found in the houses of the Co-operative Building Company. . . . I have repeatedly shown them to strangers . . . and the impression has always been one of admiration and delight¹.'

The profits of the company were divided solely on capital, and continued to be so divided at the time of writing (1892). Up to 1872, the dividends had ranged from 7½ % to as much as 50 % per ann., 'the average, including the years 1871-2 . . . being not much under 15 %².' Mr. Reid said :

'Some of the foremost advocates of the co-operative system will miss in the Edinburgh scheme a feature which they seem to regard as the highest development of the co-operative spirit. The Scotch workmen felt, as many others feel, that the strongest inducement to well-doing, and the surest help to well-being, was to make the benefit dependent on some recognized and tangible condition. They looked upon the plan of giving a bonus to labour—a percentage in addition to wages . . . as partaking of the nature of a gratuity, and consequently verging on charity. It therefore appeared to them . . . that the greatest and most enduring good would be to pay the highest rate of wages, and divide the profits only among those who became shareholders, at the same time giving every facility for becoming so³.'

In 1871, the company adopted a system of selling its houses on the instalment system, and this removed the necessity for mortgaging with a property investment society, the law charges being kept down 'to from 30s. to 42s., according to the price of the property, or exactly the same charges as would have had to be paid had the house been purchased at once for cash.' This does not seem to have led to an extension of business; as the sales dropped down for several years, until they were as few as thirty-one in the

¹ *Past and Present*, p. 151. ² *Co-operative News*, vol. ii. p. 351.

³ *Past and Present*, pp. 162, 163.

year 1874-5. They then improved, and in 1876-7, 113 were sold. But this was a spurt; and the four succeeding years up to 1881, saw only about 44 per year disposed of. In the 20 years, the company had 'supplied a total of over 1,200 houses and shops' at 'prices varying from £130 to £400, and the feu-duties from 11s. to 35s.' In the next ten years, according to a prospectus issued on January 1, 1891, the number of houses and shops 'erected in the city and suburbs of Edinburgh and in Leith' had been about 300, making altogether 1,500 since the commencement of the company.

The last eleven annual balance sheets of the company have shown good dividends: 15% was paid in 1881, and 12½% in 1886 and 1888. In all the other years since 1881, 10% has been paid on the full capital of £10,000. The balance sheet for 1890-91 showed that the company possessed a reserve fund of £3,600, as well as a fire insurance reserve of £1,400. The loans and deposits amounted to £42,537. The assets included amounts payable on sales, £18,537, and stock of houses, plant, &c., £37,473.

Mr. James Colville was the manager of the company from its commencement up to July, 1889, when he resigned, 'on account of increasing years and failing health.' This gentleman died at the beginning of January, 1892; and, in a notice of his life, it was stated that 'the undertaking,' with which he had been connected for nearly thirty years, had, at the outset, 'encountered difficulties which would have damped the ardour of less courageous men. . . . The directors found it no easy matter to acquire ground for building purposes. Hence they advertised for work as general builders. . . . By-and-by ground was obtained at Stockbridge. Difficulties then arose as to clauses in the proposed title, and no sooner had these been removed than difficulty was found in getting stone, the people at the quarry not understanding the new association¹.' The contrast between then and now is marked by Mr. Stewart's statement that 'some of the work-people

¹ *Scotsman*, January 12, 1892.

may be shareholders ; but I fear they are few in number, as the shares are very difficult to get,' being limited in number, and being so highly prized as a safe and lucrative investment.

The Artisans', Labourers', and General Dwellings Company is a regrettable instance of a good machine diverted from its original worthy object to one of a less praiseworthy character. It was originated at the beginning of 1867 by a few working men, backed up by some wealthy and influential friends, among whom was the late Earl of Shaftesbury, who acted as president of an honorary council, and as an arbitrator. William Swindlehurst, who was, I believe, a carpenter, was the secretary and manager. The objects of the company were to obtain, as shareholders, persons desirous of buying dwellings for their own residences, and persons desirous of being employed in building these dwellings ; the plan being to buy land in block, build to suit the wishes of the members, employ shareholders as workmen, share profits with the workmen by a system of balancing estimated cost of erections against the actual outlay, and sell the dwellings to the tenants at low rates on a rental repayment system. The shares were £10 each ; but, at the outset, only £1 per share was called up.

In June, 1867, a start was made at Battersea Park with the erection of a few seven-roomed houses, which were completed in 1868, and at once sold to tenant shareholders on terms of repayment extending over from 10 to 14 years. At the end of 1867, there were 146 shareholders, with £504 of share capital ; and at the end of 1868, there were 649 shareholders, with £1,341 of share capital. In their report for 1868, the directors expressed their satisfaction with the progress of the company, and said :

'Its leading feature, the blending of the interests of labour and capital upon the co-operative principle, has been tested with the most encouraging results. During the year, balances beyond wages have been paid to workmen ; and in this experiment the directors have the greatest satisfaction in stating that

no differences have as yet arisen requiring the services of the arbitrators. The workmen shareholders discover that their interests and the company's are identical; that by doing their work well, and economizing materials, they are laying a foundation which cannot do otherwise than result, so far as its influence extends, in the improvement of our social system, bringing capital and labour into harmony, and thereby preventing those costly and exhausting strikes, which are always ruinous to both workmen and employer¹.

A branch of the company was established in Manchester in 1869, where about 400 members, holding over 500 shares, were obtained. Several prominent co-operators, including H. R. Bailey, J. C. Fox, and R. Bailey Walker, gave the company the benefit of their support. A row of cottages was erected in Salford, and they were asserted to be 'better in construction, and more sanitary than any of the houses built in the neighbourhood by speculators².'

By the end of the year 1869, the company's share capital had increased to £3,014, with a membership of 957; and it had £5,285 of deposits. The report stated that the company was able to sell a house to a tenant, on a 14 years' repayment system, for a sum equal to 1s. 2d. per room per week³. In 1872, the company acquired an estate of 40 acres, not far from Clapham Junction, on which they proposed to build 1,200 houses. The estate was named 'Shaftesbury Park,' and Lord Shaftesbury laid the first stone of this new town on August 3, 1872. Here, again, public attention was called to the fact that 'the distinctive feature of the project is that each of the tenants will, after a time, come to be the owner of the house he occupies⁴.' In 1875, the delegates to the London Co-operative Congress visited the Shaftesbury Park, inspected the dwellings, attended a meeting of the inhabitants, and were told that land was reserved for a park, recreation ground, &c.⁵

¹ *Co-operator*, vol. ix. pp. 120, 150.

² *Ibid.*, p. 348.

³ *Ibid.*, vol. x. p. 141.

⁴ *Pall Mall Gazette*, August 5, 1872.

⁵ *Co-operative News*, vol. vi. p. 177.

In 1877, Mr. Swindlehurst, and two others connected with the Artisans' Dwellings Company, were charged with fraud in connexion with the purchase of two additional estates at Cann Hall and Queen's Park. After a prolonged investigation, they were found guilty and sentenced to from 12 to 18 months' imprisonment. This proved a turning point in the history of the company. A completely new management was necessarily instituted; but this new body most unnecessarily changed the object of the company from that of trying, in the first place, to promote the well-being of the work-people and the tenants, to that of making a steadily improving investment for the capitalists. There is no recreation ground at Shaftesbury Park. The system of selling to tenants has been abolished; and, wherever possible, houses that had been sold have been bought back again. On the Shaftesbury Park estate, tenants speedily complained of rents being forced up beyond the rates they were led to expect when they settled there; but their complaints were unheeded.

From an investor's point of view, the company was, at the end of 1892, in a very prosperous condition. As it borrows money under the Artisans' Dwellings Acts from Government at a low rate of interest, it is not allowed to pay more than 5 % per ann. on share capital; but it is accumulating large reserves, and its stock is at a premium of 10 to 12 %.

Mr. Henry Broadhurst has given me some details of the United London and Provincial Building Company, which was registered under the Joint Stock Companies Act in 1868, with £1 shares, and in which he was a shareholder. The rules provided that 'the directors shall be practical building operative shareholders.' When the first general meeting was held, on August 11, 1868, there were 424 shareholders¹. Each shareholder had one vote. All the building trades were represented in the company; and all profits were to go to capital. Their place of business was in Euston-road.

¹ *Co-operator*, vol. viii. p. 551.

The company existed for about four years; and its employés were principally occupied with jobbing work for the Aërated Bread Company, which paid the company very well. They tried hard to get building contracts.

‘We selected the best men we could find to make out our estimates. We paid every attention to all the formularies connected with estimating for public work; but we found invariably the result to be that architects and bodies of men who let work of that description would not even look at the estimates sent in by the co-operative company.’

At last they secured a contract to build a mission-room in St. John’s Wood; but the men took advantage of the manager, and did not keep time, although they were themselves shareholders. The consequence was loss instead of profit, dissension and strife, and finally the inevitable collapse.

‘We wanted capital. The shareholders themselves had not faith to advance it; we could not find a friend to do so; and we had to allow that attempt at self-employment in the great Metropolis to become an utter failure.’

In the spring of 1868 the bricklayers of Liverpool were on strike. Mr. A. A. Walton, of Brecon, being in Liverpool, addressed a meeting of the building trades, in Christian-street, on co-operation, and recommended them to form ‘a co-operative building company as the best means of putting an end to strikes and lockouts.’ He ‘strongly advised them to try and obtain the assistance of as many influential men in the town as possible.’ Through this meeting, the Industrial Building Company of Liverpool was established. It ‘received the support of three or four trade societies, and a large number of individual artisans¹.’

The promoters of the new venture succeeded in winning friends, as they had been recommended to do by Mr. Walton; and their first piece of work was the erection of a new warehouse for the Mersey Seed Crushing Company, which was

¹ *Co-operator*, vol. ix. pp. 446, 490.

completed before the end of the year. A second, third, and fourth contract were obtained before midsummer, 1890, the last-named being for the erection of a forge for Messrs. Clay and Inman at Birkenhead, on which about 80 bricklayers, in addition to a number of men in other trades, were employed. It was said, 'One customer recommends another, so well pleased is each with the performance of the work¹.' I cannot discover any further traces of this company.

Brief traces are found of several other building companies which were started about 1869, and at later periods. A Manchester and Salford Co-operative Building Company was started in June, 1869, with the aid of Malcolm M'Leod, the agent of the Artisans' Dwelling Company, and of Mr. Walton. The shares were to be £1 each, and after receiving interest at the rate of $7\frac{1}{2}\%$ per ann. the shareholders divided the remaining profits, if any, with the workers². The company continued to appeal to the trades and to co-operative societies for support for about a year, and then ceased to exist without, I think, starting business.

The London Company of Builders, Limited, with a nominal capital of £10,000 in £1 shares, was started in June, 1872, 'in a great measure at the instance of Mr. Hughes, M.P., to test the principle of co-operation as a preventive of strikes.' The 'specific feature' of the company was 'that of securing the co-operation of the workmen employed, whether as shareholders or as participators in the bonus.' Shareholders were to have the preference when work-people were being engaged. After paying 10% on shares, the remainder of the profits were to be divided equally between the workers and the shareholders. At a meeting held on September 18, 1872, at the Co-operative Hall, Castle-street, W.C., it was said that 'fifty of the cream of London workmen have become connected with the company, and that on the last pay night, £40 of

¹ *Co-operator*, vol. viii. p. 710, and vol. ix. p. 446.

² *Ibid.*, vol. ix. p. 460.

their money was received¹. I do not find that the company ever started business.

In June, 1876, a National Co-operative Builders' and Contractors' Society originated out of the London Artisans' Institute, of which the Rev. H. Solly was the principal, and Mr. Hodgson Pratt the main supporter. This also, I believe, never started business.

The Union Land and Building Society of Manchester was registered on March 25, 1872, under the Industrial Societies Act². Before this, it was a company registered under the Joint Stock Companies Act; and still earlier, it was a private firm. Through Mr. Thomas Wood, I have had access to original documents connected with this society.

The first start was made by five persons, among whom were Mr. Fred Smith, who was the manager of the business from the beginning to the end, and Mr. Henry Whiley. The five partners agreed to subscribe £30 each to begin business as builders; and each paid down £14 on August 24, 1867. Mr. Smith and another, were to be the acting partners 'at the same salary as if they were journeymen.' The other three were to give their services gratuitously for twelve months as secretary, treasurer, and architect respectively. Business was entered into, both speculatively in building houses on the chance of selling them, and by taking contracts. Houses were also built for four out of the five partners, funds being raised for this purpose by each of them on mortgage.

In July, 1868, four other persons were admitted on paying £50 each, and subject to certain reservations of property in favour of the original five. Instead of continuing to work under the names of the two acting partners, it was decided to register under the Companies Act as the Union Land and Building Company. This was done on September 24, 1868. In June, 1869, each of the nine persons forming the company had 100 £1 shares allotted to him, with 10s. paid up thereon;

¹ *Co-operative News*, vol. ii. pp. 327, 497.

² Registrar's Returns, 1872, p. 66.

and in 1870, this sum was increased to 11s. per share by the crediting of a dividend of 10%. In 1871, a dividend of 90% on paid-up shares was declared, and it was decided to call up the unpaid share capital. In the course of the year, one of the original partners had died, and his executor had been bought out at par, the shares being divided among the remaining eight members. It was now decided to turn the company into an Industrial Society, and admit more members; so at the end of 1871, profit to the amount of £160 was credited to the shareholders, who, for their original £50 each, now received about £120 in shares or cash from the new society.

The Union Land and Building Company issued a prospectus bearing the names of Mr. Whiley as chairman, and Mr. J. M. Percival as secretary, in which they said:

‘The object which the promoters had in view was to make a successful building concern in the great centre of Lancashire trade, which should impart an element of peace into the building trades, and elevate the operative builder to the position of a responsible workman by giving him a share in the profits of his labour. The workmen employed by the society comprise joiners, bricklayers, masons, plumbers, painters, plasterers, and excavators, all of whom are entitled to a share in the profits after $7\frac{1}{2}\%$ per ann. has been paid to share capital, and a due allowance set aside for depreciation and reserve.’

Arrangements were made by which members could purchase their dwellings for an annual repayment in lieu of rent; and to investors it was said that ‘the constantly increasing value of property, as shown by the prices realized from time to time, will make the shares of the society a peculiarly advantageous investment.’

The first balance sheet, for the half-year ending June 30, 1872, showed business done, £1,789; rents received from property in hand, £495; share capital, £1,362; loans, £7,391; bank overdraft, £3,309; and net profit, £47. Out of this, a dividend at the rate of $7\frac{1}{2}\%$ per ann. was declared. The second year showed great activity; the Co-operative

Printing Society employing them to build a workshop, and the Co-operative Wholesale Society to build a warehouse. The total trade account for the half-year was £12,528, on which a profit of £493 was realized. A dividend of 10% was declared on shares, and a bonus of 2½% on wages. The latter amounted to £158; but only about £20 of this was claimed by the work-people, owing to the casual and changing character of the building trade; and the remainder ultimately went into the reserve fund.

The success thus indicated caused numerous applications for shares, and at the end of June, 1874, the subscribed capital amounted to £8,859. The profit allowed of a dividend on shares of 11¼% per ann., and on wages of 2½%. A small amount, at the rate of 2½%, was also granted on trade not done by contract. During the operations of the society, a number of second ground rents had been created. These had originally been capitalized at 17 years' purchase; but to improve the assets they had been written down to only six years' purchase, so as to 'place the society in a position to withstand any sudden reverse or loss.'

In the balance sheet for December, 1874, it was announced that the society had 'two large estates in its possession.' Both were being plotted out, and one, being freehold, was offered to customers, either on sale or lease. This was the last time the society paid bonus to employés, and it was paid at the previous rate of 2½%. The reasons for abolishing bonus were explained by Mr. F. Smith and his colleagues at the Leicester Congress. Giving bonus 'had always been a failure. It was a rule that every workman should become a shareholder; but, though the bonus was equal to £2 or £3 per half-year, the men preferred 10s. to 15s. in ready money to becoming shareholders.' They added that they could not see where the workman 'acquires the right to share' profits. 'He has received his share in a commuted form when he has received his weekly wages; he has taken none of the risk of loss; none of the anxiety which falls to the lot of capital; he agrees, tacitly, if not openly, that

he will surrender his right to prospective advantages, by accepting a weekly payment in lieu of those prospects.' They believed that it was best to 'give to the workman special facilities for acquiring shares in the establishment where he is employed . . . and so arrange your benefits that as far as possible they may fall to the lot of the most deserving men¹.'

In 1875, the society began brickmaking on its own land, afterwards using the bricks in the building operations. Judging by a paragraph in the society's report, I should gather that the committee had raised the valuations of the chief rents to cover losses on some contracts; but the usual $12\frac{1}{2}\%$ dividend was paid.

In the middle of 1877, the society was changed into a company, and the last report of the *society* showed, as all the others had done for several years, a dividend at the rate of $12\frac{1}{2}\%$ per ann. Owing to 'the very general depression of trade,' the committee reported that they had 'restricted the building of property of our own to the estate off Dickenson-road, where, we are glad to say, it has become tenanted as fast as we have got it ready.' But two additional estates, amounting to 39 acres, had been purchased; and the committee said that notwithstanding the depression, 'it is anticipated they will be a future means of profit to the company.' The wages paid for the half-year were £7,707, and the total outlay for materials, wages, &c., in the erection of buildings, amounted to £25,886. The receipts for sales, however, only amounted to £4,381; and the society had on hand property valued at £61,227, exclusive of workshops and building plant. The share capital was £10,021, the loans were £17,930, advances from building societies were £28,527, the bank overdraft was £9,973, and the reserve fund was £1,561.

The first balance sheet of the *company* showed subscribed share capital £20,470, of which £15,501 was paid up.

¹ Congress Report, 1877, pp. 47, 48 and 49.

Only £70 of this belonged to the work-people. The property in the hands of the company had increased to £73,115; the actual sales had not amounted to £2,100; yet a 10% dividend was declared. Brickmaking machinery had been put down, and 10,000 bricks per day were being produced. 'The general depression in trade,' it was said, had seriously hindered the company. The next half-year, the dividend fell to 5% per ann., and in the next, which was for the half-year ending December 31, 1878, the directors thought that it would 'be advisable not to pay a dividend this time, but carry the profit forward.' In 1879, the difficulties of the company increased, and in 1880 they got worse. In February, 1881, the company went into liquidation; and several mortgagees, including the Co-operative Wholesale Society, the Heckmondwike Society, and the Manchester Equitable Society, had to foreclose to secure their loans, or as much as the depreciated values of the properties mortgaged would enable them to secure. The company was in liquidation for over nine years, and was finally wound up in October, 1890. The shareholders lost all their capital, amounting to £19,000, and the unsecured creditors received a dividend of 1s. 8d. in the pound¹.

Mr. Frederic Smith, writing to me in April, 1888, attributed the failure of the company to 'overbuying land and buildings, at a time when the tide of prosperity was ebbing. Had the society's operations been confined during the last few years of its existence to the ordinary work of the builder and contractor, it would still have been carrying on business. No question of bonus to labour, or any minor matter of that kind, had any effect in bringing about the failure.'

In the report of the Co-operative Aid Association for 1885, the committee said :

'Mr. Chard, an old Owenite . . . conceived the idea of starting a co-operative builders' at Bromley, Kent. 'He thought there

¹ *Co-operative News*, vol. xxi. p. 1128.

was a good opening for general jobbing and repairing work, as well as for the erection of cottages. The result has been the formation of a society, the purchase of half an acre of land worth £700, and the erection, so far (August, 1885), of three pairs of semi-detached cottages. The Aid Association rendered all the assistance in their power in the organization of the society, and assisted it financially with a loan of £400 on mortgage of the freehold land. Subsequently they put the Bromley Builders into communication with the Lewes Co-operative Building Society, with the result that the latter have agreed to render all the financial assistance that the Bromley Builders may require.'

The 'Bromley Co-operative Builders' was registered under the Industrial Societies Act in 1885, the rules providing that the employés should share in the profits, and special provision being made for Mr. Chard to retain control, until the society repaid the capital he had invested. The first balance sheet was made up to December 31, 1885. The shares paid up were only £27, the loans amounted to £1,402; and there was also due to Mr. Chard, as treasurer, £152. There had been paid in wages the sum of £528, and one cottage had been sold. The profit and loss account showed a deficit of £18, because the unsold 'cottages were stated at cost of labour and materials only.'

It was reported that at the end of 1886, 'ten cottages had been completed, and four were in hand. Four cottages had been sold, and the remainder taken in the assets at cost. The unsold completed cottages were well let. The formation expenses have been written off, and a net profit of £21 has been realized, after paying 5% interest on capital. This amount has been divided among the workers in proportion to the amount of their wages. The working members are investing 2½% of their wages as share capital. Great difficulty is experienced in getting jobbing work¹.'

At the end of 1887, the society had covered its little plot of ground, but not being able to get any jobbing work or contracts, and having its capital locked up in the cottages,

¹ Aid Association Report, 1887, p. 7.

for which at the moment there were no purchasers, it had to suspend active operations. The report for the year 1888 showed a profitable state of affairs, but with the capital of £2,278 locked up, it was decided to reserve the profit. Since then the cottages have been sold, but the builders, having to guarantee some of the tenants to the building society, which advanced the purchase money, the winding-up of the association, or the making of a fresh start, has been deferred until this contingent liability has run off. The death of Mr. Chard has made the prospect of renewed operations very remote.

The Co-operative Builders, Limited, of Burton Road, Brixton, was registered in December, 1889¹. This society was evolved out of a profit-sharing scheme that was started in April, 1888. Mr. Minet, the treasurer of the Guild of Co-operators, had contracted with a builder for the erection of a beautiful hall in Camberwell. While it was still unfinished, 'the contractor found himself unable to complete the job.' Thereupon Mr. Minet agreed that the architect and the foreman of the works should form a private firm, with an arrangement to set aside 'one-third of the net profits,' to be divided among the work-people at the end of the year 'at an equal rate per pound of wages earned. To participate in this division,' it was explained that 'a man must have worked for us 400 hours, between March 1 and December 31 of' 1888. When the profit had been declared, a committee of seven, four elected by the men and three by the firm, were to decide on 'the best form of investment or distribution of the profit.' The firm went by the name of the foreman, viz. Curtis and Co.² The hall was afterwards presented by Mr. Minet to the parishes of Camberwell and Lambeth, to be used as a free library. In January, 1889, the firm issued a statement, explaining that they had now become a registered society, and detailing the results of the business in 1888. Work had been done to the amount of

¹ Aid Association Report, 1889, p. 8.

² *Co-operative News*, vol. xix. p. 689.

£22,755. The third of the profit due to the men amounted to £416. The writer of the statement said: 'It has been decided not to adhere to the' original arrangement to give one-third, 'but to divide the profits in the following way—first, a considerable sum has been written off the value of the shops, plant, and machinery; then, £25 has been put on one side for educational and social purposes during this year; lastly, £481 is given to the men, instead of £416, and £540 is placed to a reserve fund. The £481 is divided among 192 men, and is exactly 1s. 6d. in the pound on the wages that each has been paid during the year, £6,468 in all.' Each man's portion was put to his credit as share capital in the society. The statement went on:

'Our position now is this—we have a capital of £481, owned by 192 men. We have shops, plant, machinery, and stock to the value of £1,133; and for this year we have already work—certain—to the amount of £10,000, very nearly half of what we did last year, while we have a reserve fund of £540. The business is entirely the property of the 192 shareholders, and never surely did a body of men start with greater advantages or fairer prospects. We have all of us yet to learn a great deal of the principles of co-operation under which we are working, and this must be one of our first duties at the meetings in the year before us. . . . Let us realize that we are now our own employers, and that as whatever profits we make are our profits, so if we work at a loss, that loss is ours too. Each man has now a stake in the business, greater or smaller, and in case of failure, risks the loss, though he can lose no more, as the society is limited.'

The managers were to be the late private firm, Messrs. Hubbard and Curtis.

The rules provided that 'the society shall include all persons employed by the society who, under these rules, are entitled to share in the profits.' The shares were £1 each. Share capital was to receive $7\frac{1}{2}$ % per ann. until the reserve fund equalled two-thirds of the share capital, but when that was accomplished only 5 % per ann. was to be paid to shares. Depreciation was to be at the rate of not

less than 5 % per ann. on buildings, and 10 % on fixtures. At least one-fourth of the net profits must go to reserve until the latter equalled two-thirds of the share capital, after which not less than 10 % must be so appropriated. One-tenth was to be devoted to educational purposes, and the remainder was to be allotted in proportion to their respective amounts, on dividend paid to share capital, and on wages paid to the workers. A man must work 500 hours in the year to entitle him to bonus. The profit was to be divided in the form of shares, and not in cash, except under special circumstances. No member was to have a vote unless he had fifteen paid-up shares, except the special members who had signed the rules. These special members, and eight elected by the shareholders, formed the committee.

The balance sheet for the year 1889 showed great prosperity. Work had been done to the value of over £23,000, on which a profit of £1,582 was realized. The wages paid during the year were £10,391. Of this sum £8,358 were entitled to bonus. The profit was disposed of as follows: Interest on shares, £27; depreciation of plant, £275; depreciation of buildings, £116; reserve fund, £400; educational account, £70; and dividend on wages at 1s. 6d. in the pound, £627. After these amounts had been written off, the plant account stood at £330 for what had cost £1,061; and the original cost of buildings was similarly reduced from £659 to £520. The amount placed to reserve fund increased that account to £942.

By this dividend on wages, the share capital was increased to £1,426, while loans stood at £1,985. The total number of shareholders was 195, 'divided as follows: 22 bricklayers, 49 carpenters and joiners, 7 clerks and foremen, 80 labourers, 5 machinists, 6 masons, 14 painters and polishers, 8 plumbers and fitters, and 4 plasterers; ' 194 men, earning £929 during the year, had not been employed long enough to qualify. Of those who had qualified, 115 were old members, and 56 were new members; £314 had been paid

up in cash on shares during the year, in addition to the shares created by the bonus. Of the bonus declared in the previous year £63 had been unclaimed, although advertisements had been inserted in three newspapers; so this sum had been taken to the credit of profit and loss account. With a view of interesting and educating the employés, a series of educational and social meetings had been held. But there had been one hitch. Owing to differences of opinion on policy, Mr. Hubbard had resigned his connexion with the society.

The balance sheet for the year 1890 showed continued prosperity. Work was done to the value of over £31,000. The wages paid were £12,591, and the net profit was £1,129; £339 of this was put to reserve fund, which was thus increased to £1,278. The usual appropriations were made to depreciation and educational funds, and a bonus of 1s. 3d. in the pound was declared on wages and on share interest. The wages on which dividend was due amounted to £8,495; and the number of men entitled to share in the dividend was 155. There were 62 men qualified to become members, who did not apply, and whose wages for the year amounted to £1,656; and 388 men, who had earned £2,132 of wages, were not qualified.

The work done by the builders up to the end of 1891, included a second public hall and some houses for Mr. Minet, a large range of stabling for the Woolwich Co-operative Society, new central stores for the Sheerness Society, and a row of cottages for the Tenant Co-operators.

The annual report for 1891 was not quite so favourable. The committee said :

‘ The statement of accounts we now present to you is of a very different character to those which have gone before it. . . . This year the net profit amounts to £216 3s. 3d., and is only sufficient to provide for depreciation . . . and to pay 5 % interest on the share capital. The causes which have led up to this result have been pointed out . . . and it is only necessary here to mention two of them. The first is your decision to grant

the terms of the carpenters' and joiners' memorial last May. This cost the society £202 2s. 4d., an amount sufficient to have paid a bonus on the wages entitled to receive it of 6d. in the pound. . . . The second cause—and the most important one—is your insufficient capital, which is out of all proportion to the trade done.'

The society consisted in 1892 of 180 members. The wages paid during the year 1891 amounted to £11,831; and the total number of men employed at one time or another during the year was 611; 489 of these were non-members, and 122 were members. The trade for the year was over £25,000. The share capital was £1,746, the loans were £2,310, and the reserve fund was £908.

Mr. J. J. Dent has told me that,

'in addition to the reasons given in the report, there is the loss of the discount on materials bought through having to take credit instead of paying cash, as they were able to do in the early years when the customers were friends who paid up quickly, and so made up for the dearth of capital. The discounts on £13,000 paid for materials is a serious loss, and would pay a good dividend to the men.'

The committee have tried to get the men to invest some share capital, but the men 'stated that the reason members did not subscribe additional share capital was that they were not given a fair share of the work done.' The committee said that they have inquired into this statement, and 'are satisfied that there is no ground for its being made.' They added, 'It should be plain to all that we cannot guarantee constant employment; but the general rule has been that when members have applied for work and it has been possible to find work for them they have had it.'

Towards the end of 1891 the rules were altered in accordance with the light that experience had thrown upon the society. The members were divided into three classes, viz.: Class A, consisting of persons who have worked at least 700 hours in the year ending December 31 prior to their application, or, if weekly servants, have been employed

in the same period for at least 14 weeks. Application for membership has to be made 'on or before January 8 in the year then ensuing.' Class B consists of 'such persons, not exceeding eight at any one time, as the committee may elect as honorary members, who shall enjoy all the privileges of members.' Class C consists of 'such persons as the committee may admit upon their application.' Members in Class A have to hold 'at least one preference share,' and in Class C 'at least two preference shares.' The shares, whether preference or ordinary, are £5 each. The committee has to be composed of eight of the members plus two of the honorary members; all, however, have to be elected at the meetings by the members. Members working for the society more than 10 miles away, can vote by ballot paper sent through the post. Quarterly members' meetings have to be held; but the system of having an annual balance sheet is adhered to. The secretary, manager, and assistant manager, are appointed by the committee. The former and the latter are removable by the committee; but the manager can only be suspended until a special members' meeting has been held, and has decided on his retention or removal. He can only be dismissed, however, by a vote of two-thirds of those present at the meeting. The reserve fund has to be credited with one quarter of the profits, until it is equal in amount to the paid-up share capital. The preference shares have to receive 6% per ann., and ordinary shares 5%. The education grant is limited to £50 a year. One per cent. of the profits has to be carried to a benevolent fund, out of which the committee may make charitable grants. The net remaining profits have then to be divided on share interest and wages 'in proportion to their respective amounts.'

The London Builders, Limited, originated with the Tower Hamlets branch of the Co-operative Aid Association, and was registered in 1888. It was started at first with the idea of running a sawmill, but afterwards took the form indicated by its title. Shortly after its formation, it received the

order to adapt a shop at Bow, for the purposes of a branch of the Tower Hamlets Co-operative Society. 'The order was satisfactorily executed; but trouble arose when the accounts came to be examined, and irregularities in the shape of overcharges were discovered. This led to the exclusion of the manager.' The society, though still in existence in 1892, was doing nothing¹.

The Brighton Artisans' Co-operative Society was started at the latter end of 1887, with the help of the Labour Association, and was registered in 1888². At a meeting held in November, 1887, to forward the objects of the society, it was said that it was proposed 'to include all who were connected with the building trades.' It started with about 20 members; and the society intended to divide profits as follows: 40% for the benefit of the members, 30% to a provident fund, 20% to advertising, and 10% to rewarding special talent³.

At a further meeting, held in June, 1888, the objects and intentions of the society were

'said to be to elevate and improve the condition and prospects of steady and industrious artisans; to raise the standard and quality of their work, and to concentrate the efforts being made to bring them into united action for their mutual benefit; and its system of business is such that the members can invest their savings, appoint and supervise the management, and share the profits⁴.'

The society, so far, has confined itself to small jobbing and decorative work. In 1889, there were 24 members, with £24 of capital. The trade done amounted to £176, on which a profit of £21 was realized. In 1890, there were 35 members, with £32 of capital. The trade done had dropped down to £102, and the profit realized was £2 only⁵. I am afraid that 1891 has shown a worse

¹ *Toynbee Record*, February, 1892.

² Registrar's Returns, 1888, p. 108.

³ *Co-operative News*, vol. xviii. p. 1241. ⁴ *Ibid.*, vol. xix. p. 658.

⁵ Congress Report, 1890, p. 154, and 1891, p. 152.

condition, as no return was made to the registrar for that year.

The Norwich Industrial Builders, Limited, was started in the summer of 1891, and was registered in December. It was claimed to be 'an honest attempt at a solution, in some degree, of the present labour deadlock by a band of intelligent workmen anxious to be doing good work¹.' In an appeal, issued to the members of the Norwich Co-operative Society, the builders said they 'are prepared to do any class of work, from building and decorating a first-class house to making a linen post, or whitewashing a kitchen.' They added: 'We need all the help you can give, as those of us who are known to be actively engaged in the business are boycotted by the competitive employers in the same manner as the stores were in their infancy².'

Mr. Land, the manager, has informed me that, 'by hard pushing and perseverance we did £250 worth of work up to December 31,' 1891. The balance sheet up to the end of 1891 'showed a balance of a few pounds on the wrong side; but it gave satisfaction. The share capital is £104, and the reserve fund £7 9s. 7d. At the present time we have only three men at work, and trade is dull. We anticipate a better result this year' (1892).

The Decorative Co-operators' Association, Limited, was formed at the beginning of 1883, by Miss M. H. Hart, 'to carry into operation the principles embodied in the celebrated firm founded by Leclaire.' It was registered under the Joint Stock Companies Act. Messrs. Albert Grey and A. H. D. Acland were on the directorate; and I believe that the late Earl of Carnarvon and the late Earl of Derby were among the shareholders. The Association was started with some *éclat* on February 24, 1883.

The prospectus pointed out the great success of the *Maison Leclaire*, and urged that

'the principles of co-operation can be perhaps more easily

¹ *Co-operative News*, vol. xxii. p. 689.

² *Ibid.*, p. 1105.

applied to the trade of house decorators than to any other productive industry. The capital required is small in proportion to the extent of the wages earned. The necessity for trade speculations and its attendant risks is limited ; and the impetus given by the partnership to the labour of the workman is especially valuable in a business where the supervision of their industry and efficiency is necessarily incomplete.'

After paying 5 % per ann. interest on share capital, the net profits were to be divided as follows: one-fourth to the manager, one-fourth to the Mutual Aid Society for the benefit of the work-people, two-fifths of the remainder to the reserve fund, and three-fifths 'to the workers in exact proportion to wages earned.' Half the workmen's portion of profits was to be given in the form of share capital¹.

The business done in the year ending March, 1884, amounted to £6,826 ; and 'the association earned general praise for the excellent manner in which their work has been executed.' In the second year, the business amounted to £8,283, and the wages paid to £2,937. No divisible profits were, however, made ; and the association did not succeed. After the first flush of enthusiasm, it gradually decayed ; and in 1891 it was merged into another firm.

I believe that no workmen became shareholders ; but this was not the fault of the workmen. I know that some of the men were somewhat dissatisfied at the way they were treated ; but I do not know how far this dissatisfaction was justifiable, beyond the fact that they were not allowed to become shareholders. I mentioned this matter several times to Miss Hart ; and on the last occasion she told me that no workman would be admitted as a shareholder, or would be allowed to have a voice in the management, until the association had become a success.

On April 23, 1887, a meeting was held by a number of officials and members of 'The London Central Association of House Painters and Decorators' for the purpose of

¹ *Co-operative News*, vol. xiv. p. 318.

forming a co-operative society, 'with the object of finding work for unemployed skilled workmen, and to do good work on strictly co-operative principles.' A society was accordingly registered as the Co-operative House Painters and Decorators, with offices at Great Titchfield Street, W. It was decided that 'all the shareholders, except societies and companies, are to be members of the trade associations. The workers are to receive the full rate of wages paid in the respective trades. Interest upon capital is limited to 5 %, and the remainder,' after making the usual provisions, 'will be divided among the working members upon their wages for the year.'

A workshop was taken, and a small amount of work was obtained. Then a contract was obtained to decorate a chapel in Wales; 'but it was tendered for without being seen, and the work was more than was anticipated¹.' A slight loss was the consequence; and this reverse so discouraged the members, that the society lost its vitality and almost ceased operations. In 1891, it did work to the extent of £58, on which a loss was sustained of £3. There were, at the end of 1891, 34 members, with £46 of share capital and £25 of loans².

On May 13, 1889, The Oxford House Repairing and Decorating Society was registered under the Industrial Societies Act. Its prospectus said: 'The society, in dealing with their customers, guarantee that all works entrusted to them shall be carried out in accordance with the wishes of the employer, in a workmanlike manner, and with the best materials; 30 % of the net profits are apportioned to the customers on all cash payments received.'

A first balance sheet was issued, made up to October, 1890, in which the committee congratulated the 'members on the success that has attended the working of the society.' Work had been done to the amount of £638. The wages paid were £587. The share capital was £60, and the loans

¹ *Co-operative News*, vol. xviii. pp. 413, 931.

² Registrar's Returns, 1891, p. 54.

£45. A profit of £67 had been made, and was divided at the rate of 6*d.* in the pound on sales, and 7½*d.* in the pound on members' wages; £17 10*s.* was carried to depreciation of fixed stock, £6 15*s.* to reserve, and £4 10*s.* to a contingent fund. The year 1891 showed a further measure of success, the profit being £27. Out of this, 5 % was paid on share capital, £10 was appropriated to the payment of a dividend of 6½*d.* in the pound to the workers on their wages, and £7 was devoted to the payment of a dividend of 5*d.* in the pound to customers on the value of the work that had been done for them. The share capital had grown to £93, and the reserve and contingency funds amounted to £11¹.

The secretary has informed me that, at the end of 1891, they had 41 members, of whom 15 were working for the society. At the end of 1892, the membership remained unchanged, but the share capital had increased to £100. The work done during the year amounted to £556, on which a profit of £23 was realized. After paying capital 5 %, and some of the customers a dividend of 4*d.* in the pound, the workers received a dividend on wages of 7*d.* in the pound. The society has received considerable support from members of the University of Oxford, who sympathise with co-operative effort.

The Caithness Pavement Manufacturing Company, Rotterdam-street, Thurso, was formed in the first half of 1872 under the Industrial Societies Act. A previous effort had been made about two years earlier; but it 'proved abortive, owing to opposition and other drawbacks.'

Every member had to hold at least five £1 shares, but could not hold more than fifty. These were all withdrawable at three days' notice. After making allowance for the reduction of fixed stock and a reserve fund, the profits were to be 'divided between invested capital and labour wages, in proportion to the amount each represents.'

¹ Congress Report, 1892, p. 174.

The promoters appealed to co-operators throughout the kingdom to help them, saying :

‘Caithness pavement is a special production, and promises a good return to capital. It is chiefly owing to manual labour that the material is obtained, and it is in every sense a branch of industry that belongs to the working class. Two promising quarries have been obtained, and a yard for sawing purposes has been procured. The working men are nobly doing their duty, in the face of much opposition from employers of labour¹.’

At the end of the year 1873, the society numbered 89 members, with £285 of share capital, and £204 of loans. The sales for the year were £812, and the profit was £58. The next year, the members numbered 147, with £722 of share capital, and the sales amounted to £3,569. In 1875, there was a further increase in sales, with a profit of £195. The members also had increased to 203, but the share capital had dropped to £367. In 1876, the society had an alteration of rules, and the membership was cut down to 21, with a share capital of £618, and loans of £1,226. The sales were £4,268, but there was no profit. The next three years were very prosperous, the sales averaging £7,000 a year, and the profits being respectively £942, £1,518, and £719. In 1880, however, the sales fell by one-third of the previous year’s total, and there was a loss of £177. A profit of £188 in 1881 just recouped this, but was followed in 1882 and 1883 by lessened sales, and losses of £589 and £488 respectively. These disasters broke up the society².

What is now the Howley Park Co-operative and Building Society, was registered on May 4, 1872, as the Morley Co-operative Quarry and Building Society. The former title was adopted in 1875³. The society originated in a dispute between workmen and employers. On February 13, 1872, a meeting of quarrymen and labourers then on

¹ *Co-operative News*, vol. ii. pp. 293, 318.

² Registrar’s Returns, 1873–1883.

³ *Ibid.*, 1872, p. 66, and 1875, p. 62.

strike, was held in the large room of the British Workman, Bridge-street, Morley, when, after hearing an address, and having heard read an article in the *Co-operative News* on 'Strikes and Co-operation Abroad,' it was 'resolved to form a co-operative quarry society in 10s. shares; and a provisional committee was appointed. Without any outside effort, over 300 shares were taken up, mostly by quarry workers¹.'

At the end of February a prospectus was issued, which, after stating that 435 shares had 'already been taken up by working men,' went on to say:

'The promoters, from personal knowledge and practical experience of the trade in the neighbourhood, are confident that, allowing good interest on capital invested, they will, after paying wages of the highest standard in the district, and allowing a liberal margin for working expenses, have a considerable surplus to give in bonus to the working bee².'

An agreement for a lease of a quarry was entered into with Lord Dartmouth; but owing to the 'quarry masters' opposition to the project, his lordship insisted upon a deposit of £100 before giving possession. On September 21, 1872, 'the required £100 was paid over;' and on September 28, 'the committee turned the first sod' in their quarry. A steam crane was erected, and £1,000 of share capital had been subscribed, including £50 by the Leeds society, £100 by the Dewsbury society, and £100 by the Morley society³.

The first report of the society, up to midsummer, 1873, was satisfactory, and the committee reported to the members that they were happy to congratulate them on the success of the society. Asking 'their fellow-workmen to join,' they said:

'It is intended to give an equal share of profit on labour and capital. They (the workmen) would thus receive the full advantage of their own labour, likewise a full knowledge of the

¹ *Co-operative News*, vol. ii. p. 101.

² *Ibid.* ³ *Ibid.*, pp. 423, 593.

relations between capital and labour; for it is by this means, to a great extent, will be averted the evil of strikes¹.

The society has had a very prosperous career. At the end of 1874, there were 232 members, with £4,519 of share capital, and £926 of loans. Every year has shown satisfactory profits except 1884, when I suspect that there must have been a loss, as no details were supplied to the registrar. On the other hand, some years were exceptionally prosperous, of which may be instanced 1875 and 1883. The sales have steadily increased from £1,813 in 1873 to £13,768 in 1889². In the last half of 1891 the balance sheet showed sales of £8,488. In 1874, the secretary has informed me, the share list was closed with a capital of £5,000. At that time, he said, 'a great many working quarrymen were small shareholders,' and up to that date 'bonus on labour was paid. After this was knocked off in 1874, they have gradually diminished, and only five or six are now shareholders.' In 1888, the share capital was increased to £8,000, at which amount it stood at the end of 1891. Being a society whose shareholders are limited, it has to pay income tax on its profits.

Through Mr. Barstow, I have received a copy of the rules, and of the balance sheet for the half-year ending December 31, 1891. The society pays a steady dividend of 10% per ann., and has a reserve fund of £605. The loan capital amounts to £2,750. The fixed stock stands at £7,400, no less than £695 having been written off for the half-year. About 180 persons are employed in the quarries; but the number of shareholders is only about 140, as against nearly twice that number 18 years earlier.

In July, 1889, a strike occurred among the quarrymen employed by the society; and the following statement concerning the strike at the 'so-called Morley co-operative quarry' appeared in the *Co-operative News* of August 10, 1889: 'I name it so-called co-operative,' said the writer,

¹ *Co-operative News*, vol. iii. p. 589.

² Registrar's Returns, 1873-1889.

'because it seems to me the very opposite to co-operative liberty, when the committee of the said society are so high-flown as not to answer the written request for an advance, couched in the most pacific language, especially so, seeing that the committee had promised the advance last spring.' The secretary has informed me that this strike 'resulted in some of the men getting $\frac{1}{2}d.$, and others $\frac{1}{4}d.$ an hour more wages.'

During the severe winter of 1890-1, the workers suffered from the inability to continue their employment. At the members' meeting, held in January, 1891, it was consequently decided 'to grant the sum of £10 for the relief of the workmen, who have been thrown out of work by the frost; and should the frost continue it was agreed to increase the sum to £50¹.'

The rules establish in the society the principle of 'one man one vote,' except that shareholding societies are entitled to one representative for each £50 they have invested. There appears to be nothing to prevent an employé from being on the committee, although there were none on it at the end of 1891.

Several conferences have been held in the Kent district of the Co-operative Union, to discuss the advisability of forming a co-operative brickmaking society. Serious obstacles have presented themselves, not the least being the onesided agreement which the men have to sign once a year when beginning a new season, and which places them very much in their employer's power. The agreement is so inequitable to the men, that I doubt if a court of justice would uphold it; but the men are too weak, through being unorganized, to dream of fighting the question.

The Conference Association issued a preliminary circular to co-operative societies in January, 1891; and, the appeal having met with a sufficiently favourable response, the Kent Co-operative Brickmaking Society was started, and

¹ *Co-operative News*, vol. xxii. p. 129.

a prospectus issued in June, 1891. The shares are £1 each, and

‘it is proposed to distribute the profit . . . as follows : In paying a dividend at the rate of 5 % per ann. on share capital, and the remainder to be apportioned as follows : 50 % to the workers and management, to be divided *pro rata* on the amount of their wages ; 10 % to a provident fund ; 5 % to a social and educational fund ; 7½ % to a reserve fund ; 10 % to capital *pro rata* on the number of shares held by each member ; 7½ % to the committeemen ; 10 % to purchasers *pro rata* on the amount of their purchases.’

The estimated required capital is £2,500, ‘a large proportion of which is promised. A site has been secured at Frognal, Teynham. It is within easy access for water carriage, a line of rails being already laid from the site to the wharf, and is in close proximity to the London, Chatham, and Dover Railway, which would admit of a siding being run on the main line.’

The society had hoped to begin brickmaking in the season of 1891-2 ; but, not having raised all the necessary capital, they determined to delay operations for a year. In the meantime they canvassed for capital among the societies in the Kent district, and they reported ‘the trades unionists are also pushing the matter forward, and have paid one-third of the sum for securing the land.’ With the opening of 1893, brickmaking was commenced.

CHAPTER XXIII.

PRINTING, PUBLISHING, AND PAPER MAKING.

CONSIDERING the well-known intelligence of men engaged in the printing trades, the number of efforts at co-operation is very small. This is probably owing to the comparative ease with which a pushing man can become a small master; the capital required for the purpose being quite within the amount which a saving and industrious person can accumulate in a reasonable time.

A somewhat feeble attempt was made at Islington (London) in 1867, when the Mutual Printing Society was registered on July 30 of that year. Each member had to hold not less than five £1 shares. The committee was 'composed of working printers.' The society proposed to 'carry on a trade with co-operative societies,' and invited the latter to become shareholders. It also had an idea of starting a newspaper. Every workman had to be a shareholder, and the promoters urged that by 'participating in the profits derived from his labour' the workman 'is naturally anxious to save material and expedite business. The society can thus guarantee good workmanship¹.'

The Mutual Printing Society started business at 22 Breadstreet Hill, E.C., and kept on as a society for about a year, or perhaps a little longer. It was then turned into a private firm of two persons; the manager of the society (Mr. Cherry) being the senior partner².

¹ *Co-operator*, vol. vii. pp. 461, 548, and vol. viii. p. 448.

² Congress Report, 1869, p. 101.

The Staffordshire Newspaper and General Printing Society, Hope-street, Hanley, was registered in 1871, and was supported by a number of trade societies as well as by individual shareholders¹. It started business promptly, with 100 members and £704 of share capital. Of this sum, £505 was expended in plant, and sales were made up to the end of 1871 amounting to £113, from which £26 of profit was realized².

The sales in 1872 were £2,882, and the profit was £159. In 1873, misfortune came to the society. The membership dropped from 101 to 53, and there was no profit. In 1874, the membership further dropped to 43; but the sales went up to £3,089, and the profit realized was £106. In 1875, the sales dropped one-half; and the figures for 1876 were little better, while the results of the year's working exhibited no profit. In November, 1877, the society was dissolved; but I cannot trace the causes of the dissolution, nor the results of the winding-up³.

Writing to the *Co-operator* of June 12, 1869, Robert Stapleton said :

'I, along with my fellow-workmen (operative printers), being convinced of the soundness of the co-operative principle as a means of ameliorating the condition of the working classes, thought that a large field was open in our own trade for an extension of that principle as applied to production. We talked the matter over, and a meeting was held on March 13, 1869, when it was resolved that a co-operative printing society should be formed⁴.'

In consequence of this decision, a prospectus was issued of the North of England Co-operative Printing Society, with a committee of fifteen persons fairly representing both the co-operators and the trade unionists. Among the former were Abraham Howard, Thomas Slater, and William Nuttall; and among the latter were H. R. Slatter, John Bradley, and Robert Stapleton⁵.

¹ *Co-operative News*, vol. iv. p. 290.

² Registrar's Returns, 1871, p. 38.

⁴ *Co-operator*, vol. ix. p. 424.

³ *Ibid.*, 1872-1878.

⁵ *Ibid.*, vol. x. p. 462.

At a meeting held on the premises of the Wholesale Society, Balloon-street, Manchester, on September 18, 1869, it was reported that 432 shares of £1 each 'had been taken up by 76 holders,' among these being six co-operative societies. The society had commenced to take orders on commission; and, as 'to commence operations with safety and success, about £1,000 would be required,' it was decided to adopt a rule empowering the committee to accept loans at a rate of interest 'not exceeding 6 % per ann.' Share capital was to receive out of the profits a dividend at the rate of 7 % per ann., and the remaining net profits were to be 'divided between capital and labour; thus giving the workmen employed an immediate interest in the progressive extension and security of the undertaking¹.'

In October, 1869, premises were hired at 15 Balloon-street, and business commenced therein; the first half-yearly report, up to the end of 1867, showing sales £416, with a gross profit of £63. The second half-year showed sales of £1,010, and the profit allowed of a dividend of 10 % per ann. on the share capital, together with a bonus of 3 % on wages. A balance of £16 was taken to a reserve fund. The share capital amounted to £678, held by 108 members; and 93 societies had become customers².

The society steadily increased up to 1873; the share capital at the end of that year being £9,775, which was held by 372 members; the loan capital was £16,550, and the reserve fund was £241. The sales for the year were £17,526; but while there had been profits made up to the second half of 1873, enabling dividends to be declared at the rates respectively of 17½ %, 14 %, 14 %, 12 %, 8½ %, and 8¼ %, per ann., this last half-year showed a loss of £288. This loss may be set down to the exertions that had to be made to keep pace with a very rapidly growing trade. The society occupied, at the start, a portion only of the premises

¹ *Co-operator*, vol. ix. pp. 698, 699.

² *Ibid.*, vol. x. pp. 124, 521.

at 15 Balloon-street; then it took them all. On March 9, 1872, a special meeting decided to open a branch establishment at Newcastle; and the committee were authorized by the same meeting to purchase a site on which to erect suitable printing works in Manchester. For this purpose the share list, which had been closed, was reopened¹. A site was purchased in New Mount-street, and a contract entered into with the Union Land and Building Company, at a cost, without plant, of over £6,000. Further, a special meeting was held on October 19, 1872, to rearrange the method of sharing profits. For some weeks before the meeting, a lively controversy had been carried on in the pages of the *Co-operative News*, and considerable feeling had been manifested. The meeting decided by a large majority to give share capital $7\frac{1}{2}\%$ per ann., and then divide the remaining profits 'into three equal parts, viz. one to share capital, one to labour, and one to the purchaser.'² The feeling evinced by the discussion on profits had some effect in keeping down the gross profits; and the additional expenses, caused by the enlarged outlay on land, buildings, plant, and stock, trenched very heavily on the gross profits. In 1874, however, the society managed to pay $9\frac{1}{2}\%$ to the shareholders; but for the next five years, the dividend was never above $7\frac{1}{2}\%$, while in four cases it went down to 5% , and in two half-years it went down to zero³. At the special meeting above referred to, the name was shortened by striking out the words 'North of England.'

In 1879, the reserve fund of about £1,000 was swept away to meet bad debts that had gradually accumulated. Changes were also effected in the staff, the old managers at Manchester and Newcastle being called upon to resign. Mr. Barnes at the former place, and Mr. Ashforth at the latter, were appointed in their stead. The first half of 1879 also ended in a net loss of some hundreds of pounds;

¹ *Co-operative News*, vol. ii. p. 124.

² *Ibid.*, p. 546.

³ *Coming of Age Handbook*, 1890-91, pp. 70, 71.

and Mr. Barker, one of the founders of the society, asserted that bad management had 'for some three or four years past' rendered its share scrip 'practically unnegotiable' ¹.

From this date, the progress of the society has been one of almost continuous prosperity. For two half-years its dividends were only at the rate of 5%. Then the dividend rose to 7½%, and afterwards to 10%; and from 1884 to the end of 1892, there has been a succession of 10% dividends, only broken in one half-year of 1887, by a reduction to 7½%.

In 1886, a branch was started in London, with Mr. Bradley as manager; and in 1887, the *Co-operative News* Society began to do its own printing, which, from the birth of the paper up to that date, had been done by the Printing Society. I think it is not too much to say that if it had not been for the assiduous nursing of the *News* in its infancy by the Printing Society, it would never have lived to reach the healthy and vigorous manhood which it now enjoys. At the end of 1892, the Co-operative Wholesale Society, after prolonged and adjourned discussions, decided to commence a printing department. This decision will ultimately take a large amount of trade from the Co-operative Printing Society ².

In August, 1891, the method of dividing profits was again altered, so as to give an equal rate of bonus in the pound on both wages, custom, and capital. An attempt was also made to reduce the rate of interest to which share capital had a first claim on profits, from 7½% to 5% per ann.; but Mr. E. V. Neale declared that this was illegal, so the motion was dropped. The Co-operative Union afterwards obtained the opinion of the then Attorney-General (Sir R. Webster) on this, as well as on some other knotty points; and his decision was that such a reduction would be legal. Acting on this, the shareholders' meeting held in February, 1893, reduced the first claims of the share capital to 5% per ann. ³

¹ *Co-operative News*, vol. x. pp. 139, 525 and 553.

² *Ibid.*, vol. xxiii. p. 1393. ³ *Ibid.*, vol. xxiv. p. 153.

The amount of bonus paid to employés, up to the end of 1892, was over £4,500. If the employés had steadily invested their bonus in shares, together with their dividends, they might, at that date, have been owners of nearly one-half the share capital. The actual amount held by the workers was under £700, although each has the special privilege of taking up ten £1 shares at par, whenever he chooses to do so. The total number of employés at the end of 1892 was over 400. Out of the total share capital of £16,635, about £8,000 were held by co-operative societies, and the remainder by individuals and trade organizations.

The sales had increased from £21,287 in 1879, to £66,443 in 1892; and the wages bill for the latter year amounted to £21,347. Over two-thirds of the business was done with co-operative societies, while the remainder was principally done with trades union organizations. A monthly railway guide has been published since 1873 at both Manchester and Newcastle, and book and sheet almanacks for co-operative societies are made a speciality. The departments carried on embrace almost all the branches of trade, including lithography, coloured work, illustrations, and bookbinding.

At the end of 1892, the balance sheet exhibited the condition of the society as follows: The loan capital stood at £5,495, for which 4% interest was being paid. This loan capital was, however, scarcely needed; for the credit balance at bankers amounted to £4,445. The total amount of depreciation written off land, buildings, and machinery, was £36,938; while the nominal value of these assets was taken at only £14,462; and the reserve fund stood at £7,128. By the rules, no employé can be an officer of the society. The rules provide that each individual shareholder shall have one vote; but shareholding societies have the right to appoint one representative for each 'hundred shares, or fractional part thereof,' held by them.

In 1892, land was purchased at Newcastle for the purpose of erecting a new works; and at the beginning of 1893, it

was determined to lease land in London and erect works for the accommodation of the London branch.

The Co-operative Printing Society has always been on very good terms with its employés. Besides paying the highest trade union wages, and bonus in addition, there are sundry other benefits, such as the following, of which I, as president of the London branch, have personal knowledge—viz. the compositors in the society's employ in London work two hours a week less than the usual time, without any deduction from wages. I believe there is a similar practice at Manchester. Similarly, when the bookbinders asked for an eight hours' day, it was at once granted.

On January 1, 1873, the *Printing Times* announced that the private firm of Head, Hole, and Company had been transformed into the 'London Co-operative Printing and Stationery Company, Limited,' with a nominal capital of £50,000 in £1 shares. The first directors were Messrs. James Hole (of Leeds Redemption Society fame), Alderman Carter, M.P., Hodgson Pratt, William Pare (the first hon. secretary of the Co-operative Union, and an old Owenite), and W. Swindlehurst (of the Artisans' Dwellings Company). The articles provided for the distribution of profits as follows :

The shareholders were 'to receive a dividend not exceeding $7\frac{1}{2}$ % per ann.; a portion of such profits, not exceeding $2\frac{1}{2}$ %, to be set aside for a reserve fund; one-half the remainder of such net profits to be paid to the shareholders, and the other half distributed amongst the company's employés as bonus, in addition to their weekly earnings.'

The company's premises were off Fetter Lane, E.C. Scarcely had the transformation been effected, before it was found that the company had suffered 'from heavy defalcations by a dishonest secretary;' and in consequence of the trouble arising from this misfortune, a new article of association was agreed to, in April, 1873, regulating very closely the rights of shareholders to inspect the books of the company. The voting power was also altered to make

it more in accordance with the joint stock practice of property qualification ; and the rule for dividing profits was modified, so that after 5 % had been paid on shares, 5 % should go to reserve ; after which, capital, custom, and wages, were to share *pro rata*¹.

The company struggled along for about three years, being principally occupied with printing work for the publishing houses, or with news printing. In 1876, a reconstruction took place, and the name was changed to the Metropolitan Printing Company, Limited. The directors also consulted Mr. E. O. Greening, who undertook, on condition that £1,000 nominal value of shares were transferred gratuitously to the Agricultural Association, to influence the placing of some loan capital. Some members of the council of the Agricultural Association, and other friends of Mr. Greening, advanced the loans, and the shares, on being transferred to the Agricultural Association, were taken as a sound asset, thus swelling the profits shown in the balance sheet by this amount. Mr. Greening, as managing director, was entitled to one-half the profits of the Association.

The loans thus provided did not last the company long ; and an attempt was then made to amalgamate with the Co-operative Printing Society at Manchester. This, however, failed. Then, Mr. H. Pumphrey, Dr. Rutherford, I, and several other co-operators were asked to assist at a reconstruction, and we consented to do so in conjunction with Mr. Greening. To enable the proposed reconstruction to have a fair chance, Mr. Hodgson Pratt induced the managing director, Mr. W. Head, to resign, by paying him several hundreds of pounds out of his private pocket, as it was seen that the business was not large enough to bear the heavy expense of retaining him. Mr. Robert Taylor (of Colchester) was engaged in his place, while Mr. W. Strawn (of Sheerness) was appointed secretary. A composition of 10s. in the pound was effected with the creditors, and another start was made.

¹ *Co-operative News*, vol. iii. p. 227, and vol. vii. p. 429.

This effort was continued under grave difficulties for nearly three years. It was handicapped by a considerable portion of the custom being withdrawn from the company on the retirement of Mr. Head; and although Mr. Taylor did his very best, the difficulties of getting trade, together with the heavy standing expenses, were more than he could overcome. At the request of the directors, he gave up the management in 1879, in order that other experiments might be ventured upon. Shortly after, Mr. Pumphrey and I strongly urged the advisability of winding-up, as we saw no chance of success; and as this advice was disregarded, we resigned our positions as directors about the end of 1879. The secretary also resigned.

It must be said to the credit of Mr. Greening that he stuck to the company most tenaciously, and did everything in his power to make it succeed. All the custom that he could influence was taken there; and included in this, was the very important printing and publishing account of the Agricultural Association. Without this, the company could not have lasted a week. Through Dr. Rutherford, the Industrial Bank had been induced to grant large over-drafts, which amounted in August, 1880, to about £3,500¹. The last effort made by Mr. Greening was to secure the appointment as managing director of Mr. E. Waechter (the editor of the *Agricultural Economist*), but this gentleman unfortunately involved the company in a contest with the Compositors' Trades Union. According to Mr. C. J. Drummond, in June, 1882, a deputation from the Printing Company waited on the Trades Union Committee 'for the purpose of informing them that the directors . . . had determined to pay their piece compositors 6*d.* per thousand all round, instead of by scale, and their establishment hands 28*s.* per week, instead of 36*s.*; overtime in both cases not to commence until 10.30 p.m. instead of at 7 p.m.' In consequence of this, the compositors left their work; and when

¹ *Co-operative News*, vol. xi. p. 522.

Mr. Drummond wrote on July 18, suggesting a conference 'with a view of bringing about a settlement of the dispute based upon the London scale,' the company declined, saying that they were 'established on co-operative principles¹.'

Mr. Waechter did not deny the truth of Mr. Drummond's statement. In his explanations, he said that they employed 'girls and boys as compositors on the scale adopted by other printing firms with which the company has to compete.' He added that when the men declined to work, 'the directors found no difficulty in supplying their places with other compositors. So far as the compositors are concerned,' he said, 'the effect of the change, supposing the company to succeed, would be that a body of workers, who obtain rather lower wages than the members of the union, would derive a benefit which will tend to raise their earnings to a level with those of their society brethren².' To the latter remark, Mr. Drummond replied: 'Mr. Waechter's suggestion that his compositors should be paid low wages in order that they may share in the profits of the company is one that is not likely to find much favour with compositors generally.'

Mr. George Hawkins, who was then a member of the Southern Section of the Central Co-operative Board, brought the dispute to the notice of that body, on July 19, 1882; and, after two adjournments, the board passed a resolution, on August 16, as follows: 'That we very much regret the directors of the Metropolitan Printing Company have thought it necessary to reduce the wages of their work-people below the scale usually paid by the London trade.' In conveying the terms of this resolution to Mr. Drummond, Mr. Hawkins said it would 'dissociate the co-operative movement from such a disgraceful piece of business³.'

¹ *Co-operative News*, vol. xiii. p. 718.

² *Ibid.*, p. 701.

³ *Ibid.*, pp. 573, 719.

The very drastic attempt made by Mr. Waechter failed ; and ultimately, in November, 1882, Mr. Greening had to let the company go into liquidation ¹.

‘Towards the end of 1873, a small printing business belonging to the journeymen printers’ trade society of Edinburgh being for sale, it was deemed a good opportunity to form a printing company on the co-operative principle. Glowing accounts of the success of the Manchester Printing Society had just been published in a local trade organ, which it was hoped would materially assist in promoting the scheme ; but in the absence of data on which to rest expectations of similar success, these failed in arousing much interest in the new venture ².’

Thus was started the Edinburgh Co-operative Printing Company, which was registered under the Joint Stock Companies Act. ‘The invitation to take up shares was responded to by only 29 persons’ (all journeymen printers) ³, and a start was made with a subscribed capital of £102, which was increased by only £30 at the end of the first year. The value of the business to be taken over was fixed at £200 ; but the purchase was facilitated by the sellers agreeing to accept payment in scrip ⁴. The business premises in Bank-street, that were thus conveyed to the company, were very badly supplied with the requisite plant ; and even four years after the formation of the company, it was said that ‘half a dozen frames, some well-worn type, and a small assortment of jobbing types were all that could be counted upon for an emergency ;’ while of the manager (Mr. Common) it was said that ‘his duties at that time were to furnish the motive power for their single small machine, which was driven by hand, and to manage the business, the latter being by far the lightest duty ⁵.’

Up to the end of 1878, ‘the company had to struggle

¹ *Co-operative News*, vol. xiii. p. 799.

² *Edinburgh Congress Handbook*, pp. 50, 51.

³ Broadsheet Report of opening new premises, 1883.

⁴ *Edinburgh Congress Handbook*, p. 51.

⁵ *Co-operative News*, vol. xvii. p. 1286.

against a multitude of difficulties, which, at times, threatened to prove fatal.' Yet it was able, at the half-yearly meeting held in March, 1875, to declare a dividend at the rate of 5 % per ann., which, two years later, was increased to 7½ %. The sales for the last half of the year 1876 amounted to £254, while the shares amounted to £406, and the loans to £147. In noticing the efforts of the company at this date, the *Co-operative News* commented on the practice of dividing all the profits on share capital, and recommended the shareholders to 'recognize capital, labour, and custom' when dividing the profits¹.

The business was removed to Chambers-street at the end of 1878, and from that time 'real progress began to be made. Trade increased rapidly; and confidence being by this time established, sufficient capital was forthcoming to admit of necessary additions being made to plant and machinery².' At the end of 1880, the statistics showed 94 members, £1,290 of share capital, £553 of loans, sales for the year, £2,267, and profit £178; while at the end of 1883, they showed 93 members, £1,505 of shares, £767 of loans, £3,027 of sales, and £236 of profit³.

In consequence of increased trade 'the directors were obliged to look out for more suitable accommodation. This they were successful in finding' at Bristo-place. 'The property cost £5,000,' and was 'thoroughly renovated and adapted at an additional cost of £500⁴.' At the half-yearly meeting, held on September 30, 1885, the directors reported that 'the extensive premises acquired by the company two years ago have already proved inadequate for its rapidly expanding trade; and large additions have been completed at a cost of over £600, nearly doubling the capacity of the composing and machining departments.' A dividend at the rate of 15 % per ann. was declared, and £62 carried to the

¹ *Co-operative News*, vol. vi. p. 209, and vol. viii. p. 176.

² *Edinburgh Congress Handbook*, 1883, p. 51.

³ Congress Report, 1881, p. 104, and 1883, p. 17.

⁴ *Edinburgh Congress Handbook*, 1883, p. 57.

reserve fund. The sales had been 17 % more than in the previous year. It was agreed to issue 500 new £1 shares at par as usual¹.

At this meeting, Mr. Common, the managing director, moved a resolution in favour of sharing profits with the employés; and explained that their reasons for not having done anything in this direction before were 'that while they had never lost sight of the desirability of placing their constitution and practice in more direct accord with co-operative principles, they had felt that before such a step could be taken with the prospect of permanent success, both in the interests of the shareholders and workers, the stability of the company must first be assured.' The resolution was agreed to unanimously; and at the next half-yearly meeting it was decided to give the bonus, in the form of a provident fund, on the following conditions: the employés were to be allowed half the profits after 10 % per ann. had been paid on shares. This bonus was not to be paid in cash, but must remain in the hands of the company to accumulate at 4 % interest. Each employé who has been six months in the service of the company has the right to a share of the bonus *pro rata* on his wages. When a participant leaves the employ of the company for any cause, he will be paid the amount due to him; but subject to the right of the directors to declare it forfeited, in whole or part, for any act involving serious loss or damage to the company. In cases of extreme distress, a portion or the whole may be paid to an employé by the directors². At a complimentary dinner, given to the directors 'to celebrate the admission of the employés to a participation in the profits,' Mr. Lindsay (the chairman of the company) said the directors 'believed, by increased skill, promptitude, and energy, the workers could largely increase the business and profits of the company.'

In December, 1886, the company had over 50 employés, and none but society men were employed³. At the same

¹ *Co-operative News*, vol. xvi. p. 932.

² *Ibid.*, vol. xvii. p. 1038.

³ *Ibid.*, p. 1286.

date, the position of the company was as follows: 135 members, £4,329 of share capital, £8,132 loans, and £567 reserve fund. The sales for the year were £7,237, on which a net profit had been made of £669; £549 of this went to shares, being equal to 14¼%, and £120 went to the workers, or equal to 5% on their wages¹. The Congress reports show that, up to the end of 1890, the dividends to the shareholders have varied from 13% to 14½% per ann. free of income tax; while the bonus on wages has varied from 10½*d.* to 1*s.* 4*d.* in the pound, during the same period.

In 1888, the company suffered a loss in sales in one half-year of over £1,300, through the opening of the Scottish Wholesale Society's printing department, to which many of the retail societies transferred their custom. This brought the company's profit below the average; but in the directors' report, dated April 2, 1890, they were able to say: 'The half-year just closed has been one of the most prosperous in the period of the company. . . . The limit of production in the present premises has been nearly reached, and until a much-needed extension is arranged, no great increase of trade can be looked for².'

The feeling of the employés towards the manager manifested itself on April 4, 1890, by a testimonial to him, in which they hoped he would be long spared 'to maintain the Darien Press as the model printing office for excellence of work and regard for the workers.' At the same time they presented him with a gold albert, as an acknowledgement, they said, of his 'endeavours to promote our interests, not the least of these being the formation of the provident fund³.'

Writing to Miss Potter, on January 28, 1891, Mr. Common said: 'The total number of our employés is 73, very few of whom are shareholders. They show little disposition to apply for shares, and no pressure is put upon them to do so. We have 132 shareholders, of whom 25 are co-operative societies.'

¹ Congress Report, 1886, p. 49.

² *Co-operative News*, vol. xxi. p. 344.

³ *Ibid.*, p. 358.

The balance sheet for the half-year ending February 29, 1892, exhibited the position of the company as follows: Share capital, £6,050; loans, £9,144; employés' provident fund, £767; reserve fund, £1,000; total cost of plant £9,373, deducting depreciation to date £3,922, leaves the present value, £5,451; cost of land and buildings £6,860, deducting depreciation to date £290, leaves the present value £6,570. The sales for the half-year were £4,458, and the profit amounted to £536. Out of this, the shareholders received a dividend of 14% per ann., free of income tax, and the employés' provident fund received £107, to be allocated on £2,046 of wages.

In June, 1876, the late Mrs. Paterson, who was well known for her devotion to the improvement of the industrial position of women, founded a Women's Printing Society, Limited, with the aid of some well-to-do ladies and gentlemen who desired to assist in her work. The amount of capital raised at the outset was £450, and premises were taken in Great College-street, Westminster. The fourteenth report said, the society at first

'had to contend with the difficulties attending an attempt to introduce women to a new trade. Not only had they hitherto had no opportunity of learning it in all its branches, but it was at first impossible to obtain a thorough training for them. For some time, therefore, the society laboured under the disadvantage of having to fulfil the part of a technical school, while endeavouring, in competition with other firms, to build up the business on sound commercial principles.'

The society was registered under the Joint Stock Companies Act, with shares of the value of £2 each; and the articles provided that after paying 5% per ann. interest to the shareholders, the remaining profits were to be distributed as follows: 'One-third to the shareholders, and the two remaining thirds to the persons who shall be in their employment at the time such dividend is declared, in the proportion of the amount of wages they have received.'

Mrs. Paterson continued at the head of the society as

managing secretary until her death, in 1886. During this period no profits were made, but a somewhat heavy loss was gradually accumulated. Although no interest was paid on share capital during all this time, the friends of the society increased their contributions, both to meet losses and to provide additional working capital; so that on January 31, 1887, the balance sheet showed a total share capital of £1,527, and an accumulated balance to debit of profit and loss account of £509.

On Mrs. Paterson's death, Miss Weede was appointed managing secretary. Under Miss Weede, the sales for the year ending January 31, 1888, amounted to £1,211; the wages paid to a staff of twelve women and girls, and one man and two boys, had amounted to £486; but this staff had not been in full employ all the year. The report asserted that 'the number of customers has increased from 177 last year to 295 this year, and great satisfaction has been expressed by them with the quality of the work and the speed with which their orders have been executed.' The profit for the year was £263, which was devoted to the reduction of the balance of previous losses.

In 1889, the society increased the number of its customers to 397, and was entrusted with the printing of a small weekly paper. The profit amounted to £254, but £143 was reserved for writing off bad debts, and the remainder was again devoted to reducing previous losses. The sales amounted to £2,144, and the directors reported that 'the profits on the orders executed have risen, although higher wages have been paid; a considerable sum has been laid out on drainage, and the value of the remainder of the lease is being written off.' After doing these things, there was still a balance of profit of £387. Out of this, they wrote off the remaining balance of loss, amounting to £135; and then, 'for the first time since the establishment of the business,' the directors thought that the financial condition was 'so thoroughly sound as to justify them 'in recommending the declaration of a dividend.' Consequently,

after 13 years' waiting, the shareholders received a dividend of 5 %, together with a bonus of about another $1\frac{1}{2}$ %; while the workers had £48 divided amongst them in proportion to their wages.

In 1890, the sales were somewhat reduced, being only £1,919. In the opinion of the directors, this was mainly to be accounted for by the depression in the printing trade. But, they added, 'it is a matter for congratulation that while many workers in the trade were thrown out of employment during the period of depression, the Women's Printing Society was able to keep its staff employed without dismissing any of the workers.' The wages paid during the year amounted to £856. The net profit was £164, out of which were paid a 5 % dividend to the shareholders, and similar bonuses to those of 1889 to shareholders and workers. The reserve fund amounted to £104. £344 had been expended in new type and machinery, which, together with fixtures, now amounted to £948 after deducting depreciation, at the rate of 10 % per ann. on type, &c., and 14 % on fixtures.

For the year ending January 31, 1892, the directors reported the sales to have been £2,902, and the profit £428. Out of the profit, the shareholders received a bonus of nearly 2 % besides the regulation 5 % interest; and the employés received a bonus of £60, on wages amounting to £1,090. The remainder, amounting to £257, was carried to reserve funds, thereby increasing these latter to £425. The share capital, at the above-mentioned date, stood at £1,613. The number of employés was 26. For some years past, all the directors have been women.

The patient enthusiasm of Mr. James Bonar, a member of the Civil Service, was the cause of the formation and continuation of the Bookbinders' Co-operative Society, Limited. Writing on April 26, 1885, to the *Co-operative News*, he expressed surprise 'that productive co-operation has been tried so little, if at all, in bookbinding.' He added :

'Working bookbinders tell me that the machinery and other

requisites to set working a small society, of say half a dozen men and two or three women, would be only, at the most, £200; and, if a small society succeeds, it can easily grow into a large one. They say that with orders to the extent of only 100 or 150 volumes a week, the society could make good profits for its members, after paying all current expenses, including instalments in repayment of the £200 (which must be a loan) and the rent of the premises in a central district, where they ought certainly to be, such as St. Martin's-lane or Fleet-street¹.

A considerable correspondence was published in consequence of Mr. Bonar's letter. A 'Bookbinder' said '£200 would be more than enough to get the necessary machinery and other requisites.' But he added: 'From personal experience, I think what is most wanted are the books to be bound.' Mr. Robert Hyde drew Mr. Bonar's attention to the Co-operative Printing Society, who were 'bookbinders of many years' standing, and employ some 60 or 70 people in the bookbinding department alone.' Mr. Hyde suggested that, instead of starting another society, as the co-operative printers have a London office, they could well be given the work of binding the '150 volumes a week' which Mr. Bonar thought 'could surely be found by friends of co-operation all over London and the neighbourhood.' Finally, Mr. Thomas Hayes, as an official of the Printing Society, pointed out that Mr. Bonar was wrong in thinking that little, if any, co-operation existed in the bookbinding trade; but in that generous spirit which has always actuated Mr. Hayes, he continued:

'It is not intended to discourage, or in any sense to disapprove of the establishment of a co-operative bookbinding society in London. . . . James Bonar and "Bookbinder" are apparently new recruits in our co-operative army. We cheerfully welcome all comers, although they are liable sometimes to overlook the existence of co-operative institutions which existed long, probably, before they joined the movement².'

Notwithstanding Mr. Hyde's appeal for union, Mr. Bonar

¹ *Co-operative News*, vol. xvi. p. 394.

² *Ibid.*, pp. 413, 437.

persisted. He said: 'The main difficulty is the supply of orders; but I think that this difficulty will be less felt in London than anywhere else.' He considered that, beside the co-operative societies and clubs,

'there are numbers of sympathizers in all classes of society. . . . They are all of them men of many books . . . usually bound; and if they had choice between binding in the old way of competition, and binding in the new way of co-operation, they would make it a point of honour to give co-operation a trial. . . . Even our wealthy capitalists might help, if only from a salutary fear¹.'

On August 29, 1885, Mr. Bonar wrote explaining how matters then stood. A lodge had been instituted on June 5 for the express purpose of organizing a bookbinding society. This 'lodge included many working men, two of whom were bookbinders.' Since June 5, it had held twelve weekly meetings, in the course of which it had drawn up, for registration, 'the special and general rules of the Bookbinders' Society, Limited; prepared a prospectus for circulation, and appointed (provisionally) the society's first manager.' They had also 'ascertained by letter and word of mouth that there would be a sound prospect of custom for such a society;' and they were of opinion that, 'if friends would only take up another hundred £ 1 shares, the Bookbinders' Co-operative Society could begin business in three weeks' time².'

Mr. Frederick Rogers was the provisionally appointed manager, and business was commenced at the beginning of 1886, when there were 71 members, and £ 376 of share capital³. 'A few months after the start,' Mr. Rogers said,

'we went into temporary premises, and were anxious to do things on the cheap. One of our members happened to be somewhat of an amateur carpenter; and at the end of his day's work at bookbinding, and on the Saturday half-holiday, he

¹ *Co-operative News*, vol. xvi. p. 460.

² *Ibid.*, p. 867.

³ Congress Report, 1886, p. 134.

would set to at carpentering; and every bench in the place was made by his volunteer work¹.

From these temporary premises, the society removed to Bury-street, Bloomsbury, opposite the British Museum. Mr. Rogers gave up the management before the end of the year, because, as he has informed me, he 'was a vellum binder, and they were bookbinders;' but he helped the new society for another twelve months, by serving on the committee². Some time afterwards, Mr. Rogers became the foreman of the binding department of the London Branch of the Co-operative Printing Society.

The society had a very severe struggle for existence up to the end of 1888. The trade done in 1887 was £519, and in 1888, £572. The balance sheet showed a total loss, up to the end of 1888, of £183. In 1889, the sales amounted to £666, on which there was a net profit of £17 12s. This sum was devoted to the reduction of previous losses. At the annual meeting, held in June, 1891, the sales for the past year were reported to have been £593, and, in explanation of the decrease, the committee said the 'sudden growth of 1889 was owing to circumstances hardly likely to recur, and the smaller trade shows a better proportion of profit. The profit, £45 11s., has again reduced the deficit' accumulated in previous years, leaving it at £119³.

According to information supplied to Miss Potter in 1891, 9 present or past employés were shareholders, and 2 employés were on the committee. A few months before this, Mr. Bonar informed me that about four-fifths of the trade was done with private firms, and the remainder with co-operative societies. When there was full work the society employed 7 persons. The rules provide that the profits shall be divided as follows: 5% on share capital. Of the remainder, one-twentieth goes to a reserve, and another twentieth to an educational fund. Then the workers

¹ *Pall Mall Gazette*, May 21, 1886.

² *Co-operative News*, vol. xviii. p. 137.

³ *Ibid.*, vol. xxii. p. 627.

take two-thirds of the balance in the form of shares, and the other third is to be distributed among the retail customers.

The sales in 1891 were £588, on which a loss of £25 was sustained. At the end of 1891, the number of members was 81, and the share capital was £394. The wages paid during the year were £380. The plant stood at £100, the original cost having been £159. The total losses standing to the debit of the society, at the end of 1891, were £144¹. In their report, the committee said :

‘In order to keep the workers together in the summer, the society was compelled to pay wages when there was little work in the shop. In view of this constant danger of the dull season, we would again urge members to procure customers, especially for that time of the year.’

The 8 hours day had been adopted.

Many of the propagandist publications of co-operators and other similar bodies have been, and still are, published at the expense, and by the initiative, of individuals. In the Owenite days there were, however, quite a series of journals published by associations and communities ; but since the birth of the era of limited liability, the attempts at co-operative publishing have not been numerous. One attempt in Staffordshire has already been noticed. Another effort at Bishop Auckland extended from 1866 to 1871². In 1873, or thereabouts, the late Lloyd Jones edited a workman’s paper on behalf of the northern miners ; but it soon came to grief. In 1885, there were registered, the Edmonton Printing and Publishing Society, and the Commercial Travellers’ Newspaper Society, Castle-street, Holborn. But both of these, I think, were stillborn³. Then, in 1889, Mr. Champion transformed his ‘Labour Press’ into a society ; but I think it died at the time of the death of the paper⁴. A number of authors about 1889, joined together, under

¹ Society’s Balance Sheet for 1891.

² Wholesales’ *Annual*, 1883, p. 179.

³ Registrar’s Returns, 1885, pp. 94, 95.

⁴ Co-operative Congress Report, 1890, p. 32.

Mr. Walter Besant, to form a co-operative publishing company; but I do not know how far their efforts have been successful; while in 1890, a *Bakers' News* was registered at Chelsea¹. The *Trade Unionist* was founded by the Dockers' Union, in 1891. At the beginning of 1892 it was merged in the *Workman's Times*, which, I believe, is the property of a private firm.

The only efforts that need extended notice here are, first, the starting of the *Co-operator* in 1860, and secondly, the starting of the *Co-operative News* in 1871. On September 5, 1859, the committee of the Manchester and Salford Equitable Co-operative Society determined to issue a circular to co-operative societies, asking them to help in the establishment of a co-operative newspaper, for the purpose of advancing

'the social and political interests of working men, advocating the principle of co-operation, and serving as a medium for the interchange of intelligence between the various co-operative societies of England. . . . From replies received, and from expressions of sympathy from all parts, the committee decided upon issuing (for the present, at least) a monthly penny journal, which would fairly test the question; and without entailing trouble or expense, in the shape of a conference of delegates, would give to each society a chance to bring their views upon the subject before their brethren in all parts of the kingdom².'

Thus was started the *Co-operator* in June, 1860, as a small eight-page journal, each page being the size of a page of the *Nineteenth Century Magazine*, and the matter being arranged in two columns to the page. The first editor was Edward Longfield, a member of the Manchester Equitable Society, at one time an auditor of the Wholesale Society, and at the time of his death the secretary of the Cobden Mills Company. The July number was enlarged to sixteen pages. In the August number the promoters said :

¹ Registrar's Returns, 1890, p. 118.

² *Co-operator*, vol. i. pp. 2, 3.

'We have borne the risk of the experiment because we had faith in it; we saw the *Co-operator* come into existence; we believe it now lives and prospers. . . . Applications are constantly and urgently being made for shares,' and, as 'societies and individuals are alike wishful to secure' some, 'the conductors of this journal . . . have resolved to establish a company forthwith. They propose to register it under the Limited Liability Act; also to issue 10,000 shares at £1 each . . . that co-operators and co-operative societies be equally eligible to take shares,' and that the proposed association be called 'The Co-operative Printing Company.'

In May, 1861, a balance sheet for the first nine numbers was issued, showing that 60,472 copies had been sold, or equal to 6,700 per month; while a net profit had been realized of £12 os. 8d. 423 shares had been taken up in the company by 41 shareholders. With this number the editor had been changed, Mr. Henry Pitman having succeeded Mr. Longfield¹. Mr. Pitman has informed me that the above-mentioned profit was not really made, as there were unsold copies and bad debts not taken into account; and Mr. Barton, who drew up the balance sheet, has confirmed Mr. Pitman's statement on this point. In July, the company transferred the paper to Mr. Pitman, returning the capital in full to the shareholders, as there had not been sufficient response to the invitation to take up shares, although the circulation was now about 10,000 a month².

Although the *Co-operator* thus passed into private hands, it was sustained by co-operators, not only by the purchase of copies of the paper, but by a system of subsidies to Mr. Pitman, which was commenced by him in October, 1862³, and continued by him during and beyond the existence of the paper. His first appeal for help brought in £71 18s. 6d. of subscriptions from societies and friends⁴. In March, 1864, he put the paper into mourning, and announced that he owed his brother, on its account, the sum of £125⁵. The Manchester Equitable Society sent out an

¹ *Co-operator*, vol. i. pp. 33, 170. ² *Ibid.*, vol. ii. pp. 19, 47 and 61.

³ *Ibid.*, vol. iii. p. 97. ⁴ *Ibid.*, vol. iii. ⁵ *Ibid.*, vol. iv. p. 152.

appeal on Mr. Pitman's behalf, which resulted in donations being received from individuals amounting to £84 8s. 11d., and from 155 societies amounting to £210 18s. 5d., making a total of £295 7s. 4d. During this subscription, it was stated that at numerous places 'the *Co-operator* is given to the members free, or sold at half-price¹.'

The success of this appeal, and the increased circulation of the paper, caused Mr. Pitman to begin to publish it fortnightly in June, 1865; but in September of the same year he suddenly reduced the size by one-half (to eight pages), saying: 'As soon as co-operative societies bear their share of the expense of propagating co-operation, and recording its progress by contributing a small sum annually to the editorial fund, the *Co-operator* will revert to its former, or an increased size².' In December, 1865, he stopped selling the paper at wholesale prices, and began charging for it at the rate of 1s. per dozen copies, carriage paid, 'payment at the above rate for three months in advance being "expected"³.'

With 1866 the paper was restored to its former size of sixteen pages, and continued in the same form during the remainder of its career. In this year, William Cooper (secretary of the Rochdale Pioneers) became treasurer to an editorial fund, societies being requested to contribute an 'annual grant of 1d. per member towards sustaining, enlarging, and improving the *Co-operator*.' All the amounts received on this account were not published, the editor usually simply saying some donations had been received which would be acknowledged by the treasurer; £8 14s. 4d. are the only donations printed⁴.

On January 15, 1867, Mr. Pitman issued a 'last appeal,' which resulted in donations being received and acknowledged to the amount of £23 0s. 8d. from individuals, and £70 0s. 1d.

¹ *Co-operator*, vol. v. p. 40.

² *Ibid.*, vol. vi. p. 129.

³ *Ibid.*, p. 169.

⁴ Mr. Pitman has assured me that this amount was the total amount subscribed.

from 84 societies. In 1868-9, acknowledgements were made of donations to the amount of £25 14s.; and in this latter year, Mr. Pitman took up the cause of anti-tobacco, and also that of anti-vaccination, in the *Co-operator*. In July, 1870, he published an 'Entreaty,' stating that he was in debt to his printers, 'to the extent of £1,000.' This resulted in donations from 192 societies, amounting to £307 1s. 1d., and from individuals, amounting to £73 17s. 5d. These amounts were increased to 'over £500' by May 24, 1871. Before this date, the paper had changed its title by adding the words 'and Anti-Vaccinator,' while the greater part of the paper was used for ventilating the latter-named subject. With the advent of the *Co-operative News* in September, 1871, the title of 'Co-operator' was dropped, and the journal was carried on as *The Anti-Vaccinator* until December 2, when it ceased to exist. In 1872, the sum of £572 was subscribed to clear Mr. Pitman of his printer's debt; £35 being subscribed by sundry individuals and societies, £125 by Miss Lawson and Mr. William Lawson, and £409 (the balance) by a unanimous vote of the Wholesale Society's quarterly meeting¹.

The total sums thus contributed to the support of the *Co-operator* during the ten years it was in Mr. Pitman's hands, amounted to, at the least, £1,575, being an average of over £150 a year.

The unsatisfactory condition of the *Co-operator*, both from a financial and propagandist point of view, had the effect of causing co-operators to discuss the advisability of establishing a co-operative paper of a more efficient character, and on a more satisfactory basis. Proposals of this nature were discussed at several of the Good Friday conferences of the Lancashire and Yorkshire Conference Association. One conference, held at Manchester, decided that the new paper 'should not be either advanced or Tory.' The next year, at Leeds, it was 'decided that it should be advanced Liberal.'

¹ *Co-operative News*, vol. ii. pp. 592, 593, and vol. iii. p. 76.

Ultimately, at the Manchester Congress, in 1870, it was resolved, 'That this Congress is of opinion that a newspaper devoted to co-operative interests should be established with as little delay as possible; and that the subject be referred to the Central Board to be appointed by the Congress to carry out¹.'

Acting on this resolution, the Central Board issued a prospectus; and reported to the Congress of 1871 that 'from the replies received and other indications of support, your board have felt warranted in announcing that the proposed newspaper will make its appearance in the first week of July.' At the Congress there was great contention about the place of publication of the proposed paper—the London section of the Central Board being strongly in favour of London, while the provincial section was just as strongly in favour of Manchester. It was, in fact, a question as to who should have the control; but the Congress closed without settling the question, after passing a resolution as follows: 'That this Congress earnestly calls upon all co-operative, trade and friendly societies in the United Kingdom to take shares in, and become subscribers to, the co-operative newspaper proposed to be established².'

Altogether, 'several hundreds of pounds were spent by the Congress Board in promoting' the newspaper, before sufficient encouragement and support were given to warrant the starting of the paper. However, on June 10, 1871, a meeting was held at Manchester of proposed shareholders, when it was reported that 'about £400 of capital had been promised, mostly by individuals; but £100 of it came from the Wholesale Society.' This meeting decided to form a society, and start the paper as soon as the necessary arrangements could be completed³.

Apparently, no time was lost. The Co-operative Printing Society undertook to produce the paper; and, as the promoters had been advised by experts 'that £5,000 at least

¹ Congress Report, 1870, p. 21.

² *Ibid.*, 1871, pp. 5, 47.

³ *Ibid.*, 1873, pp. 93, 94.

would have to be sunk in advertising, canvassing . . . and other promotion expenses¹, before the paper would begin to pay, they determined to be economical and keep their outgoings as low as possible. The decision to print and publish at Manchester was received with very ill grace by the London members of the Central Board, and the literary help that they had promised to the new paper was refused. This, however, far from deterring the provincial section, acted as a stimulant, and, in spite of all difficulties, the first number of the *Co-operative News* was issued on September 2, 1871. The paper was eight pages, double the size of the pages of the old *Co-operator*; and with the fourth number, the paper was increased to twelve pages, the circulation having reached 10,000 copies a week².

In introducing itself, the *Co-operative News* said :

‘We commence to-day a new era in co-operation, an era of journalism. . . . There have been many co-operative journals before, but they have been all of the nature of journals conducted *for* co-operators. The *Co-operative News* will be conducted *by* co-operators³.’

The paper made a noteworthy beginning by publishing a series of ten articles by Dr. John Watts. This writer, like Lloyd Jones and G. J. Holyoake, was one of the Owenite socialistic missionaries. Up to the day of his death, he possessed the confidence of the Lancashire co-operators to a degree never equalled by any other person. His articles sketched a complete system of co-operative progress, and had an effect on the movement that has grown stronger year by year. It is the unseen guide even at the present time. He concluded his articles by a summary, in which he advocated the establishment of retail stores everywhere, without overlapping; the formation of building societies in connexion with the stores; the maintenance of one Wholesale Society, to be extended as required; that retail societies should deal exclusively with the Wholesale,

¹ Congress Report, 1873, p. 94.

² *Ibid.*, 1872, p. 9.

³ *Co-operative News*, vol. i. p. 4.

and should refrain, on principle, from buying elsewhere if it could be avoided; that the Wholesale should establish all kinds of factories and workshops for the production of articles required by co-operators; that goods should be imported direct from foreign countries; and that farming should be undertaken wherever it was found practicable¹. At the conclusion of his article on 'Real Co-operative Production,' Dr. Watts said:

'Every extension which is demanded by an already established distributive trade, and which is entered upon under the advice of practical and successful men in their various departments, and with capital supplied by the stores which are to be customers for the commodities, will stand the best possible chances of permanence and profit, because they will be really and truly co-operative².'

'The first twenty numbers of the *Co-operative News* were conducted by a few members of the board after their working hours, free of all pay, and they were frequently out of pocket in addition. The whole of the promoters and the first board of directors, with nearly all who contributed to the pages of the paper during this time, also did their work gratuitously.'

Among these unpaid workers, Thomas Hayes and William Nuttall deserve especial mention; and it is not saying too much to state that, had it not been for their self-denying, disinterested exertions, the *Co-operative News* would never have survived its infancy. 'At the close of the first quarter it was deemed advisable to elect a permanent editor and manager³.' Mr. R. Bailey Walker, a pupil of Mr. Henry Pitman, was the person appointed to fill the position. He held it until the end of 1872 only; and early in 1873, Mr. J. C. Farn, an old Owenite, became editor. During this time the contention over the control of the paper continued, and provoked considerable acrimony and ill-feeling. The tone of the paper was objected to, and the management was accused of partiality. Mr. Holyoake

¹ *Co-operative News*, vol. i. pp. 102, 103.

² *Ibid.*, p. 79.

³ Congress Report, 1873, pp. 93, 94.

characterized the action of the *Co-operative News* management as 'unintended, unavowed, but nevertheless disguised revolt'¹ against the Central Board, or rather against the London portion of it. These strong words were mild compared to some, and the progress of the paper was distinctly retarded by the disputes.

The Newspaper Society was not registered until March 19, 1873²; and it was only at the end of 1873 that a balance sheet was prepared, and presented to the members. At the annual meeting, held on February 14, 1874, there was a very large attendance of shareholders; and in opening the proceedings, the chairman (Mr. Hayes) said, 'the long-looked-for day had arrived, and they were able to lay before the members the balance sheet covering the whole period of the society's existence up to the close of 1873.' The share capital was £760. 54 societies supplied £550 of this, and 73 individuals supplied the remainder; £602 had been sunk or lost up to this date; but the paper had now attained to a paying circulation, and 'in view of the fact that those of our friends most competent to judge, warned us at the outset that eight or ten times that sum would be required, we feel that the present financial position of the society is very gratifying and eminently satisfactory.' The Printing Society was at this time a creditor of the *News* to the extent of £1,200, and its generous forbearance alone enabled the Newspaper Society to weather the financial stress, and sail successfully through its difficulties³.

At the annual meeting referred to in the preceding paragraph, the directors of the Newspaper Society recommended that societies only should be allowed to become shareholders in the future, and that individual shareholders should be eliminated as soon as possible. To facilitate this process, they had only made recent admissions of individual shareholders 'subject to the condition that the persons con-

¹ Congress Report, 1874, p. 105.

² Registrar's Returns, 1873, p. 68.

³ Congress Report, 1879, p. 31, and *Co-operative News*, vol. iv. p. 85.

cerned should sell out at par in case the meeting decided to adopt the directors' recommendation.' This recommendation was adopted. It was further decided that the Central Board should be allowed one representative on the Newspaper Society's committee, twelve being elected as before by the societies¹. At the 1874 Congress, this decision was altered by general consent to one representative from each section of the Central Board; and the Newspaper Society's shareholders' meeting of May 23, 1874, ratified this decision². The effect of the peace was quickly seen by the rapid increase in the number of shareholders; and it was reported to the 1875 Congress, that there were now 121 societies holding shares to the amount of £1,034³.

In 1875, Mr. Farn ceased to be editor, and Mr. Bamford was appointed to the position. Under his care the paper has had a career of almost unbroken prosperity. The late Mr. Joseph Smith deserves a portion of the credit of this success, for the tact and patience with which he filled the office of secretary of the Newspaper Society for many years. On his death, Mr. Bamford was elected secretary, still retaining the editorship; and his impartiality, joined to a steady-going business capacity, has won for the paper the universal esteem and confidence of co-operators.

The circulation in 1874 was 11,607 copies weekly. In 1878, this had increased to 15,344 copies. Some individual shareholders had presented their capital to the society towards liquidating the deficiency account, while others had been paid off in obedience to the resolution of 1874, and there were very few individual shareholders remaining. Successive falls in the price of paper helped the society materially; and in June, 1877, the loss sustained in founding the paper was swept away. In 1878, the size of the paper was increased. This caused a loss on the year; but in 1879 the circulation again increased, and a profit was once more made⁴.

¹ *Co-operative News*, vol. iv. p. 85.

³ Congress Report, 1875, pp. 34. 35.

² *Ibid.*, pp. 231, 294, 295.

⁴ *Ibid.*, 1879, pp. 30, 31.

At the end of 1879, 187 societies were shareholders, with a capital of £1,317. The reserve fund amounted to £637, and the circulation of the paper was about 17,000 copies weekly¹. Another year saw the circulation at over 19,000, and the profit admitted of the issue of a literary supplement. In 1882, the circulation went up to nearly 22,000, while the reserve fund had increased to £1,559, or equal to 98 % of the share capital. In 1883, the reserve fund was further increased to £1,716, while the share capital was £1,648. With the beginning of this year, the form of the paper was reduced to the convenient size which, in 1893, was still in use, but the number of pages was increased to twenty, without reckoning those used for advertising purposes; these latter being separately numbered, so as to enable them to be discarded when binding the *News* into an annual volume. This number was afterwards increased to twenty-four pages, exclusive of advertisements, at which size the paper stood in 1893; but frequent supplements are gratuitously added, and at the shareholders' meeting, held in February, 1892, the committee remarked that 'with the ever-increasing demands on our space, the multiplication of important meetings such as those of the Wholesale Societies and the Co-operative Union, the publication of supplements will be more frequent in the future².'

The possibility of steadily improving and enlarging the paper is due to the peculiar constitution of the society, which limits share capital to 5 % interest, and provides that 'the surplus profits of the society shall be applied either to the improvement and diffusion of the *Co-operative News*, or to any purpose connected with co-operative propaganda in such a way as may be approved by a majority of the committee³.'

At the 1887 Congress, it was reported that the circulation

¹ Congress Report, 1880, pp. 39, 100.

² *Co-operative News*, vol. xxiii. p. 181.

³ Congress Report, 1887, p. 34.

was then 31,500 copies weekly, the share capital had increased to £1,830, and the reserve fund amounted to £2,780. It was now determined to employ the surplus capital in laying down special plant, and printing the *News* by the society, instead of by the Co-operative Printing Society. For this purpose, a machine was purchased capable of printing and folding 10,000 copies an hour; and altogether, a sum of £4,146 was expended. This amount was completely written off by the quarterly depreciations, and by means of an appropriation from the reserve fund in August, 1891, thus leaving the society with a well-equipped establishment, and with its share capital intact into the bargain¹.

It is due to the societies to point out that the success of the *News* is to some extent owing to the manner in which it has been supported by them. Many societies specially push and advertise the *News* on their balance sheets, and in other ways. Some sell it at half-price, while others supply it to all members gratuitously who will apply for it. In both cases, societies believe that they obtain a profitable return for their financial outlay, by the improved co-operative intelligence of their members after reading the *News*. In 1890, the Newspaper Society contributed out of its prosperity to this propagandist zeal, by reducing the wholesale price of the paper, from 9*d.* to 8*d.* per dozen copies².

At the 1887 Congress, it was agreed, without discussion, to waive the right of the Central Board to appoint representatives on the *News* committee. The plan had never worked, and was, from the beginning, almost a dead letter. The sectional representatives were 'never asked to attend the meeting at which the executive is appointed, nor the meeting at which the balance sheet is considered. All the financial and administrative business of the society is transacted at meetings of the elected members of the board,

¹ *Co-operative News*, vol. xxii. pp. 179, 822, and Congress Report, 1888, p. 27.

² Congress Report, 1890, p. 25.

to which the sectional representatives are never summoned¹. In 1888, new rules were adopted by the society, making the alteration thus sanctioned; and the management has since been vested in a committee of twelve persons, elected by voting papers by the shareholders².

The circulation of the paper is still on the increase, and was, at the beginning of 1893, about 40,000 copies weekly. In 1890 a new venture was started, viz. the printing of local monthly records for the societies; and the circulation of these in 1891 averaged 64,000³. At the latter part of 1891, the plant was still further utilized by printing a weekly paper for a private firm. While I agree that this was a wise operation, I should prefer the steadily growing resources of the Newspaper Society being devoted to the establishment of a general daily paper, equal in excellence to any now in existence, but superior to them in being used as an exponent of the application, to every department of human life, of the co-operative virtues of truthfulness, justice, and mutual association.

In 1891, the rules of the society were once more altered, to concede a point to the Scotch co-operators. The alterations enabled the Scotch shareholders to vote for eleven committeemen, in common with the other shareholders, and gave them, in addition, the exclusive right of electing a Scotchman on the committee⁴.

At the end of 1891, the number of shareholders was 278, the share capital was £2,451, and there was a reserve fund of £1,978, in addition to the whole value of plant, which had been previously written off. The directors also reported that their premises were too small, and suggested the advisability of erecting a more capacious building, calculated to meet their requirements for many years to come. In 1892, the profit amounted to £743. Nearly the whole of it was added to the reserve fund. In this

¹ Congress Report, 1887, p. 34.

² *Ibid.*, 1888, p. 27.

³ *Ibid.*, 1891, p. 23.

⁴ *Co-operative News*, vol. xxii. p. 179.

year, a site had been secured in Long Millgate for new premises ; and the Co-operative Wholesale Society had been entrusted with the preparation of the plans. To provide the necessary funds, the share list was thrown open to societies in February, 1893 ; and almost immediately, some 60 societies subscribed £5,000. This brought the share capital up to about £8,500.

On Wednesday, February 10, 1892, Alderman Duxbury, then mayor of Darwen, who was also manager of the Darwen Paper Company, Limited, gave an official dinner to the directors and head officials of that company, to celebrate its coming of age. At this celebration, the history of the company was recounted by one and another of the officials, but most fully by Mr. William Taylor, who had been connected with the company during the whole of its existence. The *Darwen News* of February 13, 1892, contained a long report of the proceedings ; and a pamphlet has since been published, giving a short history of the company. This pamphlet was written by Mr. Taylor and the secretary (Mr. T. Y. Nuttall). From these sources, I have prepared the following condensed statement of the company's origin, progress, and position, at the beginning of 1892.

The establishment of the Co-operative Society in Darwen had so stimulated the practice of thrift, that in 1869

‘the store was being overwhelmed with the savings of its members. It had become the bank of deposit for a great number of Darwen families ; and there seemed no alternative but to decline any further contributions. In fact, in 1870, a motion was proposed to enforce the repayment of some of the capital. This seemed inconsistent with the co-operative ideal. Co-operators claimed to be able to utilize capital advantageously, and the more thoughtful of them believed that associated labour should make the attempt.’

At one of the annual festivals of the co-operative societies, William Marcroft had dilated with great effect on the glorious results of Oldham working class enterprise ; so when the presence of surplus capital began to be felt,

William Taylor, Joseph Kay, and Thomas Shorrocks, determined to make a pilgrimage to Oldham, 'and see for themselves what was being done there by working men for their own elevation in the social scale.' On arriving at Oldham, they, said Mr. Taylor, 'inquired for Mr. Marcroft, the apostle of co-operation and joint stock enterprise. Mr. Marcroft received us kindly; and, after we had explained our errand, he took us through the Sun Mill and several other works,' concluding the interview with the advice 'to commence some sort of manufacturing business that was best understood in our town, and to invest all our spare capital in our own town, as far as practicable.'

The deputation returned, continued Mr. Taylor, 'fully convinced that Darwen was a long way behind Oldham; but, so far as we were concerned, it should not be so much longer. We discussed several projects on our way home, and agreed to call a meeting in the conversation room at the store, in School-street, on the following night.' This meeting was held on November 10, 1870, and it decided that 'the best thing to commence would be a brown paper mill.' A small committee was appointed to select a site, and they decided to lease one containing about three acres. As the lessors would not let to a company, two of the committee were deputed to be the lessees, and they obtained the land at a rental of $1\frac{1}{2}d.$ per yard, 'which was to include all water rights to Davyfield Brook, and the right . . . to convey water on to the beating engines without the expense of pumping.' Another privilege was 'the right to one-half of the stream or spring water on the north side of the estate.'

The company 'was registered on February 10, 1871, under the Joint Stock Companies Act, with a share capital of £10,000 in £5 shares. The shares were mostly applied for by members of the co-operative stores. The Darwen Industrial Society took up 200 shares, and agreed to lend the new company £6,000 on mortgage. The Rochdale Equitable Pioneers, the Lower Darwen stores, and the

Co-operative Printing Society, also became shareholders. The management was committed to a board composed of men who had obtained business ideas in the service of the stores, assisted by friends intimate with the waste trade and paper making, who enjoyed the confidence of the co-operative leaders.' No promotion money was paid by the company, and for a time the directors worked without remuneration. But when 'the company began to make 20 % it was thought the directors ought to be paid a salary. A meeting was called, at which it was proposed that they be paid 1s. per week. An amendment was, however, moved and carried that they receive 1s. 6d. per week. The salary gradually grew' larger; but, it was stated at the majority dinner, 'it was not yet very heavy.'

A mill was built on the site leased at Lower Darwen, and the sharp-sighted promoters secured a good bargain in buying two large steam boilers, one of them being new, a large engine, and 9,000 feet of ashlar stone, for £500, from the proprietor of a colliery close to the site, which had just been worked out. One paper-making machine, with the necessary auxiliary machinery, was placed in the mill, and in June, 1872, Mr. Marcroft was invited to open the mill with a silver key, presented to him as an acknowledgement of his services to the company.

The mill became a success at once; and in the forty-ninth report of the Darwen Co-operative Society, for the quarter ending December, 1872, the committee remarked that 'the Darwen Paper Mill Company has been so eminently successful as to be able to declare a dividend at the rate of 20 % per ann. for the past half-year, besides adding some £200 to a contingent fund¹.' In 1873 'a second machine was started, and the business flourished exceedingly, as well it might, considering the times paper makers were then having.' Dividends of 20 % per ann. continued to be paid, and 'on one occasion 25 % was divided.' Mr. Taylor said :

¹ *Co-operative News*, vol. iii. p. 172.

‘Some of us now lost our heads, and, believing that the millennium was just dawning, we thought if we would only act on Shakespeare’s advice to take the tide at the flood, it would lead us on to fortune.’

Under the influence of this exhilaration, Messrs. Taylor, Croft, and Airey, suggested to the directors the desirability of purchasing the Spring Vale Print Works for the purpose of erecting a white paper mill. The other directors opposed them, the chairman remarking ‘that any man who thought that Spring Vale estate was a good site for a white paper mill did not wear his brains under his hat.’ However, the minority of three were not daunted. They bought the estate themselves, and again offered it to the company without any charge for their trouble, but stipulating that they should have as many of the new issue of shares as they could pay for. In the event of this offer being refused, they proposed to enrol a second company. Their offer was accepted. ‘The company’s capital was increased from £10,000 to £60,000, but £47,000 only was called up. Building operations were commenced in 1875, and by 1879 there were three machines running on “news,” housed in a mill of a plain but substantial character.’ Afterwards the company obtained ‘the Croft estate and a small plot of land called Marl Pit Green, in order to improve their water rights.’

‘For a time after the commencement of Spring Vale Mill the dividends were brought down, the cause being that there was additional capital to share the profits, and the production being small during the development of the works.’ A second cause was the reduction in the margin of profit, the price of paper having been reduced in greater proportion than the cost of the raw material; and a third cause was an unfortunate litigation over water rights and river pollution, which caused so much expense, as to induce the manager to jocularly tell the company’s lawyer, that at Spring Vale ‘they had two machines going for the benefit of the company and one for the benefit of the lawyers.’

These difficulties were successfully surmounted; and a policy of prudent consolidation was entered upon which ensured 10% dividends, steady and liberal depreciation of buildings and machinery, and equally steady accumulation of a reserve fund. Up to the end of 1891 'Lower Darwen Mill had made an average net profit of 17½% on its proportion of share capital, and Spring Vale Mill 10% on the share capital used' by it. Since its formation the company had earned a net profit of £92,017, and paid away in dividends £65,330. The balance sheets for the year 1891 showed the value of paper produced during the year to have been £130,083. The profit for the year was £7,762, out of which £4,780 was taken to pay a dividend of 10% on the share capital; and the reserve fund amounted to £20,429, being equal to 42% of the paid-up share capital. The total outlay on land, buildings, and machinery amounted to £121,048, of which sum £45,337 had been written off by depreciation allowances, leaving the nominal value of the assets at £75,711.

The balance sheets for the year 1892 showed the sales for that year to have been £143,614, and the net profit, after providing for the usual depreciation allowances, was £8,628. Of this, £4,780 was appropriated to the payment of a 10% dividend, and the balance was carried to the reserve fund.

The Rochdale Paper Manufacturing Company, Limited, was registered under the Joint Stock Companies Act in the early part of 1875. It was the outcome of the company fever, which was then raging among the Lancashire co-operators, and was promoted by a small knot of leading co-operators, of whom William Nuttall was, at the time, the most prominent figure. Joseph Kay, then a buyer for the Wholesale Society, was the first chairman of the company, and William Nuttall acted as its first secretary. Mr. Noah Briggs has given me some details of the company, of which I have made the following summary.

The share capital was fixed at £50,000 in £5 shares, and 'the confident promoters did not hesitate in jotting down

their names as subscribers for one hundred shares each.' The freehold estate called the Belfield Printing Works, Rochdale, consisting of 21 acres of land, with ten reservoirs, was purchased; and it was determined to erect a paper mill capable of holding four or five machines. 'The magnitude of the undertaking was soon found to be out of all proportion to the limited amount of capital raised; but, although applications had been made for double the amount of shares to be issued,' the promoters did not trouble themselves to get more share capital, 'as loans only needed to be asked for to be had in abundance . . . This disproportion of share capital to the size of the undertaking constituted the primary error in the early history of the company.'

The total cost of the estate, the new buildings, and the paper-making plant, was £93,000. Beside the share capital and ordinary loans, there was a first mortgage of £15,000 held by the vendor of the estate; and a second mortgage of £10,000, which the Wholesale Society, who acted as the company's bankers, had taken up, in order to cover any advances they might make in that capacity¹. The Rochdale and Prestwich Co-operative Societies were interested in the company as both share- and loan-holders, but principally on account of loans.

During the process of pulling down the old print works, and excavating for the foundations of the paper mill, an unexpected treasure was 'discovered of large quantities of old brass and copper rollers, and other valuable materials used in the printing trade, which were sold, and realized about £4,000. Instead of this sum being placed to a reserve, or to the credit of plant account, the promoters were struck with the idea of at once paying a dividend; and, as but little capital had then been called up, the rate of dividend proved to be a plumper, which enabled them to place on the market a goodly number of their own shares.'

¹ *Co-operative News*, vol. xi. p. 599.

‘As loan capital rolled in from all sources, orders for machinery and plant were given out right and left;’ but, as the company had still more capital than it required, ‘it was deemed proper to find an outlet for it.’ This was an easy task, as the same little knot of men were interested in the promotion of other companies, and ‘in this way thousands of pounds were re-lent by them to nourish their newly-born bantlings.’

By-and-by, ‘dividends from practical paper-making were impatiently expected, but they were very tardy in showing themselves; and at the shareholders’ meetings awkward questions began to crop up, as to the prospects of receiving the long-promised dividends.’ Then ‘impatient shareholders wanted to know where the reinvestments of surplus capital had been made? Were these investments quite safe? And who had authorized them?’ The disturbance thus caused was intensified by the accounts for the new machinery falling due, while the funds to pay with were not available. The delay in paying produced ‘occasional writs for accounts overdue,’ and matters were further complicated by the ‘clamour’ of the loan-holders, who found the ‘interest on loan capital began to be less regularly remitted, and sometimes forgotten altogether.’ Instead, therefore, ‘of the whole energies and attention of the directors, which had by this time received a sprinkling of new blood, being concentrated on paper-making, the board had to betake themselves to nursing rebellious loan-holders. . . . The sponsors for the unauthorized reinvestment of the so-called surplus capital in their other little undertakings were hard pressed for its repayment. Their coffers were soon scraped, and for a portion of the balance, paper, rags, and other materials were hastily tendered as repayment.’

The Marron Bank Paper Mill Company, Limited, was one of these debtors. It was formed in April, 1875, to take over in May of that year a white paper mill at Branthwaite, near Whitehaven. The purchase price was £10,000, and the company proposed to start with a share capital of £15,000,

in 3,000 shares of £5 each¹. This company was not able to weather the financial storm that raged. It had to wind up, and the Rochdale Paper Company lost a portion of the loan capital that had been reinvested with the Marron company.

‘The unliquidated bills of the Rochdale Paper Company accumulated until the weight was too heavy to carry, notwithstanding that many wild contracts had been cancelled by permission of the other parties to them. With an original share capital of £50,000, there was a total liability for land, buildings, plant, and stocks of £114,478; and in a declining trade, the best of management must have succumbed under such a disproportionate burden.’

After continued struggling, a petition for winding-up was applied for on September 1, 1880². This application resulted in an attempted arrangement, by which the ordinary loan-holders ‘agreed to allow their loans, to the amount of about £8,800, to remain for five years, and 10,000 new shares of £2 each, of which £1 was to be called up, were to be issued.’ A ‘third mortgage of £23,000’ was also to be taken up, by the first and second mortgagees and by the Rochdale and Prestwich societies³.

Notwithstanding these rearrangements, the company could not make headway; and ‘on Saturday, September 23, 1882, a final meeting of the Rochdale Paper Manufacturing Company was called by the liquidators for the purpose of having an account laid before them, showing the manner in which the winding-up of the said company has been conducted, and the property of the company disposed of.’ The Wholesale Society lost £1,750 by this company, about £3,000 by the Marron Bank Paper Company, and nearly £6,000 by the Withnell Paper Company. This last concern cost its owners £13,500. The Wholesale had a mortgage for an advance of over £6,000, and ultimately had to sell the property for £500, owing to the heavy rent-charge on it.

¹ *Co operative News*, vol. vi. p. 166.

² *Ibid.*, vol. xi. p. 584.

³ *Ibid.*, p. 599.

Some of the promoters were connected with all three of these disastrous ventures¹.

‘ Three out of the four principal creditors ’ of the Rochdale Paper Manufacturing Company, who were also ‘ three of the surviving shareholders, and more or less interested ’ in the mortgages, ‘ formed themselves into a new company, styled the Union Paper Works, Limited, and purchased the plant from the liquidators.’ The new company had only a very limited number of shareholders, and they have ‘ worked the mill more as a private undertaking.’ Its career had, up to the end of 1891, on the whole, been a success ; and those who formed it have reaped a partial recompense for their losses in the original company ; but I have been informed that the year 1892 was not of so favourable a character.

¹ *Co-operative News*, vol. xii. p. 422.

CHAPTER XXIV.

SUCCESS AND FAILURE IN AGRICULTURE.

THE attention of co-operators has repeatedly been attracted to the land. The Owenites, indeed, looked upon all other co-operative efforts only as means to get hold of the land, and to settle upon it in the form of self-supporting communities. Later on, the Church of England caught hold of the idea, which brought forth Minter Morgan's scheme of a Christian commonwealth; and the founders of the largest working men's retail co-operative society in Great Britain, the Leeds Industrial, began their operations as a redemption society, whose ideal aim was the establishment of a community of individuals, mutually sustaining and supplying each other.

The efforts at co-operative agriculture that I now sketch, begin with John Gurdon's philanthropic experiments at Assington, Suffolk. This gentleman gave an account of them, in 1864, to the Social Science Congress; so that, as far as their origin and early history are concerned, we are in possession of the founder's own statement.

'In order to raise the condition of the labourer,' Mr. Gurdon 'was induced, in the year 1829, to let an off-hand farm of 100 acres more or less to twenty labourers of his parish, offering to lend them capital without interest to cultivate the same, subject to the rules and regulations as follows: That each member should advance £2 as guarantee. That a manager, accountant, and stock-keeper be selected for conducting the farm. That the capital be paid back as the profits arise. That quarterly meetings be held for the transaction of business, &c. That all necessary articles be provided by the committee for

the use of the members. That if any member be convicted of fraud, or any other crime, he should forfeit his share, which should be sold, and the moneys arising therefrom should form a reserve fund for contingencies.

‘I agreed to let the farm for the rent of the land letting at that time, to be altered every twelve years during my life. As these members were now deprived of all parochial allowance, I called upon each member to insure in the Stoke and Melford Benefit Club for 10s. a week during sickness, 5s. a week after sixty-five, and £5 for funeral expenses. . . .

‘After a few years this society paid me off all the capital I had lent them, which induced me to let another isolated farm to thirty-four other members. This society has also paid off the moneys I lent to them; so there are now in the two farms 54 labourers, farming about 350 acres, free of debt, and possessing as their own property all the stocks and crops on the said land; and as each share has been valued at £50, I have bestowed on these labourers the sum of £2,700, at the only loss of the interest of some £1,000 for a few years. Farmers at first were startled at my project; but when they found I was not taking these labourers out of their former position, that they had the use of these men as before, only a certain number being required for the cultivation of the farms, and that they moreover had men they could depend upon, because conviction of any theft would deprive them of their share in the farms, and also that these labourers were exempt from any parish allowance, they altered their tone, and were willing to confess that the plan had every advantage without any drawback¹.’

The names of the two societies were, respectively, The Assington Agricultural Co-operative Society, and The Assington Agricultural Association. In addition to the rules mentioned above, there were rules providing that the committees must supply for the use of the members the following articles—‘household stores, home-brewed beer, milk, pork, bacon, flour, and whatever else may be desirable.’ A member falling into difficulties could have a loan at 5% interest to the amount of half the value of his share in the farm. The rent of the second farm was £194 a year for 136 acres, with an additional £3 a year for each cottage; and it was stipulated

¹ Social Science Congress Report, 1864, p. 693.

that the land should be farmed on the four-course system. Mr. Gurdon, writing in 1863, said :

‘The landlord has also his advantages; less marauding, less poaching, and (in my case) fifty families not only taken off the rates, but paying to them. . . . The editor of the *Agricultural Societies’ Journal* has been down to inspect the farms. He was so pleased with the manager of one of the farms, that he offered to take him as a bailiff at a good stipend; but the man did not wish to leave his present situation¹.’

An article in the *Spectator*, in December, 1868, said that the older society was paying ‘nearly double the rent any single tenant would agree to pay for such land;’ yet ‘among the members are four widows, who, with their children, are kept completely off the parish.’ The second experiment (which was started in 1854, with 70 acres) was then occupying ‘212 acres at a yearly rent of £325, besides tithes, rates, and taxes.’ It had ‘accumulated stock worth £1,200, and can sell each £3 share for £30.’ The shares in the older company at the same date were worth £50 each². The acreage of the older company was stated by a member to be, in 1869, 130 acres, for which they paid £197 10s. a year, together with all tithes, rates, and taxes. The quantity taken by the society at first was 66 acres. It was increased in 1855 to 113 acres, and in 1867 it was made up to 130 acres. The number of members was twenty-one³.

The success of the two societies was unbroken up to about 1876; but as they were not enrolled, and distributed their profits in produce, it has not been possible to get statistics of their annual results. Mr. Hines, visiting them in 1876, thought he saw unmistakable signs of the improvement effected in this small village by co-operation. He said :

‘There is unquestionably about the men themselves a manlier tone and disposition than is generally found amongst their class, and not that excessive deference, often amounting to

¹ *Co-operator*, vol. iii. pp. 147, 148.

² *Ibid.*, vol. viii. p. 818, and vol. x. p. 753.

³ *Ibid.*, vol. ix. p. 39.

servility, which, on witnessing, makes one feel anything but amiably disposed towards the bygone "pastors and masters" of the agricultural districts¹.

For several years up to 1883, the societies had to struggle against bad harvests and low prices, together with a ruinous enforced adherence to the old-fashioned farming system. They also complained strongly of the ravages made by rabbits; but, in 1883, they had at last succeeded in getting the rabbits reduced, and the rent reduced also². The older society gradually recovered, and is still going on successfully; but the members are very reticent, and are unwilling to give information. Writing to me in February, 1892, the vicar of Assington said:

'Replying to your inquiries respecting the old unregistered co-operative farm at Assington, I have had great difficulty in getting hold of the present secretary, whose business takes him a good deal away from home. I cannot now tell you much, as the secretary says without the permission of the members his tongue is tied, and some of them are very averse to publicity. I can tell you, however, this much. There are twenty-one members; capital, an unknown quantity; but I understand the present shares are considered worth £40. The profits, when made, are usually divided in kind, half a fat pig, half a ton of coal, or more or less, as the case may be. A member can also apply to the manager for the loan of £1 or so on the value of his share, which, if the funds permit, is granted. The management is in the hands of a manager, a bailiff, and a secretary, more or less controlled by a quarterly meeting of members. Five men and two boys are employed on the farm, including the bailiff, who works as hard as any of them. Those employed are not necessarily members. In fact, at the present time, only one is a member.'

This statement shows that in every feature except one, the association is unchanged since its formation over sixty years ago. That feature is, however, an important one, and has a significant bearing on the problem of co-operative production, viz. only one of the employés is now a shareholder.

¹ *Co-operative News*, vol. ix. p. 554.

² *Ibid.*, vol. xiv. p. 293.

At Michaelmas, 1883, it became certain that the younger society, the Assington Agricultural Association, could not live any longer, and it had to wind up, partly in consequence of 'the long series of disastrous years which have ruined hundreds of farmers,' and partly through 'defective management.' It was stated, however, that after paying all debts, including rent, there was a considerable surplus of assets, although nothing like enough to carry on the farm. Animated, therefore, by the laudable desire to save a venerable co-operative landmark from complete effacement, the Guild of Co-operators issued an appeal to the co-operative movement, for aid in starting a new society to take over the farm. The old members undertook to invest about £500 in the new society, and £2,000 was asked from co-operators generally¹. A balance sheet, prepared by the guild, showed that the old association had, after reckoning off all losses, made £3,074 of profits during its lifetime². On the completion of the winding-up, the shareholders realized £16 10s. each on every £3 share originally paid in³.

The new society was registered, under the Industrial Societies Act, as the Assington Agricultural Association, on January 8, 1884. The rules provided for £1 transferable shares, on which 5% interest was to be paid as a first claim on profits. An additional 2½% was also to be paid, out of half the profits remaining after the above-named 5% had been paid. The balance of profits was to be divided among the workers, in proportion to the wages paid to them.

On January 26, 1884, the first ordinary meeting of the new society was held, and a committee was elected, including Mr. H. J. V. Neale and the vicar of Assington, with Mr. Robert Taylor as hon. secretary. This meeting also decided, by a large majority, to take 120 acres of the old society's farm at 22s. an acre, the funds not being large enough to permit the society to take the whole. I and a few others thought the landlord was too exacting, and we should have

¹ *Co-operative News*, vol. xiv. p. 865.

² *Ibid.*, p. 905.

³ Guild of Co-operators' Report, 1883-4, p. 9.

preferred to have seen the society drop through. The share capital at this date amounted to £911; consisting of £800 subscribed by co-operators and societies, and £111 by the members of the defunct society¹.

The career of the Assington Agricultural Association has been a disappointing one. In the course of the first year the remainder of the farm was taken, making 223 acres in all; and the first year's balance sheet showed a loss of £266, without reckoning £40 of formation expenses, which were taken as an asset. Each year showed heavy losses, until, at the end of the fourth, the total loss amounted to £1,015, on a share capital of £2,308. The landlord then made an abatement on the rent of 10%; but this was a small reduction considering that the total loss, without reckoning the loss of interest on capital, amounted to the whole rent that had been paid to him. The fifth year showed another loss, making the total £1,260; but the hearts of the committee were gladdened at last in 1889, by the realization of a small profit of £57. 1890 once more showed a loss, this time of £351; making the total deficiency £1,553, on a share capital of £2,309. The report of the committee said: 'Having lost confidence in the manager, we have removed him, putting in his place Mr. Samuel Whymark, an old friend of the association and a shareholder, who gave up a thirty-two years' engagement to serve us.' Under the new manager, a small profit of £14 was made in the year 1891; and the association began the year 1892 with a deficiency of £1,539. During the year, this was reduced £35, being the amount of profit on the working of the farm in 1892. At the annual meeting, the committee determined that unless the landlord reduced the rent 25%, the farm should be relinquished².

The experiment at Blennerhasset, Cumberland, made by Mr. William Lawson, has been fully described by him in a book published in 1874, entitled, *Ten Years of Gentleman*

¹ *Co-operative News*, vol. xv. pp. 108, 163 and 243.

² Society's Balance Sheets, and *Co-operative News*, vol. xxiv. p. 104.

Farming. From this book I have extracted the brief sketch following. In 1861, Mr. Lawson made a riding tour through England, and was much impressed by the diversity of methods of farming that prevailed in different parts of the country. He also saw Mechi's model farm at Tiptree, and became an enthusiastic convert. His father humoured his whim, and gave him Blennerhasset farm, in October, 1861, to experiment upon. The estate consisted of 333 acres; and to this was added another farm of 87 acres.

He now made a second tour in search of information, and visited the co-operative farms at Assington. He also made the acquaintance of Henry Pitman, through whom, he said, co-operation 'became the chief object of my life; so that I did not so much intend co-operation to serve the purpose of farming as farming to serve the purpose of co-operation.'

'I thought that when I went to the people and said I would co-operate with them, and would divide part of my profits with them, they would jump at the offer, and we should carry all before us. But my astonishment was great when I found that they seemed to care nothing at all about it. I tried for some time; I talked to them, but it seemed to produce no effect. I told them we would discuss the question, "Is it desirable that the workers on this farm should be direct partakers of its proceeds?" I explained to them the meaning of the question, and told them something about what had been done in Suffolk, on the farms owned by Mr. Gurdon . . . and said that in two days' time they should have the opportunity of voting by ballot upon the question. . . . When the poll was taken they did not vote at all as they were expected. Our voting urns were two bottles. One was ticketed with the word "Co-operation," and the other bore the inscription "Every man for himself." . . . What, then, was the result with these eleven people? Actually, ten of them voted for "Every man for himself," and only one put into the "Co-operation" bottle!'

'A year or two later, another scheme was submitted to them. This plan proposed to share the proceeds on certain specified terms. We called a public meeting, and asked the whole of the people, whether labourers or other inhabitants of the village, if the plan should be adopted or not; and we voted by ballot.

. . . There were fifty-three voters; forty-seven voted for the plan, and six against it.' Mr. Lawson then stated what he would require for the use of his capital, 'and what would go to the labourers.' Only eight would take the trouble to vote. 'Five of them voted in favour of the plan, and three against it. . . . The next year (1866) I proposed a different plan. I did not go to the people and put it to the ballot; because it seemed to me that I could co-operate with any number of people, however small; and that if the majority were against me, I could co-operate with the minority. So I offered to the minority or the majority, just as they liked; I offered co-operation to all comers; I said, I will give one-tenth of the profits of my establishment to the workers.'

Mr. Lawson explained clearly the cause of the apathy of the labourers. They doubted his will 'to benefit them by co-operation'; but

'perhaps they were still more doubtful of my ability to do so. They saw me buying and selling but not getting gain; and under these circumstances, it was not to be wondered at if simple-minded labourers supposed that no contrivance could make my co-operation profitable to them. Moreover, they considered my practice of trying experiments upon the farm a great objection to co-operation with me.'

'When the co-operative offer of 1866 was made, it was thought a necessary part of the plan that the workers should at least be consulted as to the management of the business. Accordingly, in this year, a new and important feature was introduced, viz. the "open Council," so called because . . . the right to discuss and vote was not limited to the workers; but anyone was welcome to attend and give the benefit of his or her advice.'

The meetings were first held daily, for half an hour after dinner. Then they were changed to Saturdays, from 3 to 6 p.m.; and afterwards, they were held on Tuesday evenings, in the village schoolroom, under the title of the 'Blennerhasset Parliament.'

A 'very great variety of subjects was habitually brought forward and discussed by this assembly. . . . The bargains made by the establishment, the cropping of the farm, and other matters . . . sometimes were enough to occupy the whole time. . . . Several

free reading rooms, a free library, the Blennerhasset Free School, and the free night school, were established through the Parliament. . . . Sometimes the petty disputes of neighbours were introduced for discussion, and there were certainly some advantages in this system of having an appointed place for fault-finding. . . . Through it, too, a number of Cumberland people were enabled to visit the Great Exhibition in 1867, and by its means many of us came to know each other better.'

'In the year 1867 the idea of what was called free co-operation had been brought forward. It seemed to some of us that the co-operative societies of the times were too exclusive in their character, inasmuch as they were societies . . . not aspiring so much to co-operate for the public good as for the good of their respective classes or sets. . . . Accordingly it was suggested that a new movement should be set on foot, having for its . . . object . . . that of being as useful as possible to the public at large. . . . I thereupon published a statement declaring that all the profits over $2\frac{1}{2}$ % per ann. on a stated amount of capital, during a certain time, would be devoted to the public good.'

'Between 1866 and the spring of 1872, £1,301 12s. 10½*d.* were expended in one way or another, on what we called "Public Good Account." This was expended on the following: co-operative meetings, agricultural experiments, free library and reading-rooms, free schooling, free baths, a public hall, public assistance, and festivals and trips. These sums were expended under the direction of the village parliament.

Mr. Lawson was very ambitious in his plans of work. He was the first to introduce the steam plough into Cumberland. He started a market garden manure works, a flax mill, a starch mill, and a number of shops for the sale of milk and other produce. To help to make profits, he also mortgaged the farm, and invested the proceeds in American securities. At the end of ten years, his efforts showed losses in seven years, and profits in only three; and the net result was a total loss on the ten years of £18,622 19s. 3½*d.* He (or his father) paid for the estates £24,120. He spent on improvements £15,067, making a total of £39,188. In 1872, 'it seemed clear that my farming was very far from re-

munerative, and from giving prospect of becoming so . . . so I offered it for sale . . . and it passed from my hands to those of my brother (Sir Wilfrid) at the price of £30,000.' Sundry stock brought the total sum realized up to £33,236. There was thus a loss of £5,951, which is included in the total loss above mentioned.

Besides the 'Public Good' expenditure, the workers received in 1870 a bonus on their wages, in accordance with a promise made by Mr. Lawson at the beginning of the year, to give them half the year's income if it exceeded £1,000. The village parliament sanctioned this offer by 31 votes for, to 17 against, it. The result was a division of £546 among the workers, at the rate of 4s. 2 $\frac{3}{4}$ d. in the pound on their wages for the year. In 1871, the parliament decided that of the income derived from Mr. Lawson's Public Good Capital of £32,780 net, one-third should be devoted to the Public Good, one-third to the payment of bonus to the workers, and one-third to Mr. Lawson's own use. This year, however, ended with a large loss, and no further profits were made.

As the result of the Blennerhasset Public Good propaganda, co-operative stores were started at Dearborn, Wigton, Alston, and Aspatria.

In answer to my inquiries, Mr. Walter Morrison wrote :

'In 1872, the first Agricultural Labourers' Union was formed in North Herefordshire, before Mr. Arch had been heard of. I went down to meet the members, became a member, and finding them to be a very intelligent and respectable body of men, I proposed to them that they should start a co-operative farm. I may mention that the union was very successful, being worked solely in the interests of the men; the secretary's salary being £30, and the other expenses perhaps £20 a year. Wages went up from 10s. to 14s. a week, besides "privileges" worth a shilling or two more; and this without a strike, or any attacks on Church, landowner, or farmer. In fact, it kept clear of party and sectarian objects; the chief weapon used being the migration of surplus labour to other districts.

'Having sent three members of the union, in October, 1872,

to visit and report on the two co-operative farms at Assington, I purchased a small farm which was on sale in the parish of Brampton Bryan. I then prepared rules, met the men from time to time to talk over the project; and on February 1, 1873, a meeting was held, a committee selected, and the society was started.

‘The farm contained 148 acres of arable and pasture land of fair quality, with good farm buildings, two cottages, and an apple orchard. It was particularly suited for barley and rearing young stock. The rent was valued for me at £170; but as it had been let for many years at £140, the rent not having been put up during the great rise in prices at that time, I let it at the lower rent, which was afterwards reduced to £130. I gave the society the option of taking it from year to year, on a lease, or of buying it in instalments spread over twenty years; the option being left open to them through their tenancy. The society entered on the tenancy on March 25, 1873.’

The society was registered as the Brampton Bryan Co-operative Farming Society, on January 18, 1873. The shares were £5 each, transferable, and no one could become a member without the consent, in writing, of Mr. Walter Morrison. A member had one vote for each fully paid share held by him. The profits were to be appropriated, to pay 5% per ann. on share capital; to pay a bonus on wages, not exceeding one-sixth of the wages or one-tenth of the total profits; and to pay such additional dividend on shares as the shareholders might determine, after providing for educational and reserve funds. The committee consisted of 5 members, and no shareholder with less than 3 fully paid shares was eligible for election. 21 labourers subscribed about £500 of capital, and about £300 more were supplied by 10 other shareholders, including Messrs. Hughes and Morrison. Three men were employed permanently on the farm, and additional labour was occasionally employed¹.

The society did not succeed. It lived until 1879, when it was wound up². As it never made any returns to the

¹ *Co-operative News*, vol. v. p. 303.

² Registrar's Returns, 1879, p. 33.

registrar, I am unable to give positive figures for each year ; but Mr. Morrison told me that at the winding-up, the capital amounted to £808 8s. He further told me that ‘no profits had been made, and when we sold off the stock there was a small deficiency. This I made up out of my own pocket, so that the shareholders came out of it with 20s. in the pound.’

Mr. Morrison continued :

‘The failure of the experiment was due to the incapacity of the labourers to manage a business undertaking. I gave what time I could, and my visits always produced a good effect ; but they seemed to want continuing direction. Could I have given this, and nursed the society for ten years, or if we had had the luck to get such a man as John Croysell, of Assington, as manager, it would have been a success.’

In a further letter written at the beginning of 1892, Mr. Morrison said :

‘The agricultural labourers showed a real gratitude for my sympathy and evident wish to help them. This was a pleasing experience in my co-operative work. They were capital fellows in themselves, though they could not manage a farm.’

In 1872 a small body of people, under the leadership of Mrs. Girling, formed a community of persons who agreed to live a life of celibacy, and to ‘have one table, one purse, and one life.’ They were Christians who believed ‘that the fourth chapter of the Acts, thirty-second verse, means what it says ;’ and beyond this they had ‘no creed, or doctrine, or form, but a real enjoyment of a Christ within. Our law of working,’ they declared, ‘is one for another.’ This community purchased a house with 33 acres of land in Hampshire, near Lymington, called New Forest Lodge. To this they added 100 acres, which were bought subject to a mortgage. In May, 1873, they were comfortably settled down, numbering 43, including children. Among them was a lady who had brought between two and three thousand pounds into the common

fund, and a young man, a shoemaker, who had sold his London shop and handed over the proceeds to promote 'this higher co-operative work.' The remainder were gardeners, labourers, carpenters, &c. Besides tilling their land, the community had begun shoemaking, and were talking of commencing the manufacture of agricultural implements.

The community was unfortunate. It was evicted from its land, and for some time led a miserable existence on the highway. In September, 1878, it numbered about 80 persons, and through the kindness of Mr. Auberon Herbert and some other friends, they were allowed to temporarily occupy a ruined cottage and a small field¹. From here they melted away into the outer world.

The North Seaton Co-operative Farming Society was registered on September 15, 1873². It originated through the difficulty which the workmen at the North Seaton Colliery experienced 'in obtaining a supply of milk for the use of their families. Not only had their children to travel a considerable distance to procure it, but they frequently failed to obtain a quantity sufficient to meet their wants. How to obviate the difficulty became the question of the hour,' and, 'after a few meetings had been held,' the formation of the society was decided upon. 'It was agreed that the capital should be made up of transferable shares of £1 each . . . and a sufficient amount having been subscribed to warrant the commencement of business, application was made to the officials of the colliery, who granted the use of a stable until a more suitable building was erected; and on the following week three cows were purchased, to which a fourth was added in the course of a few days³.'

The society was a success from the commencement. At the end of 1874 there were 122 members, with £228 of share capital. The sales amounted to £767. They had

¹ *Co-operative News*, vol. iii. p. 261, and vol. xiv. pp. 620, 736.

² Registrar's Returns, 1873, p. 69.

³ *Newcastle Chronicle*, December 12, 1884.

paid 5 % on shares, and accumulated a reserve fund of £44, which was equal to another 20 % on their capital¹.

Writing at the beginning of 1892, the secretary said :

‘ We have 32 acres of grass land, our farm being a dairy farm pure and simple. We have at present 13 cows. Two men only are employed on the farm, with the exception of hay-making, when there will perhaps be a dozen. During these late years we have found it very profitable in our line. We have many times had it under consideration to branch out, but have been compelled to relinquish our plans, owing to being hemmed in by grasping landlords and narrow-minded people.’

The balance sheets for the year 1891 showed the share capital to be £330. There were 104 members. The reserve fund amounted to £195. The profit for the year was £91 12s. 11d., out of which a dividend of 10 % was paid to share capital, and one of 7½ % was paid to customers. The sales of milk amounted to £518, and of cattle to £131. The rent paid for the farm is £68 a year. During the year, they had had losses by deaths of cattle amounting to £48, but this had practically been cleared off out of the year’s profits. The manager appeared to be paid 30s. a week. All other expenses seemed very low, the secretary being paid £5 a year, the treasurer £3 10s., the president £1, and the committee £2 12s. amongst them. ‘ Only on two occasions have the committee been unable to declare a dividend on shares, and then it was in consequence of the death of some cows².’ This statement, made in 1884, was still true at the end of 1891.

A paper prepared by Mr. David Johnson, the then manager of the Radbourne Manor Farming Association, for the Congress held at Derby in 1884, gave an account of the origin of that association, and the method of working it. He said :

¹ Registrar’s Returns, 1874, p. 38.

² *Newcastle Chronicle*, December 12, 1884.

‘The greater part of us were on the said farm one year and nearly ten months before it became an association farm. Our landlord agreed to give us a share of the profits a year before, should there be any; but we did not expect any, it being in such a bad state. . . . When we began I took a written statement of every field, yard, and all belongings. The ploughed or arable land was foul with switch and weeds, as bad as land could be. The hedges ran wild, and the ditches and brooks were full of mud; consequently the drains were stopped. New draining had to be done, and, where practicable, the old drains taken out, cleaned, and put in again. All turf land and grass was foul with rushes, thistles, and rough grass. A large quantity of ant-banks were on the pasture land; the arable, pasture, and meadow land was completely worn out and waterlogged. The buildings, fences, yards, &c., were in a very dilapidated state, so bad that I do not think a farm could be worse. People said it would never be worth cultivating again.’ The soil is ‘the heaviest working land that can be found. It is blue lias clay—a very tenacious soil—just the kind that all agricultural writers have been writing down for some years, being quite unanimous that such land is not worth cultivating.’

‘The association took Radbourne Manor Farm on a yearly tenancy, from September 29, 1883, and pay a rent of £356 (about £1 an acre) by half-yearly payments. The association hired from Mr. Bolton King (our landlord), stock and implements to the value of £3,304, and borrowed cash from him to the value of £200. It pays 6% interest on both. The management of the farm is in the hands of a committee, which consists of the manager and two other members, who are elected yearly from among the labourers, by a majority of the votes of all the members present at a meeting to be called for the purpose as soon as possible after September 29 in each year. . . . The accounts are kept by the committee, and are open to the inspection of any of the members, or our landlord.’ The rules of the association provided that ‘the net profits shall be calculated at the end of each year. Of these profits 20% shall go to a reserve fund, till such fund has reached the sum of £800; 40% shall be paid to our landlord towards the purchase of the stock and implements, until all such are the property of the association; of the rest, 15% shall be paid to the manager, and 85% to the remainder of the members in proportion to the wages they have received during the year. . . . Members retiring voluntarily shall be entitled not only to their

share at the next division of profits, but to their share of the reserve fund (if any), and of all other property of the association. . . . The landlord is secured against dilapidations, and the tenants for unexhausted manures, &c.’

‘To carry on this association, I have twelve associates (able-bodied men), two strong youths, and two boys. The men are paid 2s. 6d. per day, the youths 1s. 8d. per day, and the boys 10d. per day. The men are paid 3s. per day in haytime and harvest, and 4d. per hour overtime; the youths and boys are paid similarly for overtime. . . . We have 146 acres of arable or tillage land, and 200 acres of meadow and pasture. Our live stock consists of 56 ewes and 80 lambs, 43 other sheep, 27 milking and in-calf cows, 13 barren heifers, nine steers, and 1 barren cow, 3 feeding cows, 1 two-year-old bull, 1 year-old bull, 30 reared calves, 9 working horses, 1 mare and foal, 3 two-year-old cart colts, 2 three-year-old cart colts, 1 four-year-old nag colt, 3 one-year-old cart colts, 1 good nag horse, and 1 jobbing horse, 3 sows and 27 pigs, 3 in-pig sows, and a large stock of poultry. The wages bill for the year ending October, 1883, was £735 6s. 7d. The farm is 6½ miles from the nearest railway station, and 12 miles from the nearest market town¹’

Mr. Bolton King, speaking at the Derby Congress, said :

‘When he started this scheme he thought it would be years before the labourers would thoroughly understand the position in which he wished to place them, namely, that they would no longer be in the position of mere wage-earning labourers, but practically their own masters. He soon found that this feeling told upon their work, which was better and more carefully done. There was some little trouble in persuading them not to leave off work exactly at the moment, and that every hour of overtime was really for their own benefit. After an experience of eight months, the great majority of the labourers had fully entered into the spirit of the work, and were co-operating in the system as well as men possibly could².’

The year 1884 showed a small profit after paying interest on capital; £38 of this was appropriated to the redemption of the loan account, £20 to a reserve fund, £8 to educational and charitable purposes, and £41 to the payment of

¹ Congress Report, 1884, p. 46.

² *Ibid.*, p. 48.

a bonus on wages to the work-people, at the rate of 1s. 2d. in the pound. A 'Harvest Home' was held on October 25, to celebrate the event, at which Mr. King said

'they had proved that they could, with profit, employ an amount of labour which, if generally adopted, would absorb a large portion of the surplus labour of the country; they had proved that this heavy clay land, over which landlords, agents, and farmers had been raising a chorus of impotent lament, would, with good management and good labour, pay; and they had proved that agriculturist labourers could successfully work a scheme which required no little far-sightedness, no little sacrifice of self, and patient waiting for results which do not come all at once¹.'

The next year, 1885, left the association with a loss of £612², which Mr. King ascribed to 'the tremendous fall in the value of live stock. . . . Had prices remained steady we should have made a profit of about £200.' In this year, Mr. King had wished to get the association registered under the Industrial Societies Act, but the members 'decided by a majority of one not to register.' With the beginning of 1886, Mr. King formally surrendered to the committee the power which, he said, 'I retained under the original rules for myself and Mr. Johnson of dismissing a member under exceptional circumstances³.'

In 1885, Mr. King took a Warwickshire farm on rental from Balliol College, Oxford, and enrolled the work-people employed thereon into the Ufton Hill Farming Association, which was registered under the Industrial Societies Act in April, 1885. There were 407 acres, and the rent, including tithe, was 16s. 10d. an acre. Mr. Johnson was given the management, while continuing also to manage the farm at Radbourne. Mr. King, in his annual address for 1886, said:

'The new farm has made a capital start; it was able to buy its stock at low figures, and though the season has been too

¹ *Co-operative News*, vol. xv. p. 1012.

² Congress Report, 1886, p. 140.

³ *Co-operative News*, vol. xvii. p. 54.

dry for light land in its present impoverished state, the yield of wheat has been higher than could have been expected, and its financial position is fairly satisfactory. . . . It will take several years to bring the land to its full fertility¹.

The financial position referred to, showed a loss for the first year of £387². As the farms were under one management to the end, I shall continue their history concurrently. It is worth noting that Mr. King was now experimenting with two farms of different characters—one, very heavy clay; and the other, one-third 'stiff clay, and the remainder brashy marl, shallow in places over limestone, less productive than Radbourne, but easier to work, and suffering less from wet³.'

In 1886, dépôts were established in Birmingham for the sale of produce, with the object of realizing better prices; but it is doubtful if they achieved their object⁴. No figures are obtainable for the years 1886-7. Mr. King had a very serious illness in 1886, and at one time his recovery was most doubtful. He then went abroad for some months, but before doing so, he wrote: 'The season (1886) was less favourable than last year, and the continued lowness of prices makes it impossible for the present to farm at a profit.' He added that there was a loss of several hundreds of pounds on each farm⁵.

In September, 1887, Mr. King dispensed with the services of Mr. Johnson, and the latter wrote to the *Banbury Guardian* a long letter on the management, &c., of the farms. He complained of not having the power to discharge the men, saying:

'Who is to act or work with a body of labouring men with a committee of management chosen from amongst them, they having scarcely any education at all, no capital at stake, and nothing to care for, only to come to work at 7 a.m., and leave off at 5 p.m.? Yes, very punctual to the minute, down went

¹ *Co-operative News*, vol. xvii. p. 54.

² Congress Report, 1888, p. 140.

⁴ *Co-operative News*, vol. xvii. p. 718.

³ Annual Report, 1888.

⁵ *Ibid.*, vol. xviii. p. 654.

the tools unless they were paid overtime, although receiving three shillings per week more than labourers on neighbouring farms, and working shorter hours. Yes; all this, and I had not the power under the rules to discharge a man. I could suspend him for a week, call a meeting, and they would all vote for him. No man could I discharge, neither could I reduce the pay. Can you wonder at these said farms losing a considerable sum of money each year, when the men receive pay in sickness, higher wages, and less time, taking five men to do the same amount of work that two men thoroughly interested in their work could do¹?

To this Mr. King replied that 13s. a week was the ordinary rate as against 15s. at Radbourne, and asked:

‘Is it not foolish on *strictly economic* grounds to keep the labourer’s physique below par? . . . The actual saving effected by a reduction of wages at Radbourne would be under £40 a year. By the short time system, combined with allotments, which I have lately put in force, £50 to £60 will be saved, and the labourers’ incomes not reduced. . . . I have never given to the committee, nor do I intend to give it, more than a consultative power in the management of the farms. As a matter of fact, Mr. Johnson ignored the committee altogether, and hardly ever summoned it. . . . His statement that he was thwarted by the committee is absolutely untrue. As to the responsibility of the men for the financial losses on the farm, during the latter period of his management, Mr. Johnson mixed little with the men, and he is not competent to give an opinion as to the value of their work. I, after taking every care to arrive at the truth, have come to a very different conclusion; and though I am far from wishing to represent the labourers as perfect, I am bound to completely exonerate them from responsibility for the bulk of the loss. . . . I may add that my experience in the past has led me to give the committee for the future a considerably greater control over the finances of the farm. . . . I have undertaken to carry on the farm for two years more in any case. Hitherto, I do not consider that the scheme has received a fair trial; extravagant expenditure, for which I do not want to escape a certain share of responsibility, and the leadership of a man who took little interest in the working of the association, were not calculated to lead to

¹ *Banbury Guardian*, October 6, 1887.

a success. The men have now a fresh start, with a new valuation, a new manager, and improved rules¹:

In accordance with the rearrangements, the Radbourne Manor Farming Association was registered as an Industrial Society early in 1888²; and Mr. King wrote off all losses at both farms, so as to give the new management a good start. The next balance sheet was made up to December 31, 1888, and covered fifteen months for Radbourne and twelve months for Ufton Hill. The results were a loss of £206 4s. 4d. at the former, and of £193 17s. 7d. at the latter. This was after paying interest on loans at the reduced rate of 5 % per ann., amounting in the case of Radbourne to £175, and in the case of Ufton to £129 19s. 2d. The number of workers at each farm had been reduced to 9, including the manager. The report said :

‘At both farms the committee have worked with entire harmony. The season was not on the whole unfavourable to the Ufton Hill Farm. . . . At Radbourne the corn crops suffered severely, both in quantity and quality. . . . The wages of members have been 2s. 6d. per diem. At Radbourne some of the members work on short time during the winter, and have allotments on which they can work on off days.’

The valuer reported both farms to be in good order.

The balance sheet for the year ending December 31, 1889, again showed losses. This time, Radbourne had lost £211 11s. 2d., and Ufton had lost £297. This was after providing for the usual interest payments on loans. The report said :

‘The season was a very fair one. . . . The labour, exclusive of manager’s wages and commission on dairy, was, at Radbourne £1 6s. 11d. per acre, and at Ufton £1 2s. 11d. per acre. There has been no alteration in the amount of capital, number of members, rent, and rate of wages.’

The loan to Radbourne was £2,835, and to Ufton £2,650.

¹ *Co-operative News*, vol. xviii. pp. 1126, 1238.

² Registrar’s Returns, 1888, p. 111.

The Ufton farm carried at the end of the year 10 head of cattle, 193 sheep, 12 horses, and 34 pigs. The Radbourne farm carried at the same date 87 head of cattle, 50 sheep, 12 horses, and 11 pigs.

Mr. King, in the report, announced the failure of the experiment thus :

‘As the year has not been unfavourable for farming profits, I consider the experiment has had a fair trial, and that there does not appear to be a sufficient prospect of success to warrant me in continuing it.’ He then enumerated some of the causes of failure, as far as he could ‘estimate them.’ (1) ‘The heavy charges on the scheme. Before any profit can be declared, interest and wages of superintendence, amounting together to 7 %, must be allowed for. A farmer, working on his own capital, would count both these as profit. (2) I am obliged to conclude that the fact that those working on the farm have no capital invested, is a deterrent to the keen interest which co-operation might be expected to inspire. The work has been good and careful, but there has not been that excess of interest and enterprise which I had hoped for. So far as conclusions can be drawn from these two experiments, I think the evidence is against the likelihood of co-operative farming paying at the present day.’

In answer to my inquiries, Mr. King added that the losses in 1887 ‘have been very heavy;’ and while he could not tell me the total loss incurred by the experiment, he knew that ‘it mounted into thousands.’ The two societies were dissolved in 1890¹.

At the Congress held in Edinburgh in 1883, the president, the Right Hon. W. E. Baxter, M.P., laid especial stress upon the suitability of farming for co-operative enterprise². In consequence of this, the Scottish section turned its attention to the subject; Mr. M’Nair, the sectional secretary, reading a paper, in June, 1883, to the Kilbarchan Conference. This was followed up by other conferences in other districts, until, in 1884, a joint committee of representatives from the

¹ Registrar’s Returns, 1890, pp. 124 and 125.

² Congress Report, 1883, p. 4.

Ayrshire, Central, Glasgow and Suburbs, and Renfrewshire district associations, was appointed to examine the subject thoroughly, and make a report thereon¹. This committee published an exceedingly valuable report, in which they discountenanced the taking of a farm of 'the mixed dairy, corn, and green cropping class,' and unanimously recommended 'a combined dairy, cattle, and sheep-rearing farm.' But they added :

'Even this class of farming, to be profitable, will require to be undertaken in conformity with the following conditions : (1) The farm must be large, consisting of not less than 500 acres. (2) The farm must be situated in an early district, and the land must be at least of fair average quality. (3) The greatest skill and experience will require to be employed in the selection of a farm, as the quality of land varies very much in the same parish, in fact, on the same farm. (4) The farm must be presided over in all its various departments by persons of superior ability and experience, and if possible, all employés should be shareholders, and bonus should be paid upon wages. The opinion that the above class of farming . . . would constitute a profitable investment for the surplus capital of the movement . . . is in conformity with the opinion and advice of all the practical and experienced farmers we have consulted, and is strongly supported by the agricultural returns, wherein it is shown that for ten years past there has been a growing tendency with farmers to give up the growing of corn crops, and to put their land under permanent grass as the most profitable kind of farming².'

The report concluded by recommending the formation of a Scottish Farming Association, with £ 1 transferable shares, co-operative societies and individuals to be eligible for membership. An appendix to the report gave the 'approximate cost of stock for a farm of 500 acres wrought on the six years' system,' and the probable profits thereon. The capital required was estimated at fully £5,000, and the profit, including interest on capital, at from £366 to

¹ Congress Report, 1884, pp. 32, 33.

² Report on Co-operative Farm, 1884, signed by James Deans and James Inglis.

£428, according to the character of the farm that might be taken.

Early in 1885, a prospectus and appeal were issued to the Scottish co-operators asking for financial support, and a first list of promises was given, showing that 9 societies had agreed to take up £375 of shares, and 46 individuals had agreed to subscribe for £131¹. Progress was made very slowly. The rules were registered on July 20, 1886, and the first annual report, up to the end of 1886, showed that 26 societies had taken up £763 of share capital, and 124 individuals had taken up £298. A call of 5s. per share had been made and paid. But, beside the above, 4 societies and 29 individuals who had promised to take up a total of £250, had failed to respond at the date of the report, while two other societies and ten individuals who had promised to subscribe £99, had now withdrawn their promises. The directors recommended the shareholders to at once 'lease a dairy farm,' and to appoint a committee to make the necessary inquiries². The shareholders' meeting, however, while agreeing that the directors should make inquiries, decided that no steps should be taken towards hiring a farm, until another meeting had been called, and additional capital obtained³.

The association had a long spell of uphill tugging for capital; and in August, 1888, they had only succeeded in obtaining £1,253 in hard cash. This they wanted to increase to £2,000; but they determined to make a start, and to this end a number of farms had been carefully examined⁴. In October, the committee were able to announce that they had secured a farm, which, they thought, was in every way suitable. They described it as follows:

'It is named Carlston, at the Torrance of Campsie, 7 miles from Glasgow. . . . It is within 3 miles of four railway stations. . . . The farm is over 280 acres in extent, and has mainly

¹ *Co-operative News*, vol. xvi. p. 185.

² First Annual Report.

³ *Co-operative News*, vol. xviii. p. 179.

⁴ *Ibid.*, vol. xix. p. 818.

a southern aspect. There is a good steading on the land, with accommodation for 32 cows and 9 horses, large barn, and various outhouses. It has been leased at what is considered a very reasonable rent, a reduction of over 40 % on the rent paid by a former tenant a few years ago. A bailiff and his wife have been engaged to manage the farm and dairy, and the association takes possession of it on November 23, being the old Martinmas term¹.

The farm was intended principally for the production of milk. About half was arable and the other half was pasture. By the end of the year, a contract had been entered into with the Glasgow Eastern Society, who had opened a handsome dairy for the supply of their members².

The balance sheet for the year ending November 2, 1889, showed the results of the first year's operations on the farm. The society had 52 head of cattle, and was supplying both the Glasgow Eastern and Kinning Park Societies with milk. Thirty-six societies had subscribed £1,226 of share capital, and 221 individuals had subscribed £390. The society had a loan of £800, and was owing trade creditors £620. The annual valuation showed stock, unexhausted improvements, and plant, to the value of £2,655; the sales amounted to £1,728, and there was a profit of £82, equal to rather more than 5 % per ann. on the share capital. The directors said in their report: 'The most sanguine amongst us were of opinion that several years might elapse before a profit could be shown. . . . Providence, however, has smiled on our maiden efforts, and we have been enabled, by favourable weather, to secure an average crop in good condition, and at a minimum expense,' although 'the want of sufficient capital hampered us considerably.' The annual meeting, held on December 28, 1889, decided not to pay any interest on shares for the past year, but to let the profit 'be taken to form the nucleus of a reserve fund³.'

Early in 1890, a second farm, that of 'Ballinkeir, in the

¹ *Co-operative News*, vol. xix. p. 1087.

² *Ibid.*, vol. xx. p. 35.

³ *Ibid.*, vol. xxi. p. 11.

parish of Denny, consisting of 90 acres of rich arable and pasture land, was taken on a fifteen years' lease.' The results for 1890 surpassed those of the previous year. The share capital had been increased to £2,548. The stock of cattle had been increased to ninety-eight; the sales for the year amounted to £4,099, and the net profit, after providing according to rule, for the payment of 5% on share capital, amounted to £343. This was appropriated as follows: To reserve fund, £157; extra depreciation of plant, £50; educational fund, £10; dividend on members' purchases at 6*d.* in the pound, £69; on non-members' at 3*d.*, £17; on £120 of members' wages at 6*d.*, £3; on £607 of non-members' wages at 3*d.*, £8; and additional dividend to shareholders at 3*d.*, £30. This division was in accordance with the amended rules registered on September 8, 1890.

The condition in which the farm stock was kept will be seen by the opinion of a stock dealer at the end of 1889. He 'had recently inspected the animals, and pronounced them to be the best average stock of milch cows he had seen for a considerable time.' Up to June, 1891, the association had exhibited horses and cattle at five different shows, and had succeeded in taking four third prizes, eleven second prizes, and seven first prizes¹.

In April, 1891, the association 'opened a retail milk shop in Glasgow;' the business being 'run on ordinary lines, and no dividend being given².' The balance sheet for the year ending November 2, 1891, reported the share capital as having been increased to £3,189, and the loans to £2,121. The reserve fund was £239. The valuation of stock and plant amounted to £6,162, the sales for the year were £5,228, and the profit, after paying 5% interest on share capital, was £111*s.* 9*d.* The directors explained that 'the backward state of the weather during the early spring and summer, and the high price of feeding stuffs, have been very

¹ *Co-operative News*, vol. xxi. p. 35, and vol. xxii. p. 686.

² *Ibid.*, vol. xxii. p. 393.

much against dairy farming during the past year ; and as no corresponding advance has been made in the price of milk, it is only natural that profits should diminish.' The two farms were carrying the following stock : 117 milch cows, 42 young cattle, 14 horses, and 2 foals. The wages bill for the year was £954.

At the annual meeting, held on December 26, 1891, the directors reported that they had 'secured the combined farms of Househill-wood, Rosehill, and Priesthill, situated near the village of Nitshill, and extending to 376 acres of rich arable and pasture lands. These farms,' they said, 'are in a high state of cultivation, and from their proximity to a number of flourishing distributive societies, a ready market will be at hand for our products.' The total acreage held by the association was thus increased to 750 acres, and the total annual rent is £662¹.

In 1892, the society did not make enough profit to pay the usual 5 % on share capital ; so 2½ % only was paid, and a balance of £20 was carried forward. Carlston Farm had been given up at the end of 1892, on account, as the committee explained, of 'the landlord insisting on such terms at the break of the lease, that we were forced in the interests of the association to give it up.' The committee also reported that

'the first year's occupancy of Househill Farms has been attended with the usual difficulties, inseparable from the commencement of such an undertaking ; but we think we have got over the worst now. The season all through has been of an almost unprecedented backward nature, and the crops have been correspondingly late. The values of all cereals have been depreciated to an extent never before known, so that our income and money value of stock in hand has thereby been very materially diminished. That such an abnormal condition of things should continue, year after year, need hardly be anticipated, and we are confident in looking forward to better times, and better results attending our efforts in the near future.'

¹ Congress Report, 1892.

At the end of 1892, the association had on its farms, '31 horses, 265 cattle, 27 sheep, and 207 fowls'¹.

Mr. James Deans, who has been president from the beginning, said: 'In my opinion the credit of our success belongs principally to our farmer. We were very fortunate in securing an excellent man, and the committee have had the good sense not to interfere with him.' Thirty persons were in the employ of the association at the commencement of the year 1892; but only one was a shareholder. Forty-four societies and 218 individuals were the owners of the share capital, in addition to this one employé. The rules provide that each member shall have one vote, societies being allowed to appoint one representative to the shareholders' meetings.

On October 29, 1885, the Rev. W. Bury read a paper in the schoolroom at Harleston, Northamptonshire, to the parishioners on 'Co-operative Farming.' Earl Spencer took the chair, and in the course of the evening expressed the opinion that 'co-operation provided an opening for working men which they could not get alone. . . . And, wishing greatly to try the experiment of co-operative farming, he was prepared to let land and find some capital for the purpose'².

After the meeting, Earl Spencer started the Harleston Co-operative Farm Association, the Rev. W. Bury acting as hon. secretary. 'Forty parishioners were anxious to be admitted into the corporation, but their numbers were reduced by the men balloting among themselves;' and a start was made with eight persons being put on the farm³. The farm consisted of 300 acres, at a rental of £400 a year; and Earl Spencer supplied the necessary capital on loan at 4% interest. The association was unregistered. The land was said to be

'in bad condition, foul and impoverished. . . . The profits, if

¹ *Co-operative News*, vol. xxiv. p. 5. ² *Ibid.*, vol. xiv. p. 1017.

³ *Ibid.*, vol. xvii. p. 111.

any are realized, are to be apportioned, 75 % to the redemption of capital, and 25 % to the labourers¹.’

‘The year 1887 resulted in a loss of £207, and the year 1888 ended with a still larger loss of £672. But, it was said, the year 1887 was one of the worst farmers had ever experienced, and a good deal of capital had to be expended in getting things shipshape, while in 1888, the weather had again been bad, and there had been a long drought².’

The *Land Agents’ Record* for August 31, 1889, contained an account and criticism of the Harleston Co-operative Farm. It said :

‘When first taken in hand by Lord Spencer for the co-operative scheme, the farm was sadly out of condition. . . . The arable land is farmed under a five course shift, the layers of mixed seeds being kept down for two years. . . . The vigorous growth and clean appearance of the pasture showed that . . . it is turned to good account. The ewe flock is limited to 100 ewes ; lambs and shearlings bringing the present number of the flock up to 300. The number of ewes might be doubled with material advantage to the farm. . . . There are 73 head of cattle. . . . There is no dairy, the few cows kept being used solely for rearing purposes, and there are only 4 sows. . . . With the town of Northampton and its 52,000 inhabitants within 4 or 5 miles of the farm, and Althorp Park Station within a mile, the absence of a dairy appears to be a serious error, for there should be no difficulty about the profitable sale of both milk and butter.’

The writer went on to point out the profitableness, under such conditions, of rearing porking pigs, and concluded by saying that this was no fanciful theory, as he could point to a tenant farmer, whose 40 sows enabled him to boast that all the labour of the farm was paid for, by the money received for pigs. The writer, however, paid a tribute of praise to the manager of the farm, ‘of whose skilful management the high condition of the farm affords pleasing evidence.’

At the end of 1889 Earl Spencer and the Rev. W. Bury reported :

¹ Congress Report, 1887, p. 28.

² *Star*, February 12, 1889.

‘We are glad that the hope we expressed in last year’s report of being able to turn the corner in the year 1888-9 has been realized. The balance sheet shows a profit of £33 2s. Had it been as good a year for corn as for grazing the profit shown would have been a substantial one. . . . The future of the undertaking depends to a great extent upon the price of corn¹.’

A reporter’s interview with Earl Spencer at the latter end of 1890, throws additional light on the origin and working of the Harleston Co-operative Farm Association. His lordship said :

‘Our co-operative experiment began in this way. Some years ago the land was thrown on my hands, and as there was no farm-house, a fresh tenant could not be found. As the rector—the farm is glebe land, you know—was naturally unwilling to incur the large expense of building a house, I had to farm it myself. The result was not satisfactory ; so about four years ago, Mr. Bury (the rector) and I drew up a scheme for a co-operative farm. . . . I advanced £3,000 as capital at 3 % interest, the stock, buildings, improvements, &c., then on the farm being valued. It was agreed that the co-operators should have the market rate of wages. . . . In order that the experiment might be really useful we decided that the rent to be paid must be no less and no more than what was fair and equitable, and accordingly it is now about £500. . . . Having provided the capital, I must, of course, have a control over the business. But although in the last resort the appeal must be to me, affairs are largely managed by the men themselves. They elect two of their number to act with the manager as a committee. As a matter of fact I believe the committee rarely meet, because it is found that working every day together, the necessity does not arise. . . . The manager is appointed by me, but in addition to his wages he is entitled to only the same share of profits as the men. . . . In the face of discouragements the men have worked wonderfully well. The prospect of becoming the tenants of the farm, has, I believe, proved a real incentive to industry and steadiness. Only two complaints have been brought before me. In the first case . . . I had to reprimand the man ; since which his behaviour has been excellent. In the second a man was constantly absenting

¹ *Co-operative News*, vol. xx. p. 1253.

himself from his work, and in fairness to the other men he had to be dismissed¹.

The report for 1890 said: 'The results of the year's operations is an apparent loss to the extent of £20. . . . The association has entered upon a milk trade, which there is good reason to believe will prove a profitable venture².' It also has a butcher's shop in the village, where it retails its own reared meat. For the year 1891, the balance sheet showed a loss of £294 without reckoning any interest on capital, whether 3 % or 4 % is the amount supposed to be credited.

In 1886, the Lancashire co-operators, attracted by the examples of Radbourne and Assington, made an effort to start a North-Western Co-operative Farming Society. It was promoted under the auspices of the Sectional Board, and was registered on October 2, 1886³. To obtain the support of societies, several conferences were held, the first being at Pendleton on August 28, 1886, when a paper on the subject was read by Mr. Wm. Booth, and Mr. David Johnson (of Radbourne) attended by special invitation. At this conference, it was suggested to raise £3,000, and hire a farm of 300 acres within a reasonable distance of Manchester. Statistics were given, showing how easily the Manchester societies could take the produce of such a farm; it being stated that, the Manchester Equitable, Pendleton, Eccles, and Failsworth, Societies at that time were paying £16,182 for milk in the course of 12 months. It was further stated that the Manchester Equitable alone in the course of a year required 80 tons of hay, 70 tons of clover, 34 tons of straw, 6,000 bushels of oats, 450 loads of Cheshire new potatoes, and 5,830 loads of winter potatoes. A resolution in favour of the proposed society was unanimously passed⁴; but notwithstanding this, and notwithstanding the

¹ *Pall Mall Gazette*, December 5, 1890.

² *Co-operative News*, vol. xxi. p. 975.

³ Registrar's Returns, 1886, p. 95.

⁴ *Co-operative News*, vol. xvii. p. 887.

great exertions of the promoters, it was found impossible to raise the required capital. A special general meeting of the shareholders was therefore called on April 6, 1889, when it was decided to wind up 'in consequence of the inadequate response by societies to the several appeals for capital.' The report presented to the meeting showed that 1,255 £1 shares had been applied for, on which the sum of £63 10s. had been paid. The net assets were £59 18s., leaving a slight deficit of £3 12s.¹

At the latter end of 1891, Mr. Holloway, M.P., adopted a scheme on his estate in the Cotswolds, which is almost identical with the one adopted by Earl Spencer. 'The estimate is about 1,000 acres, tithe free, and the rent is 7s. 6d. per acre, or £375 a year. The live and dead stock, &c., are valued at £5,000, and on this amount 5 % interest has to be paid.' Mr. Holloway has arranged for the agent to receive the same salary as he had previously been receiving, 'and the workmen the current rate of wages.' The profits are to be credited to each man in proportion to his wages, but will be utilized in paying off the £5,000 advanced by Mr. Holloway; and the men will be credited with 5 % interest on any sums thus accumulated. As soon as the loan is repaid, 'all future profits will go to the work-people in cash, to be distributed according to the contribution each of them has made in clearing off the original outlay, Mr. Holloway only receiving his rent of £375.' The concern is not registered as a society².

Seeing the great demand for allotments, especially in the suburbs of cities and large towns, it is strange that more frequent use has not been made of the co-operative principle in obtaining them. The difficulty, as a rule, is getting a landlord to take the trouble to cut up a field; and when he does, he often exacts an excessive rent in return. In 1885, the members of the Norwood branch of the Co-operative Aid Association determined to secure some allot-

¹ *Co-operative News*, vol. xx. p. 363.

² *Ibid.*, vol. xxiii. p. 293.

ments, but the difficulty in that district was to obtain suitable land. Acting on their behalf, I was fortunate in enlisting the sympathy of the Ecclesiastical Commissioners, who leased to the co-operators $5\frac{1}{2}$ acres of ground, at a rental of £12 a year. A society was registered at the end of 1885, under the title of 'The Norwood Gardeners'.¹

Fencing had to be erected, water laid on, and a road made. These cost about £100; and the money was raised by loans at 5% among a few sympathizers. The rules provided that each allotment holder should take up a 10s. share, that the profits should be used in repaying loans, and that no profits should be divided among the members until after the expiration of the lease.

The allottees have varied in number from 60 to 70; but there has always been a surplus of applications, and a member giving up his allotment, has been able, subject to the approval of the committee, to transfer it at a premium.

In connexion with the allotments, an annual vegetable and flower show is held. Starting on a very small scale, it has gradually grown until it is the show of the district, and is well supported with prize money and exhibits by the residents.

The yearly balance sheets have shown an average profit of about £15, after paying interest on loans and all other charges. In August, 1891, a misfortune befell the society. The secretary had been instructed to repay loans as profits accumulated. He had done this to some extent, but not as fully as he ought to have done; and at the date of the annual show he ran away, taking with him over £50 of the Gardeners' money, and some of the show money also. As, however, no profits had been divided, this defalcation did not affect the stability of the society; and it is going on, of course this profit minus, but, in other respects, as if the misfortune had not happened.

¹ Registrar's Returns, 1885, p. 95.

Mr. George Heath, secretary of the Middleton Cheney Co-operative Industrial Land and Building Society, has sent me the following account of the origin of their society :

‘The members of the Middleton branch of the Banbury Society had held several meetings with the committee of the Banbury Society to consider the best means of getting the land into the labourers’ hands, when an opportunity occurred which the Middleton members thought too good to miss. There was offered for sale a small field of good red land, close to the village, about 13 acres, with a labourer’s cottage and farm buildings upon it. We purchased the same for £900, £350 being raised by twelve members, and £550 being borrowed on mortgage. We took possession in October, 1886, and in the summer of 1887 some of the farm buildings were pulled down, while a barn was converted into three cottages, and a room was built in which to hold meetings.’

The society was registered on November 2, 1886, the objects being to buy and sell land and buildings for garden allotments, &c., &c. The shares are £1 each, and every member has to hold at least two transferable and three withdrawable shares. After paying 5 % on shares, the net profits are to be divided among the members, but in what manner the rules do not say.

Mr. Heath also informed me that in October, 1889, the society ‘took a field of 24 acres on a lease of seven years. Twenty acres of this are let out in half-acre to three-acre lots ; and the remainder is farmed by the society until someone wants it. These allotments are let at 35s. an acre, including all rates and taxes. For the allotments on the 13 acres of our own land we get £4 an acre, as it is better land and nearer to the village.’ The society pays 30s. an acre for the land they lease, and the difference of 5s. between what they pay and what they charge, covers both the rates and the working expenses.

The total expenditure on their freehold property, including the conversion of the barn into cottages and the erection of a meeting-room, was £1,155. According to the

Banbury *Record*, of December, 1889, the room is a great benefit to the district. It is let out 'to the Salvation Army, or for any social or political purpose, and is known for miles around as the "Co-operative Room."' In 1891, the society erected four more cottages at a cost of £423; and their balance sheet for December, 1891, showed them to have £966 of share capital, and £500 of loans. For the latter they pay 4% interest. Their profit for the year was £22, all of which was taken to reduce land and buildings account. The society numbers 24 members.

At Michaelmas, 1891, the Cambridge Co-operative Society took a farm of 78 acres, mixed arable and pasture, on a seven years' lease, at a rental of £2 per acre. Mr. Mills, the secretary, has informed me that the society has let a portion of the arable land for allotments, and is retaining the remainder of the farm for the general use of the society. The allotment rents are 9*d.* per pole, or at the rate of £6 per acre per ann. Although this rate seems high as compared with the rental the society is paying, I am told that it is £2 an acre less than other allotments are let at; and it therefore shows how distributive societies can beneficially help their members, by following the example set by Cambridge. Mr. Mills has further informed me, that in 1892, they grew a variety of crops on the farm, and realized a profit on the year of £156.

The Cleator Moor Society has also for years let about 10 acres of their farm 'in allotments to members of the society.'

I have now to scan the efforts of the distributive co-operative societies, to add the department of agriculture to their other developments. As they are somewhat numerous, I shall group them in order of the sections of the Co-operative Union.

The only enterprise in Scotland is the one undertaken by the Scottish Wholesale Society. In the summer of 1891, a grazing farm of 280 acres, named Carbrook, in the care of Stirling, near Larbert, was leased on a rental of £490

a year, the intention of the directors being to use it for 'the raising of fat stock¹.' During 1892, the Scottish Wholesale Society also leased 'for the season, a few grass parks on the Dunmore and Carnock estates for the grazing of cattle;' and at the December shareholders' meeting, the directors took 'power to lease one or more farms in any part of the country, should a favourable opportunity offer itself;' the reason alleged being that 'all the cattle that can be reared on one farm is about 150, or five a week².' The balance sheet for December, 1892, showed that a loss had been made on the year's working of the farm of £314. This did not include interest on the capital necessary to work the farm. At the end of the year, the stock and implements were valued at £4,739. This included the value of 13 horses, 40 cattle, and 315 sheep. The value of produce sold off the farm during the year was £10,062. The directors reported that all the crops 'had been secured in favourable condition³.'

On February 29, 1892, the Dunfermline Society held a special meeting to consider the advisability of purchasing a farm of 264 acres 'in the immediate neighbourhood of the town,' for which the sum of £15,500 was demanded. The committee employed a land valuer, who reported that the farm was only worth £11,000. A resolution was moved to the effect that the latter sum should be offered for the farm, but it was lost by 'a large majority⁴.'

Another special meeting was held, on August 11, 1892, to consider the desirability of taking three farms, named Pittencrieff, Urquhart, and Logie. They were said to be 'close to the town,' were 500 acres in extent, and 'were in capital condition.' An estimate was laid before the meeting of the value of the farm produce annually consumed by the society. It amounted to £5,416, including a sum of £152 paid for

¹ *Co-operative News*, vol. xxii. pp. 796 and 892, and Congress Report, 1892.

² *Ibid.*, vol. xxiii. pp. 581, 1325 and 1327.

³ *Ibid.*, p. 1325.

⁴ *Ibid.*, p. 236.

the rental of 'grass parks.' The meeting decided by 131 votes against 119, to empower the committee to rent the farms. The committee thereupon took the farms on a lease of ten years, at a rental of £1,100 a year; and it was decided to carry on the business of dairy farmers¹.

The Aspatria Industrial Co-operative Society had about 7 acres of land as early as 1881 or 1882. In 1884, a little more was added; and in 1886, East Mill Farm, consisting of 32 acres, was rented, and 28 head of cattle was placed on it². The first year's operations resulted in a profit of £41, besides paying interest on the capital invested³. The second year showed a loss of 6s. 5d.⁴, and the third year (1889-90) a loss of £65 6s. The holding consisted of 63 acres, which for the year had been worked as follows: 38 acres pasture, 16 acres fallow, 6½ acres seeds, and 2½ acres wheat. The valuer reported, 'the whole farm reflects the greatest credit upon those who have the management.' The receipts for the year from the farm were £1,784, and the wages amounted to £128⁵. This bad result caused the society to give up the farm in 1891. Mr. Cooper, the secretary, told me that

'the rent was 44s. per acre. We mostly used the land for fattening cattle, with the exception of four cattle we kept for milk and butter. The average number of cattle kept on the farm was twenty-eight. . . . I attribute the loss to the smallness of the farm. If we had gone in for a farm of 100 acres, then I am sure we could have made farming pay.'

Stimulated by the success of the North Seaton Farming Society, and the more recent experiment of the Barnsley Society, several conferences were held in 1885-86, in the Northern Section, to consider the subject. This resulted in several societies taking up farms. One of the earliest was the Bedlington Society. In 1886, the society hired a farm of 84 acres⁶, and took possession at the latter end of the

¹ *Co-operative News*, vol. xxiii. pp. 916 and 1140.

² *Ibid.*, vol. xviii. p. 970.

³ *Ibid.*, vol. xix. p. 158.

⁴ *Ibid.*, vol. xx. p. 292.

⁵ *Ibid.*, vol. xxi. p. 127.

⁶ Congress Report, 1887, p. 28.

year. I have no return of the results for 1887, but since that year they have been as follows: 1888, profit £16; 1889, profit £12; 1890, profit £92; and 1891, loss £29. The rental paid for the land was £146. In 1889, the acreage was reduced to 75, and the rental to £133; and in 1890 the acreage was said to be 74, with a rental of £116¹. The society grows potatoes, turnips, wheat, oats, and hay, all of which are consumed through the store. There are 57 acres of arable land, and 17 acres of pasture. The farm is held on a fifteen years' lease at 29s. per acre, which the secretary considers is too high². It was said that

'the farm was in a very poor condition when the society took it, and required a considerable outlay of capital to improve it. . . . They feed cattle and breed pigs; so well satisfied are the members with the result of their farming experiment that they have authorized the committee to take over two farms which were to let in the neighbourhood. They advise purchasing instead of renting, and say they would have done better if the farm had been their own property³.'

The capital employed on the farm is about £800.

In 1884, the Cleator Moor Co-operative Society took a farm of 55 acres, at a rental of £148 a year⁴. About forty plots were let as allotments, at rents varying according to the size, from 5s. to 30s. each per ann. 'The land is much cut up with pits, tramways and ironworks.' At the beginning of the tenancy, the farm was all pasture and meadow. The society works it in connexion with its cartage department, and the accounts of the two cannot be separated by me. For the year 1885, the profit of the combined departments was £171. The farm was then carrying 9 horses, 10 cows, and 25 pigs⁵.

According to returns made to the Central Co-operative

¹ Congress Report, 1889, p. 25; 1890, p. 33; 1891, p. 31; and 1892, p. 32.

² *Land Agents' Record*, November 29, 1890.

³ Leeds Society's Special Report on Farming, 1891, p. 7.

⁴ Congress Report, 1887, p. 28.

⁵ *Co-operative News*, vol. xvii. p. 1030.

Board, the actual profits on farming, without reckoning cartage profits, were, in 1887, £100; in 1888, £60; and in 1891, £133¹. The annual balance sheets of the farm and cartage together, for 1889 and 1890, show profits of £403 and £381 respectively. I presume that to arrive at the farming profits, the secretary has made a dissection of the accounts, without printing or publishing them. According to the annual balance sheet for 1890, which is the last I have been able to get, the acreage was 54½, of which 26¼ had been pasturage, 15 hay, 2 turnips, ¾ mangold, and 10 sublet as gardens. The sales of milk and poultry, and garden rent receipts, amounted to £377; the sales of cattle, potatoes, butter, and wheat, came to another £183; making a total of £560. The valuation of stock, &c., was £813.

Mr. Jesse Hall, secretary of the Consett Society, has given me complete information of the farming operations conducted by that society. In May, 1889, the society took a fifteen years' lease of 'Number One Farm,' containing about 76 acres of grass land, with a roomy house, in a central position on the farm, at a rental of £75 a year. On this, with the consent of the landlord, were built cow byres and poultry-houses for 34 cows and 100 fowls. In addition, the society already had 20 acres of grass, which were held on a fifteen years' lease from May, 1885, at £2 per acre.

The result of the first year's operations, up to May 31, 1880, was a net profit of £35, and the second year showed a net profit of £69. Out of this had to come the interest on capital, £1,100 at 5%, or equal to £55, leaving a net gain of £49 on the year's working. This was after writing £67 off building and fixtures account, valued at £595. During the year ending May, 1891, the society had had an average of 25 cows in milk, and each cow had produced on the average 896 gallons, which, at 9d. per gallon, gave £33 12s. per cow for the year. The retail milk department,

¹ Congress Reports, 1888, p. 29; 1889, p. 25; and 1892, p. 32.

after paying the above price to the farm, has been able to make a dividend of 2s. 8d. in the pound on its sales.

The members were so satisfied with the results that, in November, 1890, they bought the Bunker Hill estate, about a mile from Consett, close to the leased farm, consisting of 224 acres, for the sum of £3,600. Mr. Hall wrote :

‘ The buildings are in a dilapidated state, having been much neglected ; the fences are all more or less bad, and the land is in a sour and poor condition, for the want of proper drainage and general good management. The farm has been worked on the exhaust system for years. The rent was at a low figure, £120 per annum ; but the tenant was always complaining about his hard lot, and of not being able to make ends meet. However, when the opportunity was given him to remove, he was reluctant to go, and would have liked to have continued in the tenancy. The bad name thus given to the farm operated at the sale in our favour, and we got it cheap. We have since been offered £5,000 for it. The farm is surrounded on three sides by public highways. The situation is good, and the major portion of the land has a southern aspect. The soil is of a heavy clayey nature, with a strong subsoil ; all capable of great improvement by drainage and good management. We intend to work it as a general farm. I anticipate we shall have to spend £1,000 to put the place into shipshape, and that a period of three or four years will elapse before a good return is got. If the co-operative patience can be got to wait so long all will be well. Land adjoining ours, and in a worse position and condition, has been sold at from £40 to £46 an acre.’

The profit on the joint farms in 1891 was £104¹.

In 1866, the Derwent Flour Mill Society, Shotley Bridge, leased a farm of 150 acres for ten years, at a rental of £220 per ann. There were 60 acres of grass and 90 acres of arable land. According to information supplied by the secretary to Mr. George Hines at the latter end of 1890, there were five men, a strong youth, and the manager’s wife employed on the farm, and the wages bill amounted to £6 8s. a week. The manager and three other men were supplied with house and firing free, and with 40 stones of

¹ Congress Report, 1892, p. 32.

potatoes each annually. I have no figures earlier than for 1888. In that year, the balance sheet for the farm showed a net profit of £189. Of this, £89 was applied to the payment of 5 % interest on the capital required to work the farm, and the remainder was written off implements account. The receipts for produce amounted to £1,791, and included cattle (£1,199), sheep, pigs, horses, dairy and poultry produce, hay, grain, potatoes, and wool.

The profit for the year 1889 was £103 6s., of which £90 went to pay 5 % interest on capital, and the remainder to reduction of implements account. The society was so well satisfied with the results, that in addition to the Low Waskerly Farm, already in its hands, the Morrowfield Farm of 240 acres was leased in May, 1890, and it was expected to be able to farm the larger quantity to greater advantage. The rent of the latter farm is £150 a year, on a ten years' lease. It is about half grass and half arable.

I am not able to give any further figures concerning these farms beyond noting that on February 7, 1891, the society had £3,640 of capital invested in them, as per the balance sheet of that date; and £90 had been credited by the farms for interest on capital during the year.

Among other societies in the Northern Section which have more or less of agricultural land in their hands are Birtley, $15\frac{3}{4}$ acres; Guisborough, 11 acres; and Willington, 10 acres. These are, I believe, simply for the use of their horses, or for the butchering departments, as accommodation land. Then there are Egremont, 43 acres, with a rental of £95 a year; Middlesbrough, 28 acres, rent £85, and profit in 1891, £3; and Naworth Colliery, 25 acres, rent £23, and a loss in 1891 of £6¹. The Middlesbrough Society's secretary told me that their land is all grazing for the convenience of the butchering department. They had had it three years at the end of 1891, and pay £3 per acre for it.

The Chester-le-Street Society has a farm of 214 acres.

¹ Congress Report, 1892, p. 32.

It is held on lease for 21 years at a rental of £330 a year. Forty acres are permanent grass and the remainder are tillage. They employ on it a capital of £2,200, and in 1891 there was a loss of £42. The Seaton Delaval Society also has a fairly large farm of 254 acres. The valuation of the stock, &c., at the end of 1891, was £1,419, and the rental is £350 a year, on a five years' lease¹. Mr. Baxter, the secretary, said the society feeds cattle, sheep, and pigs, for the butchery department. About 113 acres are grass land, and the remainder is arable. In 1891, a net profit was made of £110 17s. 1d., out of which interest had to be paid.

In August, 1890, the Newcastle-on-Tyne Society decided to purchase a farm 'situated about half a mile from Morpeth. It had been chiefly used as pasture.' The society took the farm into its own hands in June, 1891². Mr. Howat, the secretary, wrote me early in 1892, 'The farm is freehold and cost £60 per acre. There are 122 acres. It is being utilized for the production of milk. Thirty cows are now in stock, and the number will be increased to forty. A field of seventeen acres is being put into cultivation for vegetable and fruit production. At present we have only six employés permanently engaged.' The total capital employed on the farm at the end of 1891, including the purchase money, was £9,022³. The committee's report for the year ending June, 1892, said, 'A heavy outlay has been unavoidable in order that the land might be brought into an improved state of cultivation for the growth of vegetables and fruit.' The result of the year's working was a profit of £12 6s. 7d. The produce sold amounted to £1,358. The wages paid were £459⁴.

At the latter end of 1886, the Newbottle Society 'rented a dairy farm from the Earl of Durham, and commenced to

¹ Congress Report, 1892, p. 32.

² *Co-operative News*, vol. xxi. p. 785, and vol. xxii. p. 425.

³ Congress Report, 1892, p. 32.

⁴ *Co-operative News*, vol. xxiv. p. 836.

sell the milk, butter, and other produce to its members¹. In September, 1889, the society's manager, Mr. Scott, showed the farm to a deputation from the Sunderland Society, and gave them the following details of the results of their operations: 'During the three years we have been farming, the accounts show a profit of £199 6s. 10d., or £31 17s. 1d. more than the capital invested in the undertaking. . . . The farm produce has been debited to the distributive departments at current market prices, and their success is due to the fact that they only produce for their own requirements².' According to the annual farm balance sheet for 1889-90, the total receipts for produce, &c., were £493: £172 of this were for milk and eggs; £60 for pigs and poultry; £236 for potatoes, hay, barley, and oats; and £25 for grazing and cottage rents. For the year ending May 1891, the profit was £45, and for 1892 it was £59; but they, this year, increased their holding of land from 50 acres at £116 a year rent, to 95 acres at a rental of £183 a year. The capital required to work the enlarged farm is put down at £600³. Judging by the balance sheets, interest is not charged to farm expenses before declaring the profit.

The last farm to notice in the Northern Section is that of the West Stanley Society, at Burnopfield. This, according to details supplied by the secretary to Mr. Hines, was taken on a twenty-one years' lease at the end of 1886. The farm consists of 85 acres arable, and 101 acres pasture and meadow; the rent being 11s. per acre including tithes. The secretary said:

'The land had been impoverished for years, and the expenses in manuring and cleaning have been very heavy. . . . We are able to grow for ourselves all the feed requisite for the horses employed by the society, and are therefore sure of the quality. We also have an outlet for our butchering, by being able when markets are favourable, to buy large quantities of stock and

¹ *Co-operative News*, vol. xvii. p. 81. ² *Ibid.*, vol. xx. p. 1069.

³ Congress Reports, 1891, p. 31, and 1892, p. 32.

feed them on the farm until the butcher wants to kill them. We shall soon go into the dairy business and supply our members with milk.'

The annual balance sheet of the farm for the year 1889, which was sent with the above details, showed that the sales of produce for the year amounted to £999. Of this, cattle, sheep, and pigs, realized £545; potatoes, hay, straw, grain, &c., £372; and grazing, rents, &c., £82. The capital employed on the farm has grown from £1,250 in 1887 to £2,100 at the end of 1891¹. This increase is partly due to the erection of new stables and poultry houses to the value of about £370. The first year's working showed a profit of £28; and the second, a loss of exactly the same amount. In 1889 there was a profit of £150, and in 1890 another of £33. But in 1891 there was a loss of £143, which the committee considered was 'mostly due to the very unfavourable season, both the hay, grain, and potato crops having suffered considerable damage by the wet weather, and the live stock having also been severely affected by the same.' They added that 'they have now made a commencement with dairying, and fully expect this will make a change for the better'².

The total acreage thus occupied by co-operators in the Northern Section is 1,878 acres. In addition, the following societies held small quantities of land for grazing purposes in 1888, but I do not know if they have since been given up: Broomhill, 18 acres, rent £36 a year; Annfield Plain, 16 acres, rent £40; and Seaham Harbour, 10 acres, rent £36³. Judging by the tenour of the discussions at the northern district conferences, in 1891, and the decided character of the resolutions passed in favour of dairy farming especially, the quantity of land held by the societies in those districts will be rapidly increased.

The Halifax Society may claim the credit, I think, of

¹ Congress Reports, 1888, p. 29, and 1892, p. 32.

² *Ibid.*, 1888-92, and *Co-operative News*, vol. xxiii. p. 117.

³ Congress Report, 1888, p. 25.

being the oldest co-operative farmers in the North-Western Section. Mr. Shillito told me that they took a farm of $48\frac{1}{4}$ acres in 1865 on a fourteen years' lease, at a rent of £175 a year. In 1879, the lease was renewed for another fourteen years. Mr. Shillito wrote: 'When we first took possession of the farm, we expended on slaughterhouses, piggeries, and other outbuildings about £600; but we have written this off, with depreciation, and we have no assets there now. It is not our intention to lease the farm again.'

The reason they do not intend to take the farm again, will probably be found in the following statement, made by Mr. Shillito at a South Yorkshire district conference on July 11, 1885: 'For many years they had lost between £150 and £200 a year upon the farm; but they had it on a lease. It is on the eastern portion of a hill, and it catches a very considerable portion of the smoke from the town¹. Of late years, the farm has not been quite so bad. In 1887, there was a loss of £76, and in 1888, one of only £8. In 1890, there was a profit of £21, and in 1891, another profit of £40². The farm is used mostly in connexion with the butchery department.

In 1885, the Barnsley British Co-operative Society took a farm of 133 acres, at a rental of £230 a year, for dairying purposes. By the middle of the year they had 65 head of cattle on the land, and were milking 22 of them. Milk 'was formerly 4d. per quart in Barnsley, but as soon as the society took the farm the milk vendors had a meeting and decided to reduce their price to 3d.³' By May, 1886, the stock had been increased to 148 cows⁴.

The venture was unsuccessful for several years, except in the important matter of universally reducing the price of milk in Barnsley by 25%. In 1887 there was a loss of £142; in 1888 another of £124⁵, and in 1889 one of

¹ *Co-operative News*, vol. xvi. p. 673.

² Congress Reports, 1888-9 and 1891-2.

³ *Co-operative News*, vol. xvi. p. 673.

⁴ *Ibid.*, vol. xvii. p. 487.

⁵ Congress Reports, 1888-9.

‘between £200 and £300.’ The committee then ‘appointed a new manager,’ and waited to ‘see what he would make of it¹.’ At the half-yearly members’ meeting, held on February 9, 1891, the chairman said ‘though a loss was shown for the year, the farm was being made to pay, . . . and if any member had come prepared to move to give notice to the landlord, he asked them to give the farm another year’s trial².’ At the meeting held in February, 1892, the directors announced that ‘the farm, for the first time in its history, shows a profit of £170 on the year’s working. This is especially pleasing,’ they added, because we ‘have had to undergo more heckling on this department than on all the other departments put together³.’

Mr. John Elliott (one of the farm sub-committee), writing to me at the beginning of 1892, said :

‘The farm is 113 acres grass and 20 acres arable. We have 83 cattle, 22 pigs, and 150 poultry. The profit made is after paying 5 % interest on capital and 10 % for depreciation. During the year we have produced 40,368 gallons of milk, being 17,037 gallons more than the previous year. The farm was in a wretched condition when we took it. We lost over £500 of stock during the first five years ; but two years ago we had all the drains taken up, and the cowsheds rearranged, with the pleasing result that we have had no loss from disease since then. We have ceased to rear calves, as we find it better to sell the milk. . . . We have increased the produce from the land 60 % since we took to it ; and we are confident we can still further increase it. We believe that the land is the future hope of co-operation.’

An attack of pleuro-pneumonia in July, 1892, necessitated the slaughter of all the stock, and the purchase of ‘an entirely fresh herd⁴.’

A number of the North-Western Section Societies have had, for years, accommodation land for the use of their butchering departments and of their horses. Since 1886,

¹ *Co-operative News*, vol. xxi. p. 150.

³ *Ibid.*, vol. xxiii. p. 155.

² *Ibid.*, vol. xxii. p. 176.

⁴ *Ibid.*, p. 976.

Bingley has had 23 acres at the heavy rent of £87 a year¹. The secretary, however, told me they were going to give it up at the end of 1892, as they can buy cheaper than producing on land rented at from 50s. to 60s. per acre. He added: 'We have not attempted growing anything but grass, nor have we kept any store cattle, pigs, or poultry. We have occasionally taken note of our produce and expenditure, and the result has generally been on the wrong side, though not much.'

The following societies hold small quantities of land for accommodation purposes: Great Horton, 17½ acres, rent £74; Greenfield, 5 acres, rent £10; Dewsbury, 15 acres, rent £60; Keighley, 18 acres, rent £84; Kirkburton, 9 acres, rent £19; Middleton (near Manchester), 16 acres, rent £75; Mirfield, 15 acres, rent £45; Winsford, 5 acres, rent £13; Windhill, 12 acres, rent £37; and Pendleton, 36 acres, rent £73². Mr. Hill, secretary of the Pendleton Society, wrote in 1892:

'We simply rent the farm for grazing purposes, and keep no stock, only a few pigs and poultry. We own over 60 horses, and find it necessary to turn them out to grass occasionally. We also do a butchering trade of £45,000 per ann.; and the surplus stock of cattle and sheep is kept at the farm. We have held the farm since March, 1890, and the result of the past year's working was a loss of £18.'

At a special members' meeting held on November 15, 1886, the Manchester Equitable Society decided to rent Poynton Park Farm of 382 acres, on a lease for ten years, at a rent of £563 a year at the commencement³.

According to some figures, &c., supplied to Mr. Hines in November, 1890, the farm consisted of about 300 acres of grass and meadow, and the remainder of arable land. It was then carrying 60 milch cows, 77 other cattle, 103 sheep,

¹ Congress Report, 1887, p. 28.

² Congress Reports, 1887-92.

³ *Co-operative News*, vol. xvii. p. 1168, and Congress Report, 1888, p. 25.

60 pigs, 5 horses, and about 150 poultry. Mr. Hines was told that 'the produce is disposed of as follows: The milk, meat, &c., is sold by our stores to the members; surplus oats, &c., are sent to our stables; pigs, geese, &c., are either sold at the central stores or to the neighbouring farmers and villagers, in which case we get better prices than when we sell them to our own members.'

The first farm statement covered a period of twenty-one months up to December, 1888, and it showed a loss of £2,012. The committee attributed this 'mainly to the unprecedented drought of the year 1887, and the very wet season of the past year. . . . They had also been unfortunate in their stock, and in the selection of their farm bailiff¹.'

The balance sheet for 1889 showed a further loss of £368, without any charge being made for interest on capital. According to the Congress Report for 1891, the loss in 1890 was £646; and the balance sheet for the year 1891 showed a further loss of £695. The receipts for produce in 1891 were, £1,000 for live stock, and £1,068 for other produce, of which £970 was for milk. The valuation at the end of the year was £3,737; the rent was £613, and the wages bill was £660. This is, perhaps, the most unfortunate farming venture that co-operators have ever touched.

In July, 1889, the Lancaster Society took the Dolphinlee Farm of 100 acres, on lease, at a rental of £190 a year². The balance sheet for the first year's working, ending March 31, 1891, showed a loss of £124. The receipts for the year by sale of produce amounted to £603, and the farm valuation at the end of the year was £1,586. The farm is of a mixed character, milk and butter constituting nearly half the total produce. The result for the second year was a small profit of £7³.

In the balance sheet for the half-year ending December,

¹ *Co-operative News*, vol. xx. p. 107.

² *Ibid.*, p. 808.

³ Congress Report, 1892.

1892, the directors of the Leeds Industrial Co-operative Society reported to the members, that, to meet the necessities of the butchery department, they 'had purchased a farm of 74 acres, at the price of £3,948.' The farm is at Farnley, 'within easy distance of the slaughterhouse' of the society.

The Batley Society, at the end of 1892, leased two farms; one, the Grange, contained 41 acres; the other, the Soot-hill, which adjoined the Grange, contained 57 acres. The rental of the two was £184 a year; but a house, &c., with about $3\frac{1}{2}$ acres of land, were sublet for £60 a year, leaving the rental for $94\frac{1}{2}$ acres of land, £124 a year. The society had previously been renting five acres of grass land at £23 a year; but they were giving it up¹.

In the Midland Section, there was registered in February, 1891, a society with mixed objects, which are clearly indicated by its title, viz. The Sheeplees Farm, Poultry, and Loan Society, of Nottingham. This society took a farm of 114 acres, at the low rental of £70 a year, and started business with a capital of £240².

The year 1885 was largely occupied by the Midland district conferences in discussing co-operative agriculture; but the proximity of the experiments at Radbourne and Ufton seems to have retarded, rather than accelerated, co-operative efforts at farming. However, in this year, Desborough Society purchased a small freehold farm of 20 acres³. The society very shortly found it preferable to cut the little farm up into twenty-pole plots, which they sold to the members on an easy instalment system, the price charged being an average of £10 per plot, and the purchase money being covered in ten years, by members paying out of their dividends 10s. per half-year. 5% per ann. is charged on the balance due from the purchaser.

The Lye Society has held 14 acres of land since 1889.

¹ *Co-operative News*, vol. xxiv. p. 129.

² Congress Report, 1892.

³ *Ibid.*, 1885, p. 26.

In 1890, they paid a rent of £38, and made a profit of £6; but, in 1891, their rent was reduced to £21, and their profit was increased to £10¹. The Derby Society, in 1892, had also held 29 acres for a couple of years. They pay £83 a year rent, but they had published no results; and I think the land is used in connexion with the butchering department. Earls Barton farmed 22 acres in 1891, at a rental of £63, and succeeded in making a profit of £12. On the other hand, Long Eaton, in 1891, farmed 54 acres, at £83 an acre, employed £1,600 of capital thereon, and came out with a loss of £121².

In April, 1889, the Lincoln Society purchased a small farm for £550. Mr. M'Innes told me that there are 11½ acres, all arable. On this land, he said, they

'built a foreman's cottage, outbuildings, stable, granary, pig-styes, and a shippon, or, as they are called here, a crew-yard, with an open front shed on one side of it. In this large yard we put all our stable manure from the central stores, 2½ miles distant, and it is trodden down by about 60 or 90 pigs. The pigs remain in this place six or seven weeks, when they are taken out and put in styes, usually six pigs together, to be fattened. All the refuse from our slaughterhouse and the farm is thrown into the crew-yard, and the pigs have a little meal besides. We do not breed, it being at present cheaper to buy young pigs in our local markets.'

The balance sheets, &c., sent to me, showed that two men and a boy are employed on this little farm in winter, and an additional man, two women, and a boy, are employed in summer. The bailiff has a pound a week and a cottage; the other permanent hand has 18s. a week.

The first accounts were made up at the end of 1890, and embraced a period of one year and nine months. A quantity of fruit trees had been put on a part of the land, and another portion had been worked as a market garden. The produce had realized £235, £149 being for pigs and garden

¹ Congress Reports, 1891-2.

² Congress Report, 1892.

produce, and £86 for hay and straw. There was a net profit of £34, which was equal to $3\frac{1}{2}\%$ per ann. on the 'outlay of £550.'

For the year ending December 31, 1891, the profit was £131; and the capital sunk in the farm, through the erection of buildings, &c., had increased to £1,308. This profit was equal to 10% on the capital employed. The wages bill for the year was £139. The produce sold amounted to £554 for pigs, and £228 for garden and field produce. In their report, the committee said: 'Our regret is, that notwithstanding the many resolutions favourable to embarking in farming passed at general meetings during the last fifteen years, more land has not been obtained.'

There was a profit for the year 1892 of £305. In their report, the committee said:

'The farm has again more than justified the expectation of those members who for many years have urged that cultivation of the land would, if properly undertaken, be one of the society's most remunerative branches of business. We are of opinion that it would be to the advantage of the society to obtain more land in the vicinity of the farm, at the first suitable opportunity, as its extent is quite inadequate to supply the town branches with what they require. We therefore ask for an expression of opinion upon the proposal to secure more land, in pursuance of resolutions already passed by general meetings, and binding upon us as a committee¹.'

In January, 1886, the Ripley Society took a farm of 50 acres, on a seven years' lease, at a rental of £2 per acre, with tithes amounting to £3 11s. per ann. in addition. Mr. Bridge has sent me some figures which show the results of the working of the farm. After charging the farm with 6% interest on £900 of capital, or £54 a year, there was a profit in 1886, the first year, of £83. The second year showed a loss of £56, and the third one of £78. The year 1889 gave a profit of £12, but 1890 made a loss of £6. This loss was occasioned by the death of two beasts valued

¹ Society's Balance Sheet, December 1892.

at £35. In 1891, there was a profit of £32. The total results of six years' working is a profit of £31, in addition to 5 % per ann. interest on capital.

Thirty-four acres of the farm are in grass, and 14 acres are arable. Milk constitutes nearly half the total value of the produce sold off the farm. There are three regular employés, and extra hands are employed as required. The head man gets 20s. a week, with house, coal, light, and milk. The other labourers receive 'about 3s. 4d. per day.' The stock consisted of about 12 cattle, 24 sheep, 20 pigs, 4 horses, and a quantity of poultry.

In 1889, the Sheepshed Society hired a farm of 52 acres. Up to the end of their second financial year in 1890, they had lost £123 by the venture. They then changed their manager, and for the year 1891 the loss had been lowered to £21. A capital of £750 is utilized on the farm¹. The secretary has told me that the society tried to get a reduction in rent of 10s. per acre, but the landlord refused. They have therefore given notice to quit at Lady Day, 1893.

The farming operations of the Sheerness Economical Society have been already described in Chapter XII.

The Banbury Society took a small farm and corn mill in 1875 on a seven years' lease, at a rental of £269 a year.

'When the land was taken the value was much higher than now (1887); but soon after that a depreciation in all agricultural produce set in. In 1879, the hay cost as much to get it as it was worth; disease took off many of the sheep; blight seized the bean crop, and rain partially destroyed the wheat. To crown the losses the hayrick caught fire from within; so there were the expenses, without the benefit of insurance. By the time the lease was up a great many were heartily tired of it. Nevertheless, there were some who thought that with better land at less price it might be made to pay better than by selling off all the produce and implements when prices were at their lowest;' and on March 6, 1882, the members instructed the

¹ Congress Report, 1892, and *Co-operative News*, vol. xxi. p. 662.

committee 'to take more land, and transfer the stock thereto at once.'

The committee, however, could not see their way to do this; so a special meeting held on March 23, 1882, rescinded the resolution and authorized a forced sale. 'When all was balanced up there was a loss of £405¹.'

Stimulated by the discussion on Co-operative Agriculture at the Derby Congress, the Chipping Norton Society bought a freehold farm called 'The Glyme,' early in 1885, and obtained possession at the latter end of the same year. The farm was 'well situated,' but the committee said they did not expect to get it 'into order for about three years, owing to the way in which it has been neglected by those who may be described as outgoing tenants².' There were 92 acres of arable land, and 19 acres of pasturage. The cost of the farm was £3,353, and there were no tithes.

At the end of 1886, the committee reported a loss of £7 12s., after paying 4% interest on capital. They remarked:

'When the news went forth that the Glyme Farm had, at the fall of the hammer, been knocked down to the co-operative society, predictions, alarming but not encouraging, were rife as to the speedy downfall of the co-operative venture . . . but with the indefatigable attention of the committee, the skill and forethought of the bailiff in charge, and the many encouraging expressions of members at the quarterly meetings, the question which bids fair to become a national question, "The land for the people," has, in some measure, at least, as far as the Chipping Norton co-operators are concerned, been solved³.'

In the second year, the loss was £2 5s., after paying 4% interest on the capital employed in the purchase and working of the farm; and the committee remarked: 'We do not consider this unsatisfactory, considering the unfavourable season passed through, and that extensive alterations,

¹ Brief History of the Banbury Society, 1887.

² *Co-operative News*, vol. xvi. p. 1132.

³ *Ibid.*, vol. xviii. p. 35.

incidental to getting the farm into working order, have been effected¹.

The third year, 1888, brought a profit, after charging the farm £134 for interest, of £12 6s. 3d.; and the committee, in their report, said, 'We feel sanguine that eventually we shall be able to show better results.' For 1889, the profit was £66 13s.; and for 1890, it was increased to £103 10s. 9d. The balance sheet showed the farm and buildings at a total of £3,823, implements £193, unexhausted improvements £90, and stock £1,527. The receipts for farm sales for the year amounted to £1,281, and the wages bill was £203. Four men and two boys are usually employed, the head man receiving 18s. a week, with house, &c., and the labourers 15s. a week. The farm carries about 18 to 20 cattle, 3 horses, 90 to 100 sheep, 60 to 70 pigs, and 150 poultry. For 1891 the profit was £33².

At the latter part of 1887 or early in 1888, the Faversham Society purchased Snowdown Dairy Farm, consisting of 13½ acres, mixed pasture and arable land. The cost was £985, and the value of stock £150³. In 1889, the society made a loss of £260⁴, and the secretary has informed me that they have let the farm on a seven years' lease, 'as it was too far away from town to make it pay.'

Mr. H. A. Scott has sent me some details of the farm worked by the Harwich Society, which was taken in hand at the latter end of 1887. He said :

'We took the farm over from a local farmer and market gardener, on agreement to carry out his tenure of lease, which expired in September, 1892. The farm consists of seven fields and two meadows; about 53 acres in all, with house, barn, stables, outhouses, &c. The rent is £100 a year. Our stock consists of 11 cows, 1 pedigree shorthorn bull, 1 bull calf and 1 heifer, 1 pony, 2 mares and a colt, 3 sows and 27 pigs, and a number of poultry.

'We employ one bailiff and his wife, one horseman, and three

¹ *Co-operative News*, vol. xix. p. 7.

² *Ibid.*, vol. xxiii. p. 69.

³ *Ibid.*, vol. xx. p. 351, and Congress Report, 1888, p. 25.

⁴ Congress Report, 1890, p. 33.

boys. The bailiff gets house, firing, and £1 2s. per week; the horseman 13s.; one boy 10s., one 5s., and one 4s. We retail the milk at 1½d. per pint direct from the farm, it being distributed by the boys with the help of a pony and cart. We give checks to purchasers.

‘The bailiff thoroughly understands his work, and we do not interfere with him much. The local farmers say we have got a good man, and the results have proved it, we having made a profit each year, the lowest being £56 and the highest £117.’

Mr. Scott went on to describe several misfortunes which kept their profits lower than they would otherwise have been, such as cows miscalving, losing a mare, &c., and also said :

‘We want a farm of about 100 acres to grow all we want, as 50 acres will not produce enough for us. We grow wheat, oats, barley, beet, swedes, potatoes, cabbages, turnips, tares, clover, &c. Each year we change the crops on the land, but we are cramped for acreage. Milk pays best; and I am convinced that, with a good bailiff well acquainted with the general working of a farm, any society will make it pay.’

The net profit for 1891 was £74, and the capital employed on the farm is about £900.

In September, 1886, the members of the Ipswich Society decided to take a farm. In September, 1887, they entered into possession of Boss Hall Farm, just on the outskirts of the town, and partially situated within the borough. There were about 49½ acres, and the rent was £100 a year. On the farm was a house let at £30 a year, as well as a home-stead,

‘comprising a bailiff’s house with offices, a cowhouse for nine cows, with calves’ crib, covered pig-court, cowshed, meal-house, carpenter’s shop, stable for eight carthorses, with harness-room and lofts, a large barn, two corn stores, drill and implement-sheds, loose box, tumbrel-shed and wagon-lodge, with granary over, and cattle yard enclosed by brick and flint walls.

‘The arable land was very foul and poor when entered upon; but the first year’s working resulted in a profit of £64, besides paying 5% interest on £500 of capital. Early in the second year a considerable loss was incurred through swine fever, the consequence being that at the end of the year there was a loss

of £41. The third year (1890) was better, but the balance of profit was only £8 18s. 6d. The landlord then gave the society notice to give up possession at Michaelmas, 1891. This caused the society to buy the farm for £3,000; and the committee asserted that they could realize £2,000 by selling a strip of 10 acres, fronting the main road, for building purposes, leaving nearly 40 acres, including the house for which they receive a rent of £30 a year, for the remaining £1,000 of the purchase money¹.

The farm consists of about 24 acres of pasturage and 26 acres of arable land. There are 8 cows for supplying milk to the members. The result for 1891 was a loss of £99.

In May, 1886, the Royal Arsenal Co-operative Society, Woolwich, gave the committee authority to purchase some freehold land. This power was exercised at an auction sale in June of the same year, when the committee bought Bostal Farm for £6,200. 'The purchase comprised over 52 acres, mostly market garden land, with a homestead, farm buildings, and cottages.'

'Possession was taken on September 29, 1886, and operations were immediately commenced. The land was in poor condition. . . . Three old cottages were pulled down and one erected; old cowsheds were converted into piggeries, and the breeding and fattening of pigs commenced,' while a greengrocery department was started at the Plumstead branch of the society, to sell the produce. In June, 1888, 'the daily delivery of greengrocery to members and the public' was undertaken; and in December of the same year, a greengrocery shop was opened at the central stores, Powis-street.

The working of the farm for the first year resulted in a loss of about £500, and these losses continued up to the end of 1889, when they amounted to £1,421, 'after making allowances for depreciation, and 5% interest on capital².'

¹ *Ipswich Co-operative Advocate*, February, 1889; *Ipswich Co-operative Herald*, April, 1891; and *Land Agents' Record*, December 13, 1890.

² *Origin and Progress of Woolwich Society*, 1890, pp. 20-3.

The farm was bought by the society subject to tithe. Owing to their heavy losses they asked the clergyman, Mr. M'Allister, to make a reduction of 25 % ; but this was refused. The society thereupon instructed the committee to only pay tithes upon compulsion and after distraint. This was acted upon until the new tithe law came into operation ; and the distraint proceedings were, on each occasion, accompanied by a demonstration, headed by a brass band playing the ' Dead March ' and other significant melodies ¹.

The losses were partly caused by the land being in a very bad condition when taken in hand, and partly by circumstances of an unforeseen character, such as an outbreak of swine fever, when a ' large number of pigs had to be destroyed, and the society was prevented from restocking for some months afterwards.' Then a fraudulent bailiff had to be dealt with, and a severe hailstorm ' did £200 worth of damage in two hours ².'

During the time these losses were being incurred, it was stated that the farm labourers were ' working shorter hours, getting more holidays, and better pay than their neighbours ³.' They also received the same bonus on their wages out of the general profits as did the store employés ; and the bonus usually amounted to 1s. 6d. or 1s. 8d. in the pound.

In consequence of the losses, the members held a special meeting in the summer of 1890, to discuss the advisability of giving up farming, or market gardening, and using the land for building purposes. The proposal was negatived.

Notwithstanding the losses, great energy was expended on the farm, and everything that skill and money could do was done to produce profitable results. ' In the early part of 1889,' it was decided to build new piggeries ' on the most approved principles, constructed of brick, with slated roofs and iron fittings.' Gas and water were laid on at a cost of

¹ *Co-operative News*, vol. xx. pp. 63 and 410, and vol. xxi. p. 761.

² *Ibid.*, vol. xxi. pp. 687-8, and *Origin and Progress of the Woolwich Society*, 1890, p. 21.

³ *Co-operative News*, vol. xxi. pp. 687-8.

about £300, and in addition to all the manure from the society's extensive stables, immense quantities were procured elsewhere to enrich the land, and to bring it into thoroughly good heart. Over thirty kinds of vegetables were cultivated; and, as far as possible, the quantity of each was regulated by the estimated consuming powers of the members; any excess caused by the irregularity of the weather being either sent to the wholesale markets, or given to the pigs.

The first half of the year 1890 rewarded the society for its intelligent patience. The farm made a net profit of £361 after providing for depreciation, and also £175 for interest on capital. The second half showed a similar net profit of £58, making a total for the year of £419, in addition to £340 for interest on the capital invested or employed in the undertaking. In 1891, the profits were not quite so large, but they amounted to £255, in addition to £330 for interest on capital, and the usual depreciations. The sales of produce amounted to £2,584, or about £50 per acre. The stock of pigs runs from 300 to 400. There is also a large quantity of poultry. In the winter of 1891 a new experiment was made by laying down a quantity of strawberry plants, gooseberry and currant bushes, apple trees, &c., and these are expected to further improve the profit-bearing capacity of the farm. The wages bill for 1891 was £805. The number of employés fluctuates considerably. The quality of the produce is very high, great care being taken in the selection of the seeds, &c., and the best prizes at the Crystal Palace Festival are usually taken by the farm¹. It is worth noting that the land is steadily increasing in value for building purposes. It is beautifully situated, and in a few years the society will be able to erect on it a little co-operative town for the residence of its members.

On October 22, 1892, the Royal Arsenal Society extended its farming operations by purchasing the lease of

¹ Society's Balance Sheets for 1890-1.

Croft Dairy Farm, situate 'about a quarter of an hour's drive from the Bostal farm.' There were only 18 acres of land; but there were 'extensive cowsheds,' and a herd of 67 cows, besides sundry other live stock¹. The society had previously been taking all the milk from this dairy for the supply of its members.

In March, 1888, the Gloucester Society took Saintbridge Farm, in the suburb of that city, on a seven years' lease at a rental of £267 10s. a year for the first five years, and of £292 a year for the remainder of the term. There were 97 acres, mostly grass, and the lease forbade the breaking up of any pasture or meadow land. Hay and straw could be removed from the farm, on condition that 5 tons of good manure were brought in for each ton of hay and straw that was taken away. The lessees had the option of determining the lease at the end of five years. Through Mr. Clay, I have obtained details of the working of the farm for the three years ending March 31, 1891. The produce averaged not quite £700 a year. For the three years, it amounted to £2,050. The expenditure for the same period was, wages £520, rent £802, rates £90, tithes £29, depreciation of implements, at the rate of 5 % per ann. £55, and interest on £795 of capital at 3 % per ann., £23. The net profit for the three years' working was £10. The principal item of produce was milk, which amounted to £1,228. Live stock sold to the stores, or elsewhere, realized £612. Only £50 of hay and straw were sold off the farm in the three years; the sales of wheat amounted to £39, and the sales of butter, eggs, fruit, and vegetables, came to £119. The society has succeeded in obtaining improved conditions of tenancy for the farm, commencing with the expiration of the first five years of the original lease.

In August, 1888, the Plymouth Society took Poole Farm on a rental of £280 a year. There were 103 acres; but in 1891, this was reduced to 93 acres, at £210 a year².

¹ *Co-operative News*, vol. xxiii. p. 1187.

² Congress Reports, 1891-2.

Mr. Young has sent me the balance sheets of the farm, together with some other details. The society holds a 14 years' lease. The farm consists of $17\frac{3}{4}$ acres permanent pasture, $6\frac{1}{2}$ acres orchard, and $68\frac{1}{2}$ acres of arable land. The farm is worked mostly as a dairy farm, although very short 'of water on the hills.' During the year 1891 'there were sold off the farm 17 bullocks, 11 calves, 53 sheep, 48 lambs, 59 pigs, 79 poultry, 16,833 gallons milk, 5,249 eggs, 16,391 apples, 11 hogsheads of cider, $14\frac{1}{2}$ quarters wheat, 6 quarters barley, and 3 tons mangolds, realizing altogether £1,595.' For the period beginning August, 1888, and ending March, 1890, the farm lost £179, after paying 18 months' interest, at 5 %, on £1,266 of capital. For the year ending March, 1891, the loss was £25, after paying interest on capital; and for the year ending March, 1892, the loss was £115. The wages paid during the year were £218. Mr. Young concluded, 'We are complimented by our neighbours as being good farmers, and as having improved the farm, although we have not been successful.'

On August 1, 1888, a conference of about 400 people, mostly co-operators, was held at Olympia, in connexion with the Irish Exhibition that was then being held there. At this conference, I advocated the formation of a society to teach co-operation to the people of Ireland. The suggestion was taken up, and a society was formed; but on the Co-operative Union undertaking to do the work, the society relinquished its charge and wound up its affairs in May, 1889; and the Ipswich Congress, which was held shortly afterwards, created an Irish Section of the Central Co-operative Board¹.

In connexion with this Irish Section, Messrs. Stokes and Gibson (Limerick) and the Hon. Horace Plunket have been very active in promoting co-operative creameries, with the object of restoring to Ireland the position which it had gradually lost in the English butter market. Conferences were held and pamphlets circulated; an especially good one

¹ Congress Report, 1889, pp. 19, 29 and 43.

containing full instructions how to form and work a co-operative creamery, being prepared by Mr. Anderson, the organizing agent for the section. The Wholesale Society also helped the efforts, by becoming a ready customer for the butter, and by its practical sympathy, expressed in many other ways, in support of the creameries.

As soon as the farmers became aware of the immense advantages of creameries, they began forming them; for the certainty of making at least one-third more profit out of their cows, was an advantage too great to be resisted¹. At the Congress held at Lincoln in 1891, it was reported that there had been 16 co-operative creameries formed under the auspices of the Co-operative Union, with plant valued at £7,786, and calculated to take the milk of 14,200 cows. At the end of 1891, there were 29 societies in existence; but of these, 11 had not begun working. Fifteen, out of the remaining 18 societies, made returns to the Co-operative Union, showing that 14 had realized profits, varying from £8 in one case to £370 in the highest; while one had made a loss of £136, through being burnt out².

In May, 1892, I visited a number of these creameries. They were all well adapted and well situated for their work; and mostly arranged, both in buildings and machinery, on a uniform plan. I obtained eleven balance sheets, all audited by Mr. Anderson, of the Irish Section, and ten of them prepared and printed in a uniform manner. The price paid for milk averaged over $4\frac{1}{2}d.$ per gallon, the skim milk and butter milk being returned free to the farmers. The most successful society in 1891 was the Ardpatrick. Its butter sales for the year amounted to £4,247, and it received milk from about 1,000 to 1,200 cows. The share capital was supplied by 51 members, and amounted to £503; and the value of the building and machinery was £934. The profit, after providing for depreciation, was £340, which was equal to 68 % on the capital. This

¹ Tract, *Co-operative Creameries*, p. 7.

² Congress Report, 1892.

creamery had a Roby engine, three separators, and two churns. It only started work in June, 1891. According to Mr. Anderson, the usual method of dividing profits in these creameries is, to pay 5 % on capital and divide the remainder, according to the value of the milk supplied, among the farmers. The workers in the creamery get a bonus, at the same rate on their wages as the farmers receive on the value of their milk.

Mr. Stokes has also supplied me with a list of 13 creameries which, he said, are identical in their methods with the co-operative creameries, except that they are registered under the Joint Stock Companies Act; and they ought, therefore, to be included in the total number in existence. Not having accurate complete statistics, I can only estimate the total actual position of these creameries at the beginning of 1892. The total number under the two Acts is 42, with a membership of about 2,000 farmers. The paid-up share capital will be from £16,000 to £18,000, and the creameries will work up the milk from about 35,000 cows.

CHAPTER XXV.

MISCELLANEOUS SOCIETIES.

A SOCIETY which passed through four transformations, and lasted about thirty-three years, has left behind it a peculiar interest, through having been a connecting link between the old Christian Socialist associations and the existing productive societies. This society was not, strictly speaking, promoted by the Christian Socialist body; but it received its inspiration from the Christian Socialists through the Working Men's College, Great Ormond-street, London; which institution was founded by Maurice, Hughes, and their friends, after they had in despair given up their co-operative propaganda¹.

Robert Newton was connected with this society from the beginning to the end of its career, and he was one of the founders of what at the start was termed The Working Gilders' Association.

The 'agreement for the formation . . . was signed by five men, and the first contribution of 2s. per week was paid on July 19, 1858; the workshop being opened on the birthday of the first member, September 29, 1858.'² The

¹ Mr. Ludlow has dissented from this statement, and has stated that 'the Association was, in fact, never dissolved, and might be brought to active life again at any time by its surviving members.' (*Co-operative News*, vol. xxiii. p. 1222.) On the other hand, Mr. Hughes, in a lecture at the Working Men's College, said, 'The need of *Co-operative Life*, and the hopelessness of obtaining it in the then condition of society, was the proximate cause of the foundation of this Working Men's College.' (*Co-operative Life*, pp. 203-4.)

² *Co-operative News*, vol. xxii. p. 183.

association began business with a capital of £8, and existed as an unregistered society for about eight years. During the whole of this period, not more than £18 of capital was paid into its funds; but, the society gradually secured a trade of from £40 to £50 a week¹. Mr. Hughes claimed the credit of having originated the society; and, speaking in 1866, said, 'they had met with many obstacles, for the trade was a peculiar one; but they lived down opposition from masters, and suspicion from the trades unions, and last Christmas he was present by invitation at their social annual meeting.' At this meeting

'for the first time there was a sum to be divided as profits. During the evening a boy entered the room with a tray in his hands, on which were a number of envelopes. Now there are only eight associates of this little society, and under the old system these eight men would have received the whole of these profits; but they employed about seventeen other men, who during the past year had worked satisfactorily, and hoped in time to become associates. But the number of envelopes on this tray was not eight; it was eight plus seventeen. They had shared their profits between all those who had contributed to the success of their society during the past year².'

Mr. Newton has explained to me, that 'the profits made each year were equally divided between the members, but not withdrawn.' As I understand, a bonus was declared on wages, before the profits were ascertained; and the bonus was paid to every employé. I do not know on what principle this bonus was calculated.

On March 4, 1867, the Working Gilders' Association transformed itself into a Framemakers' and Gilders' Association, Limited; and amalgamated with a former employer and landlord; the whole management of the workshops, for both branches of business, being transferred, by the express desire of the employer who joined with the co-operative workmen, to the foreman of the co-operative

¹ *Progress of the Working Classes*, p. 141.

² *Co-operator*, vol. vii. p. 8.

shop, as one of the managing directors. In 1867, Messrs. Ludlow and Lloyd Jones said, 'the joint establishment stands very high in trade, employs about forty men, and is doing business at the rate of £6,000 a year¹.' The premises of the association were at 18 and 19 Red Lion Square, Holborn.

The association was registered as a joint stock company, and the articles of association provided that the directors should hold not less than twenty shares. These shares were £5 each. Mr. Thomas Hughes was a director, and Messrs. William Young, John Pashley, and Robert Newton, were the managing directors. Mr. Young took the internal management of the workshops, Mr. Newton took charge of the office, &c., and Mr. Pashley, who was the incoming partner, took the position of traveller, &c. The board had power to suspend a managing director for gross misconduct; but they were, in this case, bound to call a special meeting of shareholders 'within two days from the date of such suspension.' After paying a dividend of $7\frac{1}{2}$ % per ann. on the share capital, the remaining profits were to be divided into two portions, one of which went to increase the dividend to the shareholders, while the other was divided among the employés 'in proportion to the amount of salaries or wages received by them respectively during the half-year in which the said profits shall have been made.' The directors had a power, usually left to the shareholders, of deciding what amounts should be put to a reserve fund, and as to what uses this fund should be put to. No employé could be a director other than a managing director. A shareholder had one vote for every share up to ten, and an additional vote for every ten shares beyond the first ten. Votes could be given by proxy.

The share register of the association showed that Mr. Pashley was allotted 300 £5 paid-up shares for the business, stock, &c., that he brought to the association; and 107 £5

¹ *Progress of the Working Classes*, p. 142.

paid-up shares were allotted to the members of the Working Gilders' Association, as their proportion of the amalgamated assets. The first balance sheet of the new association was made up to December 31, 1867, and showed a paid-up share capital of £2,420. The goodwill and fixtures were valued at £941, and the stock at £1,380. The book debts amounted to £699, while the creditors of the association had £698 due to them. The sales for the year were £4,760, the wages paid amounted to £3,031, and after writing off £63 expenses in forming the new association, there was a deficiency of £12.

In the year 1868, Messrs. Ludlow and Walter Morrison became shareholders, and helped the working members with their advice. The business this year resulted in a loss of £55; but at the annual meeting held on April 17, 1869, the chairman, Mr. Thomas Hughes, M.P., 'expressed his confidence in the ultimate success of the association, and also in the managers having done the best they could under the trying times they had to contend with'.¹

From this time forward, the association submitted half-yearly balance sheets, and held half-yearly meetings of shareholders. The attendance at the latter was not numerous; and never exceeded thirty-four, including both workers and sympathizers. For eight years and a half, the business was fairly successful; the sales averaging about £8,000 to £9,000 a year, and the wages bill being about £4,000 a year. Twelve balance sheets showed profits amounting to £2,229, and five balance sheets showed losses amounting to £473; leaving a total net profit for the period of £1,756. During this period, the share capital gradually rose from £2,420 to £2,890. The first dividend was declared at the half-yearly meeting held on January 28, 1871, and was at the rate of $7\frac{1}{2}\%$ per ann. for the half-year; the profit made was £409, and the dividend only absorbed £99. Similar dividends were declared, half-year by half-year, up to the

¹ Minute Book of the Association.

middle of 1876. For the half-year ending December, 1874, there was, in addition, a bonus paid of £56, being at the rate of 4 % per ann. on the share capital. The workers also received a bonus for the first and last time. It amounted to £56, and worked out to about 5*d.* in the pound on the wages and salaries paid during the half-year.

In 1875 I became a shareholder ; and, according to the minute book of the association, at the first shareholders' meeting I attended, I criticized adversely the method of debiting fixed stock with renewals, repairs, &c. ; but, was considered by the management to be too strict in my views. A year before this, Messrs. Hughes and Morrison protested, by letter, against paying dividends out of the balance of profit and loss account when the half-year's working showed a loss. The dividend was, however, declared by the members in spite of these protests.

There was no dividend for the last half of 1876, there having been a loss of £103 ; but there was an effort on the part of some shareholders to have a dividend declared of 5 % ; which, however, failed. For the first half of 1877, there was a dividend at the rate of 7½ % per ann., and this was the last that was paid. A balance of £148 remained in the profit and loss account after this dividend was paid, and £140 of it was carried to a reserve fund.

From June, 1877, up to June, 1882, the association had an unbroken series of losses, amounting in the aggregate to £2,086, and varying in amount, half-year by half-year, from £33 up to £393. The causes of these disasters were various. Some I know from my own observation. Others are recorded in the minutes. So early as 1870, Mr. Newton complained of the 'lack of interest manifested in the success of the company by those employed ;' and in the same year, there was a discussion as to whether it would be wise to let all the employés know the contents of the balance sheets. Ultimately, it was decided to read the balance sheets only to those employés who were members of the share club, which was in existence to help employés

to save the £5 necessary to become a shareholder. Mr. Newton has informed me that he 'told the managers that if the association failed, it would not be through the men, but through the managers.' In 1873, again, Mr. Morrison 'expressed his surprise that the workmen did not take shares more readily, as the association was now paying 7½ %.' When I became a shareholder in 1875, the association was largely engaged in making pier glasses, as well as picture frames, and also in doing all kinds of gilded work. The decoration of theatres and music halls formed a large item of business, and the association had a good reputation for the excellence of its workmanship. A change of fashion caused gilded mirrors, &c., to be discarded in favour of polished and painted woods. The association did not take sufficient heed of the rapidly-impending change, and when orders were short, the men were kept employed making for stock. At last the stock-room was full, and the goods could scarcely be sold, even at a heavy sacrifice. The continued losses seemed to have an effect on the morale of both managers and men. Certainly one of the managers got thoroughly disheartened, and drowned his cares more freely than wisely. Mr. Newton and Mr. Young did their best according to their lights; and when the association lost one of the 'largest customers through the business being given up,' while another large customer 'greatly diminished the amount' of his orders, Mr. Newton tried to get, from co-operative channels, some trade to make up for that which had been lost. In this, he was only partially successful. The association had been accustomed to cater for wealthy customers; and when it came to catering for working people, the descent in the value of the articles required was startling to the employés of the association. They, in fact, objected to the cheap work; and thought they were badly treated in having it put before them, although it was repeatedly explained that there was no choice between doing this and closing the department.

In February, 1880, a committee was appointed to 'con-

sider the circumstances of the association, with a view to its winding-up or reconstruction, as they may think best.' This committee consisted of, a large creditor who was also a shareholder, the auditor, and myself. The result was an arrangement that Mr. Pashley should resign his managing directorship; and should be employed, in future, on commission and a small salary. Mr. Newton was appointed sole manager, and a new directorate, consisting of Messrs. Applegarth, Jennings, and Standley, was appointed in place of Messrs. Pashley, Newton, Young, and Hughes, who resigned to make way for them. The qualification of directors was reduced to five shares to make this possible. At the next half-yearly meeting, Mr. Jennings and Mr. Standley expressed their opinion that the case was hopeless; but Messrs. Newton and Pashley thought that there were signs of an improvement. So matters dragged on very painfully until June, 1883, when the losses were written off the share capital, and a suspense account was created. The sales had fallen to about £5,000 a year; but the expenses had been reduced, on the retirement of Mr. Pashley, by a large portion of the premises being given up. Speaking at a special meeting, held on August 25, 1882, Mr. Newton said they could only compete by 'a larger amount of work being turned out in proportion to wages paid or by a reduction in wages.' As far as the management went, their wages had been reduced to the level, or below the rate, of a journeyman's wage. In March, 1884, in another effort at reorganization, it was determined to reduce the directors' qualification to one share, and to make working shareholders eligible for election. But business was conducted under grave financial difficulties. Some funds were generously provided by Mr. Neale and his son, for the temporary object of enabling the association to carry out decorative contracts; while other funds were obtained by Mr. Newton, from professional money-lenders, at such usurious rates of interest as 5 % per month or 60 % per ann. In April, 1884, it was decided, by the shareholders and the principal creditors,

to have a friendly voluntary liquidation, with a view to forming a new company, which would take over the stock and fixtures as a going concern; and I was appointed honorary liquidator.

A provisional committee of co-operators, helped by the Co-operative Aid Association and by the Guild of Co-operators, endeavoured to raise capital for the new society, which was registered as the Framemakers', Gilders', and Decorators' Association, under the Industrial Societies Act. 23, out of about 30 work-people, agreed to take up £120 of shares; 33 societies and some 50 individual co-operators subscribed about £750: and with this sum the new society began business, taking over from the old company the plant and stock at a valuation, on November 1, 1884, for the sum of £600.

When I became liquidator, seven months earlier, I had been led to believe that the value of the assets was much more than the above-named £600, as the balance sheet showed them at £1,715. When, therefore, I received a first offer of £550 from the new association, I was very much astonished, and resigned the liquidatorship. Mr. Newton, however, saw the principal creditors, and called a meeting of shareholders, at which a resolution was unanimously passed, asking me 'to continue the liquidation to its conclusion.' I therefore did so. The £600 agreed upon was to be paid partly in cash, 'and the remainder in instalments extending over eighteen months.'

During the formation of the new association, the business was carried on for the liquidator, by Mr. Newton. A contract with Madame Tussaud and Co., for the decoration of their new waxwork museum, resulted in a heavy loss; and the business lost steadily during the whole seven months. A statement, then made out, showed a probable dividend to trade creditors of about 3s. in the pound; while all the share capital was lost. But this prospective dividend depended on the new association succeeding, and paying its instalments of the purchase money, according to the agreement.

The new association had a devoted committee, including Messrs. Hines, Webb, and Randle, who gave their services gratuitously out of sympathy for the cause, and especially on account of their sympathy with Mr. Newton, as a veteran co-operator. But they were confronted with financial difficulties from the commencement; the business could not be made to pay, and it was found impossible to meet the bills due to the liquidator of the old association. In August, 1885, a committee of three was appointed by the shareholders to consider the best means of raising further capital. An adjourned shareholders' meeting was held in September, and another in October, when a resolution to wind up was lost by 11 votes to 17, 14 of the 17 being workers. The directors, except Mr. Randle, thereupon resigned, as they 'felt it would be dishonest on their part to continue in office with great losses before them, the whole of the capital gone, and knowing the inefficiency of the management, which was still carrying on the business and losing week by week¹.'

The association went into voluntary liquidation on November 7, 1885; Mr. Randle acting as liquidator, and continuing the business until February, 1886, when he sold it to Mr. Newton and several of his co-workers². The final meeting was held on July 2, 1887, when a dividend of 2s. 6d. in the pound was paid to trade creditors and loanholders, the share capital being all lost. At this meeting, Mr. Newton said that since he had taken over the business he 'had been able to conduct it with a profit³.' In consequence of the disastrous results of this liquidation, I received barely sufficient to pay the liquidator's creditors in connexion with the old association, and the other creditors received nothing.

Mr. Newton and his co-workers carried on the business, as an unregistered association or firm, up to February, 1891, when it was finally given up; Mr. Newton saying that, what

¹ *Co-operative News*, vol. xvi. p. 995.

² *Ibid.*, vol. xvii. p. 569.

³ *Ibid.*, vol. xviii. p. 736.

with his co-workers dying and his failing health, it was impossible to continue the struggle¹. Considerable sympathy was shown by fellow-co-operators to the veteran. He had mortgaged his house to find money for the Framemakers', Gilders', and Decorators' Association, and in his old age was left almost without resources. A subscription was therefore made on his behalf, and between £70 and £80 was handed to him². A very handsome memento of the skill and taste of the employés of the association, is left in the beautiful panelled ceiling of the Wholesale Society's meeting-room, Leman-street, London.

This is, perhaps, a fitting opportunity to refer to the work of the Co-operative Union on behalf of co-operative production; and also of the work of other propagandist associations, including the Co-operative Aid Association, which tried, between 1884 and 1891, to do for the South of England what the Christian Socialists tried to do about forty years earlier. The Framemakers and Gilders owed their origin to the latter body, while they were helped by the former in their final struggle.

When the first of the present series of congresses was held in 1869, in London, there was held in connexion with it, a small exhibition of co-operative productions³. This resulted in the establishment of a co-operative agency in London, to exhibit samples of the goods produced by co-operative societies. The agency was under the management of Mr. Robert Stephens, and was carried on on his own responsibility, but at the instance of the London section of the Central Board⁴. This effort ceased in 1872, several societies making bad debts with Mr. Stephens. When the congress again met in London, in 1875, a second exhibition was held; and since then, an exhibition has formed part of every congress. In 1879, the exhibition increased in importance, greater *éclat* being given and more public interest being excited by the formal opening, which

¹ *Co-operative News*, vol. xxii. p. 183.

² *Ibid.*, pp. 505 and 833.

³ Congress Report, 1869, p. 101.

⁴ *Ibid.*, 1870, p. 12.

was instituted in that year. Mr. J. T. W. Mitchell performed the ceremony; and in doing so, 'he asked them to manifest their sympathy with these societies, which had made great progress considering the difficulties they had to encounter¹.' From 1879, the opening of the exhibition has held a prominent place in the proceedings of every congress; and there is no doubt that this practice has materially stimulated the success of co-operative production. In many other ways also, this branch of the movement has been cared for and fostered by the Union; and the records of the past twenty years show conclusively that the productive societies have had far more attention and expenditure bestowed upon them, in proportion to their contributions to the Union, than have been bestowed on the distributive societies.

At the 1882 congress, a resolution was passed, instructing the Central Board to set aside a fund for the development of co-operative production². When considering this instruction, the Central Board felt that the funds at their disposal were insufficient for the purpose; and thought that it would be necessary to get societies to subscribe specially, if the resolution must be carried out. The Board thereupon consulted the sections: and all, except the Southern Section, replied that it would be impossible to get the societies to subscribe. The Southern Section thereupon set to work to try to do something in the direction indicated. All parties among Southern co-operators joined in the proposal; for those who were sceptical of any good resulting from it, thought that, at any rate, it would give the enthusiasts a chance of working out their views.

A very enthusiastic conference was held on the subject, on March 24, 1883, in London, Mr. A. H. D. Acland being in the chair, while Messrs. Lloyd Jones and Robert Newton read papers. Mr. Lloyd Jones advocated a standing committee, 'for the purpose of investigating the claims of voluntary productive associations,' and expressed the opinion that while

¹ Congress Report, 1879, p. 11.

² *Ibid.*, 1882, p. 96.

‘much may be done to forward productive co-operation by advice, instruction, and encouragement given to members of trades unions . . . more may be done by encouraging in a right spirit well-intended and well-directed volunteer efforts among the members of various societies . . . but there is still more to be done by a wise initiation on the part of the managers of the Wholesale, or in conjunction with them, than in any other way.’

Mr. Newton advocated raising a fund in the section to lend out to productive societies. During the discussion, in reply to Mr. Nuttall, Mr. Lamb, and some others, who were jealous for the federated system, I pointed out that

‘there was room enough for all sorts. The Wholesale could take up tanning, soapmaking, and other trades; but it could not take up everything. What could not be done by federal effort, might be done by individual association . . . and what could not be done by either of these, might be done by industrial partnership.’

At a second conference on the same subject, at which, in consequence of a resolution passed at the previous one, the plan of a Co-operative Aid Association was expounded in a paper by Mr. Pumphrey, I remarked that ‘it was only proposed in the scheme set forth by Mr. Pumphrey to work co-operative production for the supply of the outside public;’ and I ‘did not think the most ardent federalist would object to that.’ After unanimously passing a resolution, moved by Wm. Nuttall, calling on the Wholesale to carry out the Edinburgh Congress resolution, which requested them to enter more largely into production, it was resolved that a committee be formed to register a society as suggested¹.

Thus was started the Co-operative Aid Association, Limited, a society registered, April 15, 1884, under the Industrial Societies Act ‘to give financial support to productive societies, to create a public opinion in favour of productive societies, and to disseminate a knowledge of the

¹ *Co-operative News*, vol. xiv. pp. 263 and 672.

best means of organizing and working them.' The society's operations were to be limited to the Southern Section, and were to be conducted in harmony with the Central Co-operative Board ; which body, by the rules, was entitled to elect a fourth of the committee. Southern co-operators were each invited to take up one £1 transferable share, so as to form a security on which retail societies could advance money on loans ; which money, in turn, the Aid Association could lend to productive societies. There were to be no profits, and the expenses were to be met by means of voluntary contributions. Branches were to be formed in connexion with the retail societies, and it was expressly stated that 'the utmost freedom in the formation and constitution of these productive societies will be encouraged, whether they are federal or composed of individuals ; the only desire will be to encourage co-operative effort in the direction of production ¹.'

For six years I acted as chairman of the Aid Association, but gave up the position in February, 1890, when Mr. J. J. Dent succeeded me. From December, 1886, Mr. C. Waggitt was hon. secretary. The association kept working until August, 1891 ; when, in consequence of heavy losses by the failure of some productive societies, it was determined to suspend operations for a period of twelve months ². During the active life of the association, assistance was rendered, in the formation of thirty-six productive societies, and in the establishment of the London branch of the Co-operative Printing Society. Two of the societies were in the Midland Section. They were helped by guarantees given to the Army Clothing Department for the due performance of contracts. Both societies are very successful. Nineteen societies have already been noticed, and of the remainder, one is very successful, but scarcely comes under the category of a productive society. Six of the remainder

¹ Prospectus of the Aid Association.

² Congress Report, 1892, p. 101.

have not yet emerged beyond the registration stage, and probably never will, with perhaps one exception. Of the other eight, I will give some brief details. The total advances made to societies by the association were eighteen in number, and amounted to £1,046. Of this sum, there were £340 outstanding on August 4, 1891, and the association had £352 of available assets in addition. From the formation, there was always a surplus of capital in the hands of the officers, above what was required for loans to productive societies. This surplus was reinvested with distributive and building societies on short loan, so as to be ready in case of need for making additional advances. The expenses of the association amounted to between £30 and £40 a year; and were principally for postage, printing, and travelling, all other services being rendered gratuitously. For the guarantees given to government, a small premium was charged. This was placed to a reserve fund, to which also was placed the small annual balance accruing, year by year, through the association receiving 5% on its investments, and not having to pay interest to the shareholders on amounts under £1. As it was foreseen that the association was 'sure to have losses sooner or later, and these losses, like the working expenses, can only be met by voluntary contributions,' sympathizers were asked to give contributions to the reserve fund, and so prepare against contingencies¹. At the end of 1886, the reserve amounted to £20, and was steadily increased until, in 1890, it amounted to £162. Losses by the failure of two productive societies reduced the fund to £68, and in August, 1891, it had again increased to £82. The losses which have since caused the temporary suspension of work, may amount to £200. Against this, there is the above-named reserve and the transferable shares, which latter amount to £200; so that the loanholders' claims, of about £500, are fully secured².

¹ Aid Association, Second Report, p. 6.

² Aid Association Reports, 1890-1, and August, 1891.

Among those who helped to form the Aid Association was Mr. E. O. Greening. But there were several points to which he took exception ; one being the decision not to invest the association's funds in the shares of productive societies, but only to make loans ; another being the expressed determination of the association to help all forms of co-operative productive effort ; and a third being the limitation of the association's work to the Southern Section.

Mr. Greening thereupon, a few months later, founded the Labour Association for the 'promotion of co-operative production, based on the co-partnership of the worker ;' and at a conference held in London, on December 13, 1884, an unsuccessful effort was made by the supporters of the Labour Association to get the Aid Association as an auxiliary ; the reason against becoming auxiliary being that the Aid Association was officially part of the Southern Section of the Co-operative Union, while the Labour Association was an independent body doing what it pleased, irrespective of the Co-operative Union and of the Central Board¹. Several societies have been the outcome of the Labour Association's work, among them being the Working Bookbinders, the Bag Manufacturing, and the London Cocoa Productive Societies. For several years, however, it has concentrated its efforts, in conjunction with the Agricultural and Horticultural Association, on promoting an annual flower show, productive exhibition, and festival, at the Crystal Palace ; and in this joint labour it has achieved considerable success.

The success of the Palace Festival has led to the Northern Section of the Co-operative Union starting a festival at Tynemouth ; and there also, the productive societies benefit by having an exhibition arranged, in which they are able to display their goods to large numbers of co-operators and the general public.

One of the first societies formed under the guidance of

¹ *Co-operative News*, vol. xv. p. 1142.

the Aid Association was the London Portmanteau, Trunk, and Bag Makers' Co-operative Productive Society, which was registered on January 23, 1884. The promoters were trade unionists, and were stimulated to the attempt by the discussions at the conferences held to form the Aid Association. The rules provided for £1 transferable shares, and for a committee, to consist of six portmanteau makers, four bag and case makers, and two trunk makers. The profits, after paying 6 % per ann. on shares, were to 'be divided—half among the members in proportion to their paid-up capital, and half among the employés of the society in proportion to their earnings.'

At the beginning, the society was very self-reliant, and was determined to raise capital exclusively among the workmen in the trade. By August, 1885, the society numbered 126 members, and had £183 of paid-up capital. It was not intended to start business until £400 had been subscribed; but, having 'received an offer of large orders, a special members' meeting' determined to start at once¹; and business was thereupon commenced in September, 1885. 'The first balance sheet showed a loss; and the difficulties were increased by the employers of some of the members raising objections to them being connected with the society. It was also difficult to secure orders, owing to the shopkeepers' repugnance to co-operation².'

External difficulties caused internal dissensions. 'There was what seems to have been a split. The secretary and manager had to, or any rate did, resign; and another secretary and another manager were elected.' An accountant, to set their books in order, was supplied by the Aid Association. This body also advanced a loan of £50 in August, 1886; and a further loan of £50 in January, 1887³. At the end of 1886, the society had 165 members, £316 of share capital, and £61 of loans. The sales for the year

¹ Aid Association, First Report, p. 8.

² *Ibid.*, Second Report, p. 7.

³ *Co-operative News*, vol. xix. p. 1328.

were £894¹, but there was no profit. At the end of 1887, the share capital had increased to £374, and the sales for the year were £1,056; but there was a loss of £35².

On July 3, 1888, the Aid Association sent a deputation to the Portmanteau Makers, and 'had the pain of listening to a set of disclosures made by Mr. Mellish, the then secretary, which showed that his predecessor had left the books in such a muddle that the committee were quite unable to give any idea of the position of the society. . . . The manager had left, and started business for himself.' Several special meetings of members were then called, which convinced the Aid Association that the only proper course for it was 'to take prompt action in the interests of those' who had entrusted it with their savings; and in consequence of this action, the Portmanteau Makers went into voluntary liquidation on December 12, 1888³.

During the liquidation, additional facts became 'known, such as the pledging, at common pawnshops, of manufactured stock, for sums ridiculously below the cost,' which threw a strong light on the recklessness with which the society was managed. 'In the opinion of the Aid Association, the failure was largely due 'to long-continued dissension, almost from the commencement of the business; to inexperience in management, and the difficulty at some seasons of the year in obtaining trade; also to a want of appreciation of the value of accurate work books; and, finally, to a gradually increasing distrust of one another on the part of the members⁴.' The Aid Association lost £89 out of their £100 loan, and of course the shareholders received nothing⁵.

A Bag Manufacturing Supply Association, 11 Moor Lane, London, was registered on July 19, 1886, under the Indus-

¹ Congress Report, 1886, p. 136.

² Registrar's Returns, 1887, p. 46.

³ *Co-operative News*, vol. xix. pp. 1329 and 1291.

⁴ Aid Association, Fourth Report, p. 4.

⁵ *Ibid.*, Fifth Report, p. 14.

trial Societies Act¹. This society owed its origin to the generosity of Mr. Bolton King, one of the founders of the Labour Association. Two brothers (Wilkins) formed the society, which consisted of eight members, with £8 of share capital, and Mr. King advanced them £500 of loan capital. The rules secured to the Messrs. Wilkins absolute control of the business. Friction quickly arose between the Portmanteau Makers and the Bag Supply Association, and the Aid Association sent Mr. H. J. V. Neale to endeavour to persuade Mr. King to remove 'an ostensibly co-operative association' from a 'field already occupied' by a real productive society, formed by the trade unionists themselves². Mr. Neale's efforts were, however, fruitless.

The first half-year's sales of the Bag Supply Association amounted to £347³, and the second amounted to £965. There was a net loss on the year's working, after paying 5% on loans, of £60; and the association reported that they found the 'capital of £8 in shares and £500 in loans insufficient.' They had, therefore, 'decided to issue 2,000 preferential shares of £1 each⁴.' An appeal for subscriptions for these shares, claimed that the association was 'founded on true co-operative principles, all the workers being partners and shareholders, with the right of sharing in the profits and electing the committee of management;' but the appeal did not state the number of shareholders, nor the amount of ordinary share capital held by them. Six months later, Mr. Wilkins said 'we have taken our stand amongst the manufacturers in our own particular trade, and derive our custom exclusively from the trades . . . and we are obtaining orders from four of the largest wholesale buyers in the kingdom,' but 'not one co-operative society or store renders any support whatsoever⁵.'

At the beginning of 1889, the Bag Supply Association

¹ Registrar's Returns, 1889, p. 117.

² Aid Association, Second Report, p. 7.

³ Congress Report, 1887, p. 136.

⁴ *Co-operative News*, vol. xviii. p. 999.

⁵ *Ibid.*, vol. xix. p. 63.

came to an end. The capital then consisted of £8 ordinary share capital, £600 preference share capital, and £400 loan; all, except the £8, having been supplied

‘by outside friends of the society. Of this, £600 was lost during the society’s existence. It employed for some time twelve men, one woman, and eight or nine boys and girls, but, as stated above, only eight of these were shareholders, the rest being simply employés. The causes of the loss are attributed, by the officials, to the want of regular work, coupled with the system of fixed weekly wages, it being stated that the eight shareholding members insisted upon being paid their weekly wage, even when there was no work to do. The president and secretary of the society were, by rule, irremovable, and absolute power of management was given to them, but it is evident that neither they nor the remaining shareholders were qualified to carry on a productive society, and it is very doubtful whether a society constituted as this was, ought to have been recognized as co-operative¹.’

Writing on July 16, 1887, Mr. George Hines said :

‘The mat manufacture . . . has centred itself . . . in the western portion of Suffolk, probably on account of the low price at which labour can be obtained. . . . Taking trade as a whole, 13s. or 14s. a week has been about the average wages when in full work. . . . There is little doubt that most of the men, with the miserably low wages they were able at any time to earn, were constantly in debt to the shopkeeper. In fact, the credit system is literally chronic in these parts; numbers of families are slaves to it all their lives through, and at the mercy of those who employ them².’

Principally through Mr. Hines’ efforts, backed up by the Aid Association, who supplied information respecting markets for both buying and selling, prices, &c., the Long Melford Co-operative Mat Society was started and registered in the early part of 1887. The shares were to be 10s. each, two to be transferable and the remainder withdrawable. Mr. Hines estimated ‘that about £155 would be ample in order to set several men going; and suitable

¹ *Co-operative News* (Central Board Productive Committee’s Report), vol. xx. p. 237.

² *Ibid.*, vol. xviii. p. 705.

factory accommodation was obtainable for £20 a year rent. As the manager is a working one in the productive part, and only a part of his time is required for other duties, the expenses above the cost of production will be very small.' In May, 1887, 'the men's hands were forced by rumours of the intention of their employers to discharge some of them. Consequently, without waiting to get certain machines which had been considered necessary when making the estimate of capital required, they started work' on a share capital of £40 raised by about thirty shareholders, and a loan of £25 from the Aid Association¹.

The working members of the society soon developed an inability to attend to the commercial requirements of the business, 'but mainly owing to the energy and devotion of Mr. Hines, who paid repeated visits at the instance of the Aid Association, their books were put into order, and relations were established with co-operative societies, both as customers and shareholders.' Writing on February 18, 1888, Mr. Hines said, 'The men have been fighting truly an uphill battle. Capital and trade have come in so slowly that it has positively been, sometimes, almost a case of starvation to the men; going home, as they have done repeatedly, at the end of a week with only six or seven shillings in their pockets.' Both co-operative societies and private firms praised the mat-makers' goods, both for quality and prices².

The first balance sheet was made out up to June 30, 1888. The share capital was then £153, and the loan £25. The sales amounted to £365, and there was a small profit of £2 14s. 8d. The second balance sheet was for the half-year ending December 31, 1888, and showed sales of £434, with a profit of £8 6s. 6d. The third balance sheet was made out up to December 31, 1889. The sales for the year were £1,110, and the profit was £30 14s. 11d. The sales for 1890 were £1,223, and the profit was £40 4s. 1d.;

¹ *Co-operative News*, vol. xviii. p. 705.

² *Ibid.*, vol. xix. pp. 159, 256 and 400.

and it was noted that 'it is a great drawback to the welfare of the society that purchasers compare their prices with those of prison-made articles, because there is no comparison between the articles made at Long Melford, and the loose common article made by forced labour.' A present of £10 was given to the secretary for his services to the society¹. The end of the year 1891 again showed an increase of sales, the amount being £1,349; but the profit was only £35 11s. 2d. After providing for depreciation of fixed stock, the profits, since the society started, have been sufficient to pay 5 % per ann. on share and loan capital, and a small reserve fund of £9 has been accumulated; but no bonus or profits have been allotted to labour. After paying 5 % per ann. on share capital, the rules provide for 50 % of the remaining profits being divided among the work-people, 25 % among the purchasers, 15 % to a reserve fund, and 10 % to shareholders².

At the end of 1891, the share capital amounted to £370, and the loans to £75. The capital subscribed by employés was £45. Ten societies and seventy-five individuals, including twelve employés, were shareholders. No employés were on the committee. The society was employing nineteen persons, all of whom worked on the premises. The fixed stock, after depreciation, stood at £363. The prosperity of the Mat-makers was checked in 1892; and at the end of that year, the Society was in a very critical condition.

In 1887, a number of foreign workmen employed in the London cigarette-making trade applied to the Aid Association for assistance in starting a productive society, 'owing to the harsh treatment to which employés in the cigarette trade had been subjected.' At first, they only admitted working members of the trade as shareholders, the original rules of the Cigarette Makers' and Tobacco Cutters' Manufacturing Society, which were registered in 1887,

¹ *Co-operative News*, vol. xxii. p. 230. ² *Ibid.*, vol. xviii. p. 705.

excluding all other persons. The rules also provided that each member should take up at least five £1 shares. By the end of the year, the society had fifty members with over £200 of paid-up share capital. The Aid Association then advanced £100 on loan, and business was commenced at 157 Houndsditch, on December 27, 1887. The rules provided that 60 % of the net profits should be divided among the working shareholders in proportion to their wages, 10 % to the shareholders in addition to 5 % interest, 10 % to a reserve fund, and 20 % to the purchasers. According to an *Echo* reporter, the committee of the society claimed to 'ensure the employées higher wages than are ordinarily given in the trade; we limit their hours to eight in the day, and we give the manager a fixed salary, so that he will not be inclined to speculate, or grind down the workers.' In March, 1889, the rules were altered so as to admit outsiders as shareholders, additional capital being very much needed. All shares were made transferable, but it was only obligatory to take one. The rule as to profit was also altered. After paying 6 % per ann. to shareholders, 25 % of the remainder was to be allotted to customers, 25 % to the work-people, and 50 % to a reserve fund¹.

The first balance sheet, for the quarter ending March, 1888, reported sales amounting to £1,271, being about £98 a week. A small profit of £3 had been realized, which was carried to reduction of formation expenses. The committee informed the shareholders that they regretted

'to see the great hostility displayed by so many manufacturers; we had hoped that they would have at least allowed us fair play; but find that, because our aim is to raise the working men and allow them to share in the profits, in addition to paying fair wages, instead of letting it go into the pockets of the capitalists, that we shall have the most vigorous opposition they can possibly give. . . . Seven or eight men have already been instantly dismissed by their employers, because they were suspected of being members of our society. Owing to this

¹ Aid Association, Second Report, p. 7; *Co-operative News*, vol. xix. pp. 56 and 231, and vol. xx. p. 255.

stern fact we have not inserted the names and attendances of the committee.'

For the whole of the year 1888, the sales were £6,417; but no profits were realized during the remaining three quarters. For the June quarter there was a profit of £33, but losses in September and December quarters just cleared it away. In October, the committee 'deemed it advisable to make several alterations in the management,' and they arranged with the secretary to undertake the additional duty of manager. At the end of 1888, the share capital amounted to £256 and the loans to £111. There was also a small reserve of £4 15s.

In the year 1889 the sales were £7,866; and after making some slight provision for writing off special charges, there was a profit on the year of £51. The committee, in their December report, said:

'We now think the time has come, when we can, with confidence, ask our friends to take further shares. Our present capital is too small for the business, as will be seen on reference to the balance sheet, we having more outstanding accounts than we have capital. . . . We also desire to extend our trade, and to do so successfully we shall have to lay down machinery. To put down machinery and properly manufacture tobacco we shall require from £2,000 to £5,000.'

According to a return supplied to me at this date, the society was then employing 20 persons, 5 of whom were on the committee. Two-thirds of the trade were done with co-operative societies and one-third with private firms; £17 of share capital were supplied by 3 societies, £57 by 11 workers, and £187 by 43 other persons.

The sales for 1890 were £9,557, on which a net profit of £96 was realized. After reducing some special items, such as brands account, the remainder was placed to the reserve fund, as 'we have standing on the books nearly £90 as doubtful debts,' of which 'it is probable that 25 % will be recovered.' The rate of bad debts since the society started, had been 'less than $\frac{1}{2}$ %' on the sales. The appeal for

more capital had not been very successful. The shares stood at £242, and the loans at £216.

In 1891, the society removed to larger premises in Duke-street, Aldgate. The sales for the year were £10,740, and the profit was £206, the whole of which was placed to the reserve fund. This fund, after deducting £100 placed to the credit of bad and doubtful debts, now stood at £193. The share capital had gone down slightly to £233, but the loans had gone up to £270. There were owing to merchants, £1,324; but there were cash in hand and at the bankers, £264. The fixtures account had been reduced to £30, and the brands account to the same figure.

When everyone was congratulating the society upon its success, a storm broke out at the half-yearly meeting held on April 8, 1892, which resulted in the majority illegally displacing some of the sitting committeemen. Although it would have been an easy matter to have carried the change through legally, the majority would not consent to take the trouble; and in consequence of the disturbance, the creditors became alarmed for the safety of their accounts, and took action for the recovery of their money. The result was to force the society into voluntary liquidation; and the consequent forced sale of the society's assets, resulted in the loss of all the share capital.

In August, 1889, the master bass dressers of London locked out their men for forming a trades union. The men had become unionists, because the inferior condition of the imported raw material had reduced the amount of wages they could earn weekly by piecework, from 36s. in 1884 to 22s. or 23s. in 1889. There are only about 160 bass dressers in London, and of these over 100 stood firm to the union. When the lock-out had lasted over a month, the men turned their attention to co-operation; and Messrs. Nash and Waggitt, from the Aid Association, met them at Toynbee Hall, to give advice on the subject, on September 12, 1889. It was calculated that with £300 capital, the men could make a fair start; and as 'it takes three years'

practice to make a man really skilled in the manual process,' they had every chance of success; for the bass must be dressed, and 'the most friendly relations existed between the dressers and the brushmakers, some of whom intended to take shares in the society ¹.'

'Nearly every man in the union paid his entrance fee, and undertook to take up a share' in the Co-operative Bass Dressers Limited, which was registered, and started business at 105 Charles-street, Stepney, on October 7, 1889. 'A circular, stating the facts, and inviting investments, . . . brought in more than £500, . . . and the Aid Association advanced £50.' The help thus given 'acted as a stimulus to everyone: it helped the employers to see the wisdom of abandoning the lock-out, and paying better wages. It enabled the men to preserve their union, and to ensure the permanence of both' good wages and the trades union, by securing the establishment of the co-operative workshop ².

The first balance sheet of the Bass Dressers was made up to December 31, 1889, and showed 123 members with a share capital of £557, and loans £50. The sales for the ten weeks were £715, and the wages paid were £175. On the sales, there was a realized profit of £32 3s. 4d., which was distributed as follows:—5 % per ann. on shares, £4; dividend to purchasers at 3d. in the pound, £9; ditto on wages at 1s., £9; £2 to depreciation of fixtures, and remainder to reserve. A *Star* reporter visited the place in January, 1890, and wrote, the 'work is thorough.' The men 'are not forced to hurry and scamp it,' and 'the result is that whatever tendency manufacturers may have felt to boycott the productions of these co-operative workmen, is more than checked by the excellence of their goods.' The men said, 'it is not only the better weekly money that we get, but the fact that we are our own masters. We aren't liable to be bullied and sworn at and sweated like slaves. We can feel that we are, in a way, free men ³.'

¹ *Co-operative News*, vol. xx. pp. 1030 and 1055.

² Aid Association, Fifth Report, p. 8. ³ *London Star*, January 8, 1890.

The balance sheets for 1890 showed sales £4,358, with a loss of £32. This was ascribed to 'the very high prices of the raw material, owing partly to its scarcity, and partly, we have reason to believe, to a combination of private firms. . . . A sub-committee, composed of members of the society, and of the Aid Association, have considered the question of the society commencing brush and broom making, but . . . it has been thought prudent not to start for the present¹.' For the year 1891, the sales were £3,333, on which there was a loss of £4. In the middle of the year the society began making brooms, and succeeded in securing a vestry contract. In August, 1891, the men in the private trade struck for '8s. per cwt. advance in the price of dressing.' The society at once gave the advance, 'hoping to be able to sell quickly and thus keep a few men in work, so as to help the others over the strike. Our hopes, however, in this direction were not realized, and being unable to obtain orders for our bass, we had to stop work after dressing all the raw material in stock. The men, after staying out for 14 weeks, were forced to give in and return to work at the old price, through which we sustained a heavy loss; as although we had paid a higher price for labour than our competitors, we were unable to command a higher price for our goods².' The share capital at the end of 1891 stood at £608, and the loans at £53. The wages paid during the year amounted to £512. Several employés were on the committee. Only £9 of share capital belonged to the work-people. One co-operative society was a shareholder to the extent of £5, and 122 individuals held the remaining £594 of share capital.

The balance sheet for the half-year ending July, 1892, showed a serious loss of £105. The sales were £878 only; which, the committee said, had reduced their 'chance of making a profit.' The committee were, however, in hopes of doing better, as they had 'secured the contract for

¹ Aid Association, Sixth Report, p. 5.

² Society's Balance Sheet.

supplying bass brooms to the London County Council for the period of twelve months.'

In 1889, the stick and cane makers of London commenced a series of educational meetings at Toynbee Hall, under the guidance of the Aid Association, with a view to forming a productive society, and a society was registered by them, in the same year, under the title of the International Stick Manufactory, Limited, 28 Commercial-street, E.¹ The name was afterwards altered, in 1890, to the London Stick Manufacturers.

In their prospectus, the stick-makers complained of 'the insanitary condition of the workshops, the hours of labour, and the fact that of late years our wages have been subject to continual reductions.' The shares were to be £1 each, and bear interest at the rate of 5 % per ann. It was estimated that a capital of £600 was necessary 'to establish a workshop.' In December, 1890, the society had over 350 shares subscribed, of which 100 were fully paid up. The subscribers were all stick-makers. They then appealed to the general public to help them; saying, 'ten weeks ago, 300 men came out on strike against the wholesale introduction of boy labour into the trade;' so that it was 'found necessary to commence work as soon as possible. A workshop has been taken, and as soon as it is fitted up we can put some of those on strike at work. By the New Year we hope to be fairly started².' The Aid Association advanced the society £50 as a loan³.

In February, 1892, the Aid Association reported that the Stick Manufacturers, on starting,

'received good orders, and altogether the outlook was most promising. Reports from time to time were favourable, so far as trade was concerned, but they found that more capital was wanted. We could not see our way to go further in granting loans than an amount equal to half their share capital. We are

¹ Registrar's Returns, 1889, p. 113.

² Prospectus, December 10, 1890.

³ Aid Association, Sixth Report, p. 6.

sorry to have to report that the society was only working six months when strong dissensions arose; and, on our going into their affairs with a view to taking suitable action, we found that they had been selling goods for, in some cases, half the cost of material and production; and in many ways, owing, no doubt, to their want of mutual trust and business ability, grossly mismanaging affairs generally. We have only, up to now, been able to secure about 2s. in the pound of our loan, the landlord having taken almost all stock and fixtures for arrears of rent¹.

A Co-operative Millstone Makers' Society was registered in 1890 at Little Trafalgar Square, S.E.² The members raised £70 of share capital, and obtained from the Aid Association a loan of £10. They obtained a few orders, which were satisfactorily executed; but they then mysteriously dissolved, leaving the Aid Association loan unpaid³.

The Productive Co-operative Cabinetmakers' Society, 17 Victoria Park Square, E., was registered in 1889⁴. It was started by means of 'open-air meetings of men in the trade; who knew full well the terrible effects of sweating in the East End⁵.' Mr. Arnold White gave the men encouragement by pointing out how the society could obtain orders from men like himself. The Hon. Thomas Brassey also interested himself in the society, and gave it some orders. The quality of the work was of a very superior character. The society had the advantage of being in connexion with the Oxford House settlement at Bethnal Green. In a short prospectus, addressed to 'Co-operators and others,' the committee asked for 'the generous support of all to assist us in practically lessening the evils of sweating. . . . Being established on strict business lines,' they said, 'and carrying out the principle of co-operation,

¹ Congress Report, 1892, p. 101.

² Registrar's Returns, 1890, p. 119.

³ Aid Association Report, 1891, p. 6, and Congress Report, 1892, p. 101.

⁴ Registrar's Returns, 1889, p. 114.

⁵ *Co-operative News*, vol. xxiii. p. 1399.

by dividing profits among the workmen and customers, we promise in return for orders, justice and our best thanks.'

In July, 1890, the society had 143 shareholders, 122 of whom were workers in the trade with £89 paid up; there were twenty sympathisers who were shareholders with £114 paid, and one co-operative society with £5 paid; making a total share capital of £208. The sales so far had amounted to £272, of which £255 were to private persons, and £17 to co-operative societies. There were two employés on the committee, and three members were being regularly employed on the premises. The profits were to be divided as follows:—50 % to the work-people, 15 % to the managing committee, 5 % to members for special services, 5 % to an educational fund, 10 % to shareholders, and 15 % to customers¹.

The secretary informed me in December, 1892, that the society was very much in need of orders; and I think that at that date, there was no one being fully employed by it.

A Co-operative Bedroom Suite Manufacturing Society, 4 Club Row, Bethnal Green, was registered in 1890². They began vigorously; and in September, 1890, according to a statement made to me by one of the members, there were seventy members with £140 of capital. The society had been working for six weeks, and was then employing twenty-four hands; while the sales amounted to £80 a week. The Aid Association was asked to help, and thinking the society had good prospects, they 'advanced a loan of £25 . . . but the same causes as noticed in the stick-makers compelled those who were endeavouring to make it a success to wind up the society:' and the Aid Association received an intimation that 3s. 5d. in the pound dividend, was to be declared to the creditors³.

¹ Return supplied to me by the secretary.

² Registrar's Returns, 1890, p. 119.

³ Congress Report, 1892, p. 101.

A Glassmakers' Productive Society, 18 Morgan-street, Canning Town, was registered in 1889¹. The founders were 'all employed in the same works, the owner of which recently gave notice that they would be closed in consequence of financial difficulties. The men immediately waited upon their employer, and explained how, with their practical knowledge the concern could be worked at a profit, if one of their number was appointed manager².'

The employer allowed the men to make an informal experiment, while the society was being registered and the share capital was being subscribed. 'The traveller of the firm joined them in their venture. They got orders and made it pay, which induced the master to change his mind³.' The society has not yet made a start in business. At the end of 1891, there were twenty-four members with £142 of share capital⁴, and they were striving to make it £200; which sum, it was considered, would enable the society to begin with a reasonable prospect of success.

The last venture that sprang from the Aid Association's propaganda, was the London Co-operative Leather Manufacturers' Society, of 46 Leroy-street, Old Kent Road, E. It originated from the Bermondsey branch of that Association. A member has told me that the first meeting to consider the formation of this society, was held on September 3, 1890, when six leather dressers attended. At this meeting, a sub-committee of three was appointed to take further action. The society was registered on July 15, 1891. Each member has to hold at least five shares of £1 each, the first of which 'shall bear no interest.' The remaining share capital will receive, as a first charge on the profits, a dividend of not more than '3% per ann.' Of the balance of profits, half will be divided among the shareholders in proportion to their capital, and 'the other half to labour, to be

¹ Registrar's Returns, 1889, p. 113.

² *Co-operative News*, vol. xx. p. 919.

³ Aid Association Report, 1890, p. 10.

⁴ Congress Report, 1892, p. 164.

apportioned according to the wages earned by each worker ;' but only to be 'credited to him as shares¹.'

The above-named informant further told me, that 'in the summer of 1891, the secretary paid a visit, at his own expense, to the various boot and shoe productive societies in the Midlands, including the C.W. S. works at Leicester, and obtained promises of support, if the goods were satisfactory.'

Business was commenced in August, 1892, to find work for some of the men connected with the society who were being boycotted by the masters, in consequence of a strike which had taken place a short time before, and in which these men had taken a prominent part. In their first balance sheet the committee said :

'Although we have had to fight against great difficulties during the seven weeks which ended on September 30, through want of necessary machinery, and also through constant stoppages in the work, through fitting up, &c., we have been enabled to do a trade of £123, showing a profit of £6 6s. 3d. Your committee have received a large amount of support from the Co-operative Wholesale Society. Your society is dressing a large quantity of work for them, which was hitherto done by private firms ; the work, we believe, is giving every satisfaction, as we have received from them, during the last week or two, sufficient to keep us going to the end of the year. We have also obtained orders from other societies.'

In the seven weeks, £75 had been paid for wages, and £160 had been expended on fixed stock. The share capital stood at £173.

On October 16, 1885, a meeting, promoted by the Labour Association, was held at Toynbee Hall, for the purpose of forming a 'society in the east of London for manufacturing and packing articles of domestic use in common sale by co-operative societies.' The meeting was addressed by Mr. E. O. Greening and Mr. E. W. Greening. The latter said

¹ Society's rules.

'the intention was to commence with the manufacture of a co-operative cocoa, cocoa being an article in large demand through the stores, and one yielding a fair gross profit. It would require £1,500 capital to commence making powder cocoa on a moderate scale, £500 more for chocolates, and probably another £500 for creams; but the committee would limit themselves to one article only at the outset, and make that successful before touching a second¹.'

Thus was commenced the London Productive Society, Limited, which was registered on October 28, 1885, under the Industrial Societies Act, the model rules of the Co-operative Union, with certain modifications, being adopted. The profits, after paying 5% on share capital, were to be apportioned as follows: '30% to the workers *pro rata* on the amount of their wages,' 10% each to an educational fund and a provident fund, '10% to the president as managing director,' 1% to each committeeman, 4% to a special rewards fund, '20% to co-operative societies who are agents of the society, *pro rata* on the amount of their purchases,' and 10% to share capital. The president was to be the manager².

A prospectus issued by the society soon after registration, declared its belief that the above system of sharing profits would 'destroy the conflicts which now exist in trade between capitalists and workers, buyers and sellers, brain-workers and hand-workers, and bring about a co-operation between these necessary elements to success, which will tend to make each work for the good of all, instead of wasting their energies on a useless and expensive competition.'

Some friction arose between the new society and the Wholesale Society, through the committee of the latter intimating that the manufacture of cocoa had been for years before them, and that they had determined to recommend the members to go into the business. After several

¹ *Co-operative News*, vol. xvi. p. 966.

² Rules of the society.

adjournments, from one quarterly meeting to another, the Wholesale Society did start ; but it also acted on an offer made by it at the outset, to be agents for the sale of the London Productive Society's cocoa ¹.

The London Productive Society took premises, not in the East End, but at Thames Ditton, at the latter part of 1887 ; and commenced business in January, 1888. I have a complete file of balance sheets, up to and including the one for June, 1892, from which I have culled the following particulars. The balance sheet for June, 1888, reported that the society was making one speciality, and that 'over 400 societies are acting as distributors.' The share capital paid up was £1,605, and the loans amounted to £305. The sum of £1,412 had been expended on machinery and fixtures. The preliminary expenses, amounting to £87, were taken as an asset, as was also a suspense account, 'creation of business,' amounting to £327. At the end of 1889 the paid-up share capital was £1,752, and the loans £366. The sales for the year were £2,006. In the assets, the preliminary expenses stood at £90, and the suspense account, now termed 'goodwill,' £500. There was a balance of loss, in addition, of £20. At the end of 1890, the share capital was £1,792, and the loans £395. The sales for the year were £2,257. The profit made during the year was £51. This cleared off the previous year's deficit ; and as no depreciation had been previously written off the plant and fixtures, £25 was appropriated to this purpose, leaving the nominal value of this asset at £1,504. Of course, under the system ordinarily adopted by co-operative societies, the depreciation of plant, &c., should be a charge on the expenses account ; and at 7½ % per ann., would have amounted on the three years to about £306. The remaining balance of profit, about £5, was devoted to reduction of preliminary expenses, leaving the item at £87. The 'goodwill' suspense account was kept at £500. For

¹ *Co-operative News*, vol. xvii. p. 559.

the year 1891, the sales amounted to £2,443. There was a nominal profit before depreciating plant, of £20 in the first half of the year, which was devoted to depreciation of plant, &c., and reduction of preliminary expenses. But the last half of the year showed a loss, without any charge for depreciation, of £79. The share capital stood at £1,867, and the loans at £497; the plant and fixtures stood at £1,505. The assets called 'preliminary expenses' stood at £83, and the assets called 'goodwill' still stood at £500. No interest or dividend had yet been declared on share capital.

In the report for December, 1891, the committee said: the latter half of 1891 'proved itself an exceptionally bad one in our trade. The cold weather not setting in until buyers were busy with Christmas goods, orders were in many cases kept back until the new year; nevertheless, by persistent canvassing the society's sale of manufactured cocoa showed a small increase over those of the corresponding period of the previous year. Unfortunately, this was more than counter-balanced by a considerable decrease in the amount of contract work, the result being a net decrease in the amount of total sales of £59.' Mr. E. W. Greening has been president and manager from the commencement. Writing to Miss Potter in 1891, the manager informed her that most of the employés were members of the society, and three were members of the committee.

The balance sheet for the half-year ending June, 1892, showed a profit of £58; but no provision was made for depreciation. If there had been, it would have turned the profit into a loss. This sum of £58 was taken to reduction of loss account, leaving the balance of loss £21, without reckoning the £583 of preliminary expenses and losses taken as an asset, under the term 'good-will.' The share capital still stood in the balance sheet at £1,867.

Mr. William Simpson (then a branch store manager) and Mr. F. G. Plant (a chemist) were induced by reading Hughes and Neale's *Manual of Co-operation* to start the Co-operative Sundries Manufacturing Society. It began

business at Wellington-street, Gorton, near Manchester, and was registered on June 30, 1885. The rules provided that the shares should be £1 each, and all transferable. After paying 5 % per ann. on share capital, the profits were to 'be divided between capital, labour, and trade, in such manner or proportion as a majority of the members at the ordinary half-yearly meeting' might determine. The objects of the society were described as 'to carry on the trade of dealers, grocery, provision, drug sundries, and patent medicines,' and 'the preparation and manufacture of grocers' and druggists' sundries.' Of the eight signatories to the original rules, four bore the name of Simpson, and two that of Plant.

The balance sheet¹ for the first half-year showed nine members, £29 10s. of capital, £168 of sales, and a profit of £17, which was carried forward. The second half-year showed an increase of membership to fifteen, capital £70, sales £367, and profit £4. The year's profit was then divided as follows:—10 % to share capital, in addition to the 5 % provided by the rules, 2s. 2¼d. in the pound to labour in proportion to wages paid, and 4¾d. in the pound on sales¹.

In the latter half of 1887, two societies became shareholders. In 1888, the business was removed to larger premises at Greenside, Droylsden; and the society made steady progress until, for the year ending October, 1889, there were 23 societies, 38 employés, and 32 other persons shareholders. It was asserted that the society manufactured 'over 97½ % of all it sells,' the bulk of the trade being 'in pickles, sauces, packet jellies, health salts, and temperance wines².' The share capital amounted to £650, and the loans to £340. The sales for the year were £3,387, on which a net profit of £120 had been realized. From this, 6¼ % was paid to shareholders, in addition, I think, to 5 %

¹ *Co-operative News*, vol. xvii. pp. 407 and 1086.

² *Ibid.*, vol. xxi. p. 969.

interest as per rule ; 1s. in the pound was paid on wages, and $1\frac{1}{4}d.$ in the pound on sales ¹.

In 1890-1, the Sundries Society desired to become a shareholder with the Wholesale Society, through whom two-thirds of its sales were effected. The directors of the Wholesale, however, objected to this, saying the Sundries Society 'was apparently commenced as purely a private venture, which has subsequently in some measure attached itself to the co-operative movement,' and pointing out that some of the goods supplied by the Sundries Society came 'into direct competition with our own productions.' In reply to this, the Sundries Society explained that in most of the things in which it competed with the Wholesale, the latter had started making after it had commenced doing so ; and that the Sundries Society could not be a private concern, seeing it had so many societies shareholders. Ultimately, the proposal to allow the Sundries Society to become a shareholder, was negatived ².

The noteworthy point in connexion with this controversy was Mr. Thomas Hughes' objection to the policy which governed the exclusion of the Sundries Society, viz. 'that no productive society ought to be admitted in future which manufactured any goods produced also by the Wholesale.' He suggested, 'It is well to look the conclusion quietly in the face, and to realize that any body of working men associating to carry on their trade—though they have adopted our model rules and have become members of our Union—will be excluded from the co-operative market so far as the Wholesale can control it, if their products in any way compete with those of the Wholesale workshops ;' and he went on, 'Lest this, as I hold it, most dangerous state of mind should spread in our ranks, I must ask you to let me enter this protest in the most solemn way I can ³.' Notwithstanding this eloquent appeal, and the fact that the share-

¹ Congress Report, 1890, p. 154.

² *Co-operative News*, vol. xxi. pp. 969 and 1231, and vol. xxii. p. 271.

³ *Ibid.*, vol. xxii. p. 11.

holders in the Sundries Society were able to control 150 delegates at the Wholesale meeting, the vote against admission was carried by 589 against 319 for admission'; the editor of the *News* saying, the vote 'is a matter of principle, confirmatory of the previously expressed policy, repeated often at these meetings, of the Wholesale producing for its members the goods which it sells, whenever it is believed to be advantageous to do so, and it adds to that policy the desire to exclude competitive associations from membership¹.'

The balance sheet for the half-year ending April, 1890, showed a small loss for the Sundries Society, owing, the committee said, to the fact that 'during the season of the year when onions were cheapest, we were unable to buy a sufficient stock through want of capital; and our business increasing so rapidly, soon used up the stock we were able to lay in; and when forced on the market again we had to pay more than double the usual prices, on account of the failure of the onion seed crop.' But the second half of 1890 pulled the society right, and the shareholders received $7\frac{1}{2}$ % on their capital for the year². For the year 1891, the sales were £8,744, on which a net profit was realized of £708. Of this sum, £185 was divided on £1,726 of share capital, in addition to 5 % interest; £61 went to the employés, at the rate of 1s. 3d. in the pound on their wages; and £158 to customers, at the rate of 5d. in the pound on sales. There were 136 shareholders³. For the first half of 1892 the sales were £6,389, and the profit was £237. £72 was divided on the share capital, at the rate of $7\frac{1}{2}$ % per ann.; wages received 1s. in the pound, and sales 4d. in the pound⁴. The rules do not prohibit employés from being on the committee, but, so far, none of them have been elected as committeemen.

¹ *Co-operative News*, vol. xxii. p. 277.

² Congress Report, 1891, p. 152.

³ *Ibid.*, 1892, p. 174.

⁴ *Co-operative News*, vol. xxiii. p. 593.

At Strathaven, Lanarkshire, there are two small productive societies, one of which dates from 1862. It is the owner of a bleaching green, and was registered on September 4, 1863, as the Strathaven Bleaching Green Company, for the purpose of carrying on the trade of bleachers and dyers¹. Its shares are £1 each, and for the last twenty years the share capital has varied from £450 to £460, while the number of members has varied from 38 to 40. The profits of the society seem to have been from £10 to £20 a year; but while in 1881, 1883, and 1888, there were losses respectively amounting to £3, £6, and £1, in the years 1885, 1886, 1887, 1889, and 1890, the profits were respectively £35, £35, £102, £23, and £103. The Registrar's return for 1876 stated that all the share capital of £460 was invested in the Bleaching Green².

The Strathaven Weavers' Beaming Society was registered in 1886. At the end of 1888 there were 326 members, with £156 of share capital, and £100 of loans³. Business was not commenced until 1889, and I have not ascertained exactly the manner in which their operations are conducted. The Registrar's return for 1890 showed the society to have 330 members with £176 of share capital paid up, loans £100, and re-investments £217.

The Glasgow Co-operative Cooperage Company, Limited was started in 1866 by 'a few coopers who had watched with interest the success of the co-operative principle in its application to the distributive store, and were firmly impressed with the belief that the same principle might be advantageously applied to production also.' Mr. J. Borrowman became one of the society's officers. In November, 1869, it was said:

'We cannot boast of great things accomplished; but for three years we have been able to hold our own, paying as good wages to the workmen as others in the same line; we have also paid

¹ Registrar's Returns, 1871, p. 72.

² *Ibid.*, 1876-90.

³ *Ibid.*, 1888, p. 132.

5 % on capital, reduced building and fixed stock, and placed £27 to the reserve fund. . . . We at present occupy our own premises, employ on the average twelve workmen, and have accommodation for thirty; and it is to be noted that the increase of business could be at once obtained if we had sufficient capital¹.

After this date the society seems to have had reverses, as 'a careful stock-taking,' in July, 1871, 'revealed a deficit of £300, being £68 over the then paid-up capital;' but in the latter half of 1872 they realized a profit of £68, on a trade of £1,213, all of which sum was placed to reduction of fixed stock. The first half of 1872 was reported to have been 'one of the most favourable kind, the profits being handsome. Had it not been for former losses, arising from taking things for granted through over confidence in a manager, the present half-year would have yielded a large bonus.' The sales had been £1,421, the profit was £205, and the capital amounted to £865. The old deficit was cleared away, and besides paying 5 % on capital, a bonus of 1s. in the pound was declared both on share capital and on wages².

In 1874, the company had paid for two years an average bonus on wages of £6 per man. The trade had gone up to £100 a week, and plans had been 'prepared for workshops on the ground already secured; but they were awaiting further capital being subscribed' before proceeding to erect them. The depression in trade, caused principally, speaking from my personal recollection, by the change in the practice of the sugar industry, of packing in bags instead of casks, now seriously affected the company. In 1877, there were 124 members with £1,852 of transferable shares subscribed for, 'of which 77 % are paid up.' The profit was only sufficient to pay 5 % on the capital³, and as the state of trade gradually grew worse, the company ultimately

¹ *Co-operator*, vol. ix. p. 787.

² *Co-operative News*, vol. ii. pp. 53 and 426, and vol. iv. p. 65.

³ *Ibid.*, vol. iv. p. 65, and vol. viii. p. 143.

ceased to exist ; but I have not been able to ascertain the exact date at which it died.

In October, 1887, there was 'issued, under the auspices of the Falkirk District Co-operative Conference,' a prospectus of the Bo'ness Industrial Pottery Manufacturing Society, which was registered the same year¹. It was pointed out that Bo'ness

'is one of the seats of this industry in Scotland, and its productions are said to have enjoyed a world-wide reputation for nearly a century. The locality is possessed of all the natural conditions essential to success. It has a good supply of local clay, and, being a seaport town, has also ample facilities for the importation of other clays at low rates of freight, as return cargoes of coal are always to be had ; and lastly, there is a plentiful supply of skilled labour. . . . The articles proposed to be manufactured are those in everyday demand, and for which a market already exists within the co-operative movement².'

The first general meeting of the society was held in the Scottish Wholesale Society's Hall, Glasgow, on March 9, 1889, when 'besides a good attendance of individual members, delegates were present from' fifteen co-operative societies who had become shareholders. The chairman made 'a stirring appeal to all co-operators and working men to support such enterprises as this, as the only way in which labour could receive its full reward, and work hand-in-hand with capital, instead of being, as now, the slave of capital.' The meeting decided to at once secure a site at Bo'ness for the Pottery³.

At the members' meeting, held on January 25, 1890, it was decided 'that no start be made with the works until £7,500 was subscribed⁴.' This resolution was, however, found too stringent ; and at another meeting held on August 2, 1890, it was, at the request of the committee, rescinded⁵. The ceremony of cutting the first sod for the

¹ Congress Report, 1888, p. 64.

² *Co-operative News*, vol. xviii. p. 1005.

⁴ *Ibid.*, vol. xxi. p. 159.

³ *Ibid.*, vol. xx. p. 265.

⁵ *Ibid.*, p. 800.

erection of the works was performed on March 7, 1891, at Grangepans, near Bo'ness, and midway between Bo'ness harbour and Bridgeness Pier, both being about half a mile distant. A revised prospectus calculated that on an output of ten tons a week for a year of fifty weeks, there would be a net profit of £2,062; and after paying 5% on share capital, the rules provide for the division of the remaining profit as follows: 'Labour 25%, capital 25%, trade 25%, management 10%, committee 10%, and education 5%¹.'

The potteries were completed in March, 1892, at a cost of over £10,000, and the opening was celebrated on March 4, 1892, by a supper and dance attended by 'about 250 of the shareholders and friends.' At the half-yearly meeting held on March 5, it was said that 5,683 shares had, up to that date, been subscribed². The potteries, so far, have not been so successful as was anticipated. At the beginning of 1893, a special appeal had to be made to the Scottish societies for additional capital; and they were also urged to take up the earthenware trade, so as to be enabled to purchase the productions of the Pottery. A loss of about £700 had been sustained up to the end of 1892, while a special valuation of the works 'showed a difference of £1,394 between the actual cost and the estimated value³.'

The Staveley Co-operative Bobbin Manufacturing Society, Limited, Westmorland, was registered in 1880. In 1883, it had 122 members, with £1,827 of share capital and £998 of loans. Its sales during that year were £3,710, on which a loss was made of £41. In 1884, there was a further loss of £171; and in 1885, the loss was £612. In 1886, there was a turn of the tide, and on sales amounting to £5,046 there was a profit of £503. The share capital then stood at £1,777, and the loans at £857. From that date the society has been uniformly successful, making profits each

¹ *Co-operative News*, vol. xxii. p. 254. ² *Ibid.*, vol. xxiii. p. 256.

³ *Ibid.*, vol. xxiv. pp. 76, 124 and 173.

year, up to and including 1890, of £224, £198, £115, and £102 respectively.

The secretary has informed me that the society employs about 34 persons, all of whom work on the premises. The output runs between £4,000 and £5,000 a year. There are now 111 members, with £1,723 of share capital. The profits are divided solely among the shareholders¹.

The Union Co-operative Ship-building Society, Blyth, Northumberland, was registered in 1869. The objects of the society were the building and repairing of wooden ships. In 1871, there were 20 members with £1,210 of share capital. The society had done a trade during the year amounting to £9,039; but no mention is made of either profits or losses. In 1872, the society made a profit of £849; and in 1874, a profit of £524 was made. In no other year is any return made to the Registrar of either the amount of trade done, or profit realized. In 1874, the number of members had dropped to 19; but the share capital had gone up to £3,032. In 1877, the number of members was reduced to 7 with £450 of share capital and £1,300 of loans. In 1884, the share capital had increased to £950, while the loans had decreased to £900². No further figures have been supplied to the Registrar; but in the return of 1888, the Registrar noted that the secretary had written to him as follows: 'Owing to wooden vessels dying out, and consequent lack of employment, the society has a very feeble existence; and as we cannot take stock owing to vessels lying in dock remaining unsold, it is impossible to make a return³.'

Co-operation in the Fishery Industries requires noticing. At the Plymouth Co-operative Congress, 1886, Mr. W. F. Collier, who opened the Productive Exhibition, referred at length to the co-operative system under which the fisheries along the coasts of Devon and Cornwall were worked⁴.

¹ Registrar's Returns, 1880 to 1891.

² *Ibid.*, 1871 to 1884.

³ *Ibid.*, 1888, p. 56.

⁴ Congress Report, 1886, p. 3.

Mr. Thomas Wood has sent me some details of the co-operative system under which the fishermen of Port St. Mary, Isle of Man, carry on the herring and mackerel fisheries. It is almost identical with the system prevailing in Cornwall, and probably on other portions of the British coast, where the big limited companies have not done away with the practice. At Port St. Mary, an ordinary smack costs about £350 without fishing gear. For the mackerel fishing, the nets cost about £170. Many of the smacks now have steam engines, costing about £75, to haul in the nets. The smack is usually manned by seven men and a boy; but where there is an engine, there are only six men and a boy, and the owner of the engine takes a man's share for the use of it. About half the fleet of the port is owned by fishermen. In the Kinsale mackerel fishery, the Port St. Mary men first pay for provisions and fuel out of the gross receipts. The owners of the boat then take half the remaining receipts, and the seven men and the boy divide the other half into fifteen portions, each man taking two portions, and the boy one portion.

In the herring fishery, the division is somewhat different, the nets usually belonging to the fishermen; and the owner of a net receives for its use rather more than he would receive as simply a member of the crew; so that a man owning a net, would be paid a little over twice as much as a man who did not own one.

On June 6, 1884, the Pioneer Fishing Society (North Shields), was registered, the objects being 'to carry on the trade of fishers in all its branches.' The shares were £1 each, transferable, and no member could hold less than five. The profits were to be divided 'as the general meeting may direct.' No employé could be an officer¹. At the end of 1884 the society had eighteen members, with £213 of share capital. It had expended £273 on a boat, &c., had received for fish caught £332, and had realized a profit of £45, from

¹ Rules of the Society.

which a dividend of 2s. in the pound on the share capital had been declared¹.

Writing to Mr. H. R. Bailey in January, 1886, the secretary of the Fishing Society reported that their membership had increased to forty, their share capital to £970, and their loan capital to £508. He added, we have 'been occupied during the greater part of the year with the building of our steamer and the fitting out of her. We did not get possession until the winter season had set in, and the weather has been exceptionally bad for fishing purposes, as carried on here. . . . The year just past has been one of some difficulty to us, the greatest one being the share capital not coming up quick enough. It seems to be the usual difficulty to all movements originating with working men.' The value of the society's plant at the end of 1885 was £1,487. The sales of fish had amounted to £657; but there was scarcely any profit balance, as 'the working expenses were nearly equal to the amount received for sales².'

The society has been successful, and has grown steadily. Its profits in 1886-7 and 8 were respectively £104, £125, and £245. In 1889, the membership was increased from thirty-nine to fifty-five, the share capital from £1,016 to £2,280, the loans from £92 to £351, and the boats and other plant from £1,206 to £2,699. At the end of 1891, there were sixty-five members, with £3,359 of share capital and £968 of loans. The boats, &c., were valued at £4,530, the sales of fish had amounted to £5,268, and the net profit was £350; out of which, a dividend of 10% had been paid to the shareholders on their capital³.

The secretary has explained to me that 'whilst the men do not share in the profits made by our boats, they share each week according to the takes. After working expenses are paid out of the bulk, the net amount is divided into so

¹ Congress Report, 1885, p. 125.

² *Ibid.*, 1886, pp. 43 and 118.

³ Congress Reports, 1887 to 1892.

many shares as are agreed on ; the fishermen taking their proportion amongst them, and the owners the rest. Sometimes they have very big money, and sometimes small.' The secretary also mentioned troubles with some of the members about 1890. 'We started out with high hopes of making a mark in this line of business, and if possible to give some of the fishermen, &c., an opportunity of bettering their condition, but we have had nothing but ingratitude and insult from some of those we have had as shareholders, and were compelled to clear them out.'

In 1890, the Britannia Fishery Society (North Shields) was registered¹. At the end of the year there were twenty-five members, with £1,900 of share capital. The society had boat, &c., valued at £1,840, and fish had been sold to the value of £678, on which a net profit of £81 had been made. In 1891, the value of fish sold was £1,866, on which £129 profit was realized².

In 1871, a few working men started the Tyne Co-operative Cabinet Works, by means of a subscription of 6*d.* per week. I do not think it was ever registered ; but it started business in a humble way, Mr. John Steele being one of the original members. At a meeting held in Newcastle, in 1886, he referred to their early struggles, saying : 'The men he was then associated with were no mere dividend-hunters, and he remembered when they had a hard struggle to pay the weekly wages of the workmen and others, the members coming up with 5*s.* per week, instead of 6*d.*, out of their weekly wages to help the manager to meet the weekly expenses³.'

This humble effort was 'the progenitor' of the Household Furnishing Company, Limited, which was registered in 1873 under the Joint Stock Companies Act. 'The company was formed on the basis that all workers should be

¹ Registrar's Returns, 1890, p. 118.

² Congress Reports, 1891, p. 152, and 1892.

³ Official Report of Conference at Strawberry House, January, 1886, p. 12.

shareholders, and that after wages and all working expenses, with 10% to capital, had been paid, the remainder was divided between labour, trade, and capital in equal shares, thus combining capital, labour, and trade in such a way that, if generally adopted, strikes and lockouts would become matters of history, and the misery of the world would be considerably decreased¹.

In the first three years of the company's existence the sales amounted to £42,021, on which a profit of £2,647 was realized. In the next three years, 1877 to 1879, the sales were only £26,390, and there were losses amounting to £2,961; and for the three years, 1880-82, the sales went down to £25,409. These misfortunes were caused by the intense depression of trade which followed, what was popularly called, the 'Coal Famine'².

For the three years, 1883-5, the sales were £43,710, and a net profit was made of £415³. Since then, the sales have varied yearly from £10,246 in 1890, to £14,255 in 1891; which, I think, is the highest point the company has yet touched. The profit in 1888 reached the respectable figure of £1,613. For the years 1889-91, they have been respectively £290, £373, and £505⁴.

The company owns a freehold property called Strawberry House, containing 7,000 square yards, which was bought from the Co-operative Wholesale Society. On it have been erected workshops five stories high. 'The ground floor is used as a timber shed, the second floor for warehouse and despatch; the third floor, for upholstery, polishing, painting, &c.; the fourth floor, for cabinet and chair work; and the fifth floor, for brush making'⁵. The paid-up share capital of the company amounts to £5,457 in £5 shares. There were seventy-three members at the end of its 1891

¹ Official Report of Conference at Strawberry House, January, 1886, p. 5.

² Ibid.

³ Ibid.

⁴ Congress Reports, 1888 to 1892.

⁵ Official Report of Conference at Strawberry House, January, 1886, p. 5.

financial year. In 1881, there were 101. The loan capital amounted to £10,200; and the value of land, buildings, and fixtures was £14,097¹.

In September, 1890, the Co-operative Cabinet Makers, Limited, of Bradford, Yorkshire, was registered as an industrial society². A cabinet maker, 'who took a prominent part in the recent strike,' had been 'victimised'; and the men thereupon determined 'to free themselves from petty tyranny of this nature' by starting a co-operative society which should also 'abolish the middleman's profit, and deal a blow at those whom they describe as sweaters³.'

Business was commenced immediately, in June, 1890, without waiting for the formality of registration, and work was at once obtained to employ two hands. The little room they had taken soon became too small; they had to remove to larger premises, and by March, 1891, they were employing fifteen hands. At the end of 1890, the society had twenty members, £92 of share capital, and £20 of loans. The sales for the six months had amounted to £213⁴.

The rules provide that each member shall hold at least five £1 shares, all of which are transferable. After paying 5% on share capital, the rules direct that the remaining profits shall be divided as a general meeting may determine—(1) in 'payment of a dividend to the customers of the society, to be divided as the committee may think fit;' and (2) among the workers 'in proportion to the amounts they have respectively earned as wages,' but only if they are still in the employ of the society 'at the time the dividend is declared.' The profit, too, is distributed in the form of shares, and not in cash⁵.

The society progressed during 1891, and at the end of

¹ Congress Report, 1892, p. 174.

² *Ibid.*, 1891, p. 29.

³ *Co-operative News*, vol. xxi. p. 683.

⁴ Congress Report, 1891, pp. 63 and 153.

⁵ Rules of the Society, October, 1891.

the year there were forty-nine members, with £443 of share capital, and £26 of reserve fund. The sales had amounted to £1,875, on which a profit of £68 had been realized¹.

The secretary has informed me that at the end of October, 1892, the society was employing thirty-three hands. The balance sheet for the half-year ending September 30, 1892, showed sales to the amount of £2,379. The wages paid amounted to £1,299. There were sixty-six members, of whom thirty-six were individuals, and thirty were societies. The share capital paid up was £841, and the loans amounted to £225. During the half-year, premises had been purchased at Upper Seymour-street, and there had been expended for land, buildings, and machinery, the sum of £1,575. Several societies had promised to advance loans at 4%, on mortgage, to pay the purchase money. This was the third removal in the society's life; and in consequence of the expense, there was a loss of £27 on the half-year's business. Against this, however, there was the reserve fund of over £26; so that the actual deficit between assets and liabilities was only 5s. 9d.

The society has got very extensive facilities for doing its business in a thorough manner. The balance sheet does not say what proportion of trade is done with societies; but from the tone of the balance sheet and report, I gather that the sales are almost exclusively with societies. The voting is governed by the model rules issued by the Co-operative Union, viz. one vote for either the individual, or a society's delegate, and no more. Six members of the committee represent societies, and six are employés of the society.

In March, 1891, the Oldham Co-operative Cabinet Makers' Society was registered. At the end of the year it had twenty-one members with a share capital of £38, and loans of £22. Its sales amounted to £759. Its rules provide for the following division of profits after paying 5% on

¹ Congress Report, 1892, p. 174.

shares :—50 % to the workers, 30 % to customers, 10 % to shareholders, and 5 % each to special services and educational funds¹.

The Bath Co-operative Cabinet Makers' Society was registered in the early part of 1892. Its rules provide that share capital shall be paid 7½ %, and all the remaining profits shall be divided among the workers². The society got to work during the year 1892, and in the autumn obtained the contract for fitting up a shop for the Twerton Co-operative Society.

Owing to a strike, in August, 1890, of the 'employés of an eminent firm of billiard table makers in Manchester³,' the Manchester Billiard Table Makers, Limited, of Albion-street, Gaythorn, was registered in October, 1890⁴. Besides making the tables, the society proposed to carry on the business of furnishing in all its branches. The shares were £1 each, and after paying 5 % interest on share capital, the remaining profits were to be divided as follows :—To the work-people, 40 % ; to shareholders, 30 % ; to social and educational fund, 20 % ; and to special services, 10 %⁵.

The society's first balance sheet, made up to February 13, 1891, stated that there were then fifty-three members, with £76 of paid-up share capital and £10 of loans. The sales had been £32. The balance sheet was in a most unusual form for a co-operative society, and did not show any profit or loss balance. Putting the figures together myself, as well as the sheet permitted, I ascertained the loss on the half-year's working to be about £5. I think the society has ceased to exist.

The Manchester and Salford Wheelwrights', Coach-builders', and Smiths' Society, Limited, was registered on May 14, 1888. I am inclined to agree with Mr. G. J.

¹ Congress Report, 1892, pp. 30, 35 and 174.

² *Ibid.*, p. 35.

³ *Co-operative News*, vol. xxi. p. 94.

⁴ Congress Report, 1891, p. 30.

⁵ *Co-operative News*, vol. xxi. p. 993.

Holyoake that long names such as this are almost enough, in themselves, to kill a society. This effort was started by trades unionists, with the help of the productive committee of the Co-operative United Board. The society appealed to co-operators for support, saying 'the kinds of articles proposed to be made by this society are in daily use by all co-operative societies which have grown to any size;' and 'all the men engaged are first-class men, and as such have the confidence of their fellow-members.' A workshop was rented at Savoy-street, Hyde-road, and business was commenced on September 1, 1888¹.

The prospectus showed the shares to be £1 each, transferable. After paying interest at 5% per ann. on shares, half the profits were to be apportioned to the workers in proportion to wages, but in the form of shares, not in cash. The remaining half was to be divided among 'the customers of the society in proportion to their purchases,' but if they were not shareholders they were only to receive half dividend.

The first balance sheet up to December 31, 1888, showed £94 of share capital and £20 of loans. The sales had amounted to £57, and besides taking £12 of preliminary expenses as an asset, there was a small loss of £1. The Eccles Society had had a 'whitechapel' built, 'which had given every satisfaction, both in regard to price and workmanship.' The Dewsbury Society had also given an order, which was then in course of execution².

For the year 1889, the sales were £630, and the wages paid were £353. There was a loss on the year of £47. In August they changed their manager. The committee attributed their losses to 'not yet receiving jobbing work and repairs, on which better profits are made in proportion than on new work,' to having to quote 'at very low prices to compete with other firms,' in order to secure contracts; and added 'the limited business as yet prevents us from becom-

¹ *Co-operative News*, vol. xvii. p. 827.

² *Ibid.*, vol. xx. p. 255.

ing experts in all branches of the trade¹. The share capital had grown to £247.

At the end of 1890 there were 48 members, with £262 of share capital and £50 of loans. The sales for the year were £720, on which there had been losses amounting to over £80. This time the committee attributed the loss 'to want of capital. This,' they said, 'prevents us from purchasing in the cheapest market, and from employing a sufficient number of men².' On this latter point, Mr. J. C. Gray told me in September, 1890, that the Wheelwrights' Society was very busy; it numbered among its members some of the best workmen in the trade, but these men would not leave their situations to accept employment with the society, not having sufficient confidence in its stability. Consequently, the society had to advertise for men, and employ non-members.

The last balance sheet, or report, that I have of this society, is for the half-year ending June, 1891. The sales had been £491, on which there had been a loss of £37, making the total loss £177 out of a paid-up share capital of £263. The fixed stock amounted to £64. The secretary informed me that 34 shareholders were members of the trade, and had contributed £175 of capital. Co-operative societies had subscribed £70, and nine individuals outside the trade had subscribed £35. The number of hands employed was from nine to ten, all of whom worked on the premises. Several employés were members of the committee.

The Coventry Co-operative Watch Manufacturing Society is said 'to have originated in the sick room' through a conversation between Dr. C. W. Iliffe and a patient, Mr. W. L. Webster. The first preliminary meeting was held at Dr. Iliffe's house on April 8, 1876, and he became the society's treasurer. The meeting was attended by nine persons; among whom, I believe, were Messrs. Hepworth,

¹ Second and Third Reports, June and December, 1889.

² Congress Report, 1891, p. 153, and *Co-operative News*, vol. xxii. p. 321.

Iliffe, and Shufflebotham. In 1892, these three were holding the offices of president, treasurer, and secretary, of the society. Mr. Shufflebotham had been an ardent member of the Leeds Redemption Society twenty-five years earlier. The preliminary meeting decided that each person then present should 'pay his quota towards the preliminary expenses'.

By permission of the retail society, the provisional committee met at the stores, Bishop-street, every Friday evening to receive applications for, and payments on, shares. But the response 'was very weak indeed, and possibly this, in the then state of things, was rather favourable than otherwise' to the future success of the society. For

'the watch trade of Coventry had, up to that time, and for some years previously, been almost unprecedentedly good; and had large numbers of watchmakers joined, and anything like a quantity of capital been sunk in materials, such as movements, &c., the decline in price which afterwards took place might have brought the whole to ruin and disappointment. . . . The small response, however, compelled the members to begin in a very humble way, making only one or two dozen watches up and waiting—as they were compelled when the capital was all employed—till sales were effected, or orders came in, which, as the state of trade generally in the country was very bad, came in very slowly. Indeed, in one instance, where samples of watches were sent to a large co-operative society in the North, a reply was received with the returned watches that "it was as much as their members could do to buy bread, let alone watches".'

The first rules of the society were rescinded on October 25, 1877, and new ones adopted. These were the Co-operative Union model rules. The special rules attached provided that each individual should hold not less than five £1 shares, and each society not less than ten. All the shares are transferable. At least two of the committee were to be watch examiners or finishers; and 'any worker or other

¹ Coventry Record, December, 1887, and *Co-operative Production*, chap. 8.

² Coventry Record, December, 1887.

employé of the society, other than the manager,' was eligible for election. After paying $7\frac{1}{2}\%$ per ann. on shares, the remaining profits were divided into three equal portions, one of which was divided among the workers in proportion to wages, one among the shareholders, and one among the customers. In 1884, the rule regarding profits was altered, and while share capital received a fixed allowance of $7\frac{1}{2}\%$, the remaining profits were divided into two equal parts between the customers and the workers. In December, 1887, this rule was again altered, by providing that all future issues of shares should receive only 5% per ann. interest; and all profits should be distributed in the form of shares¹.

The first year of the society's existence was not profitable, but with the second year began a period of prosperity which has continued, with slight interruptions or pause, ever since then up to the present date. The sales for the third half-year ending January 31, 1878, amounted to £90. The report of the committee said, 'Out of the profits we have not only been enabled to make up the loss incurred last half-year, but also to propose that $2\frac{1}{2}\%$ be paid on all capital from the commencement, besides paying current expenses, and leaving a small balance in hand.' The committee thought that the society would 'be a means in the hands of the workman to lift himself out of that condition so aptly described as "wages slavery."' They went on to admonish the workers to 'look on your work carefully when done, and if you see any defect, do not think "this is good enough for a co-operative society," but rather "I must alter this, for not only is my own character at stake as a workman, but also the principle for which I am working, and the honour of my co-workers."' We would also urge you to be patient of criticism, for, if false, it can ultimately do you no harm, and if just, may do you a great deal of good; and above all, avoid personal squabbles and disputes, which

¹ Rules of Society, and *Coventry Record*, December, 1887.

have ruined so many good enterprises.' With the fourth half-year the society cleared off its formation expenses, and had an available balance of £6 6s. 2d. to carry forward¹.

In 1881, the sales (for the first time) exceeded £1,000, being £1,764, on which a profit of £248 was made. The wages paid had been £946. The share capital amounted to £537. In 1884, the sales amounted to £3,498, the wages paid to £1,936, and the profits to £306². In 1888, the society had 99 members, with £1,434 of share capital and £375 of loans. The reserve fund amounted to £387. The sales for the year had been £3,372, on which a profit of £429 had been realised. £101 of this had gone to pay interest on share capital, £67 had been credited to the workers (at the rate of 1s. in the pound on their wages), and another £67 to customers (at the rate of 4d. in the pound on purchases). The remainder had been placed to reserve. At the end of 1891 there were 104 members, with £1,904 of share capital. The reserve fund was £658. The sales for the year were £3,514, and the profits amounted to £321. Labour again got 1s. in the pound, and the customers this time got 5½d.³ Mr. Shufflebotham has informed me that co-operative societies owned about £600 of share capital, the workers (52) about £800, and other individuals the remainder. The balance sheet for the half-year ending June, 1892, showed some falling off in sales, amounting to 'rather more than £300 during the half-year, which has diminished the profits; nevertheless, from the amount brought forward from last account and the profit of this half-year, we propose to pay 6d. in the pound to labour and 3d. to trade members⁴.'

The half-year ending December 1892, again showed a loss of trade, amounting to £267. There was no profit, but a loss amounting to £110; which, the committee said,

¹ *Co-operative News*, vol. ix. pp. 116 and 549.

² *Coventry Record*, December, 1887.

³ *Congress Reports*, 1889, p. 34, and 1892, p. 172.

⁴ *Co-operative News*, vol. xxiii. p. 933.

was 'not caused by diminished trade, but by depreciation in value of stock, which has been taken, not at cost price, but at the present value of labour and materials.' The committee recommended that the loss should be written off the Reserve fund, and that a further sum of £49 should be taken therefrom to pay interest on shares and loans. During the half-year, the workers had 'agreed to a general reduction in wages, to allow of higher discounts to agents,' which it was hoped, 'would lead to extended trade¹.'

In consequence of reports that the Coventry Watch Manufacturing Society were 'merely factors and not manufacturers,' Mr. Shufflebotham, in 1888, gave some details of the society's methods. As they were still true in 1892, I give some extracts from them.

'Although some large firms in the trade now make some of the movements they use, movement making in England has always been carried on as a separate branch; and for the very obvious reason that one movement maker could supply many watch manufacturers. . . . As we had to begin in a small way, we began in the only way possible with any prospect of success; viz. by the workmen doing the work for the most part at their homes, and with their own machinery and tools. Doubtless there are many advantages in doing work in a factory; but these advantages are counter-balanced by heavy responsibilities which we were not in a position to undertake. . . . The following branches are included in our membership, besides one or two others, whom we cannot at present employ, viz.:—Two dial makers, two jewellers, one hand maker, and one hander, one cap and index maker, two balance makers, one gilder, two motioners, nine finishers divided into three parts, two engravers and engine turners, two silver and one gold case maker, and three examiners, and one who is constantly employed cleaning and repairing watches on the premises. We do not find full employment for all these, as only a small part of the watch is made by some, and a very large trade would be required to keep one man going, such as in balance making, which is again subdivided into steel, gold, and compensation balance making, which requires very careful and accurate workmanship, and a large amount of machinery and tools².'

¹ *Co-operative News*, vol. xxiv. p. 184.

² *Ibid.*, vol. xix. p. 377.

The Coventry co-operators have earned a well-merited reputation for the good quality of their productions, and there are probably more presentation watches being worn in England at the present time, made by them, than by any other single firm. I have one myself, given to me in 1887 by the directors and employés of the London branch of the Wholesale Society. Its performance, as a timekeeper, during the last five years has been perfect.

In February, 1890, a Coventry Watch-Jewel Makers' Society was registered. At the end of the year there were 44 members, with £182 of share capital. Trade had been done to the value of £98, on which a profit of £6 had been made. At the end of 1891, the membership had increased to 53, and the share capital to £202. The trade done was £258, on which a profit of £13 had been realized¹.

The last society I have to notice brings one back to the old Owenite days, so far as the society's aims and methods are concerned. Writing to me in June, 1890, Mr. J. C. Gray said :

'Last evening I visited a novelty—a communistic society actually existing in a busy town like Bolton. The men are all socialists, followers of Gronlund and Bellamy. They have for two or three years worked in the evenings, without any pay, for the common good of the society. Starting with a subscription amounting in the whole to 10s., they bought a few tools. Some of the members are mechanics and blacksmiths. They made more tools and machines. All labour is done between seven and ten at night, and after their ordinary day's work. They look upon it as a recreation, and certainly it is a splendid technical school for the men concerned. Last night we saw blacksmiths working at the forge, handloom weavers making quilts, power-loom weavers making cotton twills; mechanics making portions of looms for their own use; cabinet making, wood turning, brass and iron turning, drilling, clogging, boot making and repairing, &c., and all looking enthusiastic over the work. One man told me he had never missed an evening during the last eighteen months. They never think of the

¹ Congress Reports, 1891, pp. 29 and 120, and 1892, p. 172.

work as drudgery. I never saw working men with such confidence in each other. There are no trade jealousies. A man comes there and works at whatever trade he likes best. If he does not understand it, the others who are proficient are always willing and glad to teach. The wood turner was an engineer during the day, but at night he could excel as a wood turner. A man working at night as a mechanic, and doing his work well, was a cotton carder by day. The boot repairer and clogger worked in a mill for his livelihood, and so on, variety giving zest to their duties.

‘They find a ready sale for everything they make. At present all the work and all the profits go to build up a fund to establish a “Commonwealth” on a large scale. When they have sufficient to do this, the members will be paid wages and take profits according to their work; but two-thirds of their wages will be paid in labour notes to be exchanged for the produce of their own community. They have asked my assistance in drafting rules to meet their case.’

This enterprise was registered in October, 1890, as the Bolton Co-operative Commonwealth Society, of North Bridge Mill, White Lion Brow¹. A letter signed on behalf of the committee, by Joseph Ogden (secretary), and which appeared in *The Nationalization News*, of April, 1891, gave additional information.

‘The society is intended to be worked on the following principles:—The present members and all who join within six months are called founder members; all who join after will be called contributing members, and must purchase £50 worth of goods from the society before they are transferred to the founder class of members. The benefit to be derived from being a founder member, is not dividend upon purchase, but constant and remunerative employment for all who are of a workable age; and a part of the profits on labour will be kept in reserve for sickness, infirmity, and old age; also fatherless children, and widows of deceased members.

‘The profits of the society, after paying interest upon capital, will be divided among the workers according to wages earned by each, subject to the following conditions:—It is calculated that it will require £100 for every worker to find him in capital

¹ Congress Report, 1891, p. 29.

for his employment; therefore no worker will receive any dividend upon his labour until such dividend exceeds £100; for which he will hold transferable shares bearing 4 % interest. Thus the society will gradually develop its number of workers, and from the profits on labour the workers will gradually own their share of the capital of the society.

‘At present the members are not reaping any benefit whatever, but are making sacrifices of money and labour.’

The balance sheet for the quarter ending December 26, 1891, is the latest I have been able to obtain. In the report the committee recommended that for the present ‘the maximum rate of 5 % interest per ann. be paid upon share capital.’ This absorbed £4 19s. 10d. of the profits, leaving a balance of £106, which was carried to the reserve fund. This fund now stood at £201, the share capital was £536, and the loans £219. The machinery and fixed stock were valued at £590. A retail store had been added to their departments; also the making up of underclothing from goods woven by themselves. The number of members had increased to eighty-seven; the total sales for the quarter were £337, and the wages paid for the same period were £93.

CHAPTER XXVI.

JUSTICE ! HOW TO GET IT ?

THE previous chapters have been devoted almost exclusively to the supply of facts, which, to the best of my ability, have been grouped carefully and stated accurately, in order that readers might be able to draw their own conclusions, without aid from me or anybody. But I have been told that it is advisable to express my opinions, so as to give an indication of what decision may fairly be arrived at by a co-operator who has had some experience, who thinks he is sincerely desirous of finding the truth, and who, when he has found it, would gladly see it put into practice. In this and the following chapters, I have tried to obey this intimation, and, notwithstanding past acrimonious discussions between co-operators, I trust that those who may disagree with my views, will grant to me the same liberty to think, write, or speak, as I freely yield to them.

The great animating influence in all co-operative effort, has been the desire to obtain justice, by those who have been, or are, unwillingly submitting to what they believed, and still believe, to be an unjust system of society. Looking back on early co-operative experiments, there is no difficulty in perceiving the injustice which stung the people of Hull and Devonport into action, at the end of the eighteenth and the beginning of the nineteenth centuries. It is clear that the oppressive exactions of the millers and the bakers caused the working people to combine to produce the flour and bread which they required for the support of themselves

and their families¹. They thereby hoped to escape the threefold evils of short weights, adulteration, and excessive prices. Neither is there any difficulty, after reading Edward Young's excellent sketch of the effects of machinery², in understanding the sense of injustice which prompted working people to clutch at the opportunity of entering co-operative communities; for they seemed to offer a haven of refuge against that relentless competition with machinery, of which they were feeling the full evil effects, while only a small portion of the nation reaped the benefits.

There were among the sufferers, some who were sufficiently well-informed to comprehend the beneficial results of employing machinery; but even these felt that the suffering endured by the working class during the process of displacing, and of re-adjusting, the different divisions of labour, was undeserved by the sufferers; and that the nation which benefited by the introduction of machinery, should appropriate part of that benefit to mitigating, and, if possible, removing altogether, the distress caused by the innovations.

But, besides the suffering caused by the displacement of labour, there was the injustice of inconsiderate treatment of the work-people, and also, of an inadequate share of the produce being given to them for their services. Perhaps Carlyle has put the case as forcibly as it could be put; and he wrote at a time (1843) when the nation was getting feverish under the pressure of the injustice. Speaking of mill-owners who had grown rich, he said:

'Begirt with desperate trades' unionism and anarchic mutiny, many an industrial *law-ward*, by and by, who has neglected to make laws and to keep them, will be heard saying to himself:—"Why have I realized five hundred thousand pounds? I rose early and sat late, I toiled and moiled, and in the sweat of my brow and of my soul I strove to gain this money, that I might become conspicuous, and have some honour among my fellow-creatures. I wanted them to honour me, to love me. The money is here, earned with my best life-blood; but the honour?

¹ See chapter i. p. 37.

² See chapter iv. p. 41.

I am encircled with squalor, with hunger, with rage, and sooty desperation. Not honoured, hardly even envied; only fools and the flunkey-species so much as envy me¹."

The cause of this was said by Carlyle to be that the mill-owners forgot their duty as leaders of men, and thought only of themselves. He has immortalized the type in Plugson of Undershot:—

'The blind Plugson; he was a captain of industry, born member of the ultimate genuine aristocracy of this universe, could he have known it! These thousand men that span, and toiled round him, they were a regiment whom he had enlisted man by man; he made war on a very genuine enemy; bareness of back and disobedient cotton-fibre, which will not, unless forced to it, consent to cover bare backs. Here is a most genuine enemy; over whom all creatures will wish him victory. He enlisted his thousand men; and said to them, "Come, brothers, let us have a dash at cotton!"'

After describing the victory of Plugson and his men over cotton, which resulted in the leader making a fortune of £100,000, but in leaving the 'bare backs' worse covered than ever, Carlyle described Plugson bidding farewell to his men as follows:

"Noble spinners, this is the hundred thousand we have gained wherein I mean to dwell and plant vineyards; the hundred thousand is mine, the three and sixpence daily was yours; Adieu, noble spinners; drink my health with this groat each, which I give you over and above."

The judgment passed on Plugson and his class by Carlyle was: 'The entirely unjust captain of industry say I; not chevalier, but bucanier².'

In his 'Chapters on Socialism,' written just before his death, and published shortly afterwards by Miss Helen Taylor, John Stuart Mill has admirably summed up the results of our present-day social system. He said:

¹ *Past and Present*, book iv. chapter viii. p. 251.

² *Ibid.*, book iii. chapter x. p. 165.

‘ Since the human race has no means of enjoyable existence, or of existence at all, but what it derives from its own labour and abstinence, there would be no ground for complaint against society if everyone who was willing to undergo a fair share of this labour and abstinence could attain a fair share of the fruits. But is this the fact? Is it not the reverse of the fact? The reward, instead of being proportioned to the labour and abstinence of the individual, is almost in an inverse ratio to it; those who receive the least, labour and attain the most. Even the idle, reckless, and ill-conditioned poor, those who are said with most justice to have themselves to blame for their condition, often undergo much more and severer labour, not only than those who are born to pecuniary independence, but than almost any of the more highly remunerated of those who earn their subsistence; and even the inadequate self-control exercised by the industrious poor costs them more sacrifice and more effort than is almost ever required from the more favoured members of society. The very idea of distributive justice, or of any proportionality between success and merit, or between success and exertion, is, in the present state of society, so manifestly chimerical as to be relegated to the regions of romance. It is true that the lot of individuals is not wholly independent of their virtue and intelligence; those do really tell in their favour, but far less than many other things in which there is no merit at all. The most powerful of all the determining circumstances is birth. The great majority are what they were born to be. Some are born rich without work, others are born to a position in which they can become rich *by* work, the great majority are born to hard work and poverty throughout life, numbers to indigence. It is as much as any moralist ventures to assert, that, other circumstances being given, honesty is the best policy, and that with parity of advantages an honest person has better chances than a rogue. Even this in many stations and circumstances of life is questionable; anything more than this is out of the question. It cannot be pretended that honesty, as a means of success, tells for as much as a difference of one single step on the social ladder¹.’

A co-operative community is still looked upon by some persons as the best means of remedying the injustice under

¹ *Fortnightly Review*, 1879, p. 226.

which the majority of the people are suffering¹. But, co-operators generally have realized the present impossibility of living a community life, or else have never thought anything about it, and have settled down to the practice of the philosophy advocated in the Brighton tracts of 1828-9; which was, to begin with what they could do, however small, and gradually go on from this, until they co-operated for everything². When this is accomplished, we shall, though it may not be in the form usually understood, then have a co-operative community.

The following extracts will, I think, show that whatever may have been, or may be, the differences in practice, or opinions, of different sets of co-operators, they were, and are, all trying to work for the same end. D. Crossley, of Brighouse, who was an Owenite Socialist, quoted in 1862 from the *Lancashire and Yorkshire Co-operator*, which, he said, was published in 1832, as follows :

‘Co-operation was the practice of the principle of the great philanthropist and moral philosopher, Robert Owen, to effect and secure in the best manner for all, the greatest amount of permanent benefits and enjoyments with the fewest disadvantages³.’

The Leeds *Redemptionist*, in 1847, said :

‘Would the working classes cure the evils of which they so justly complain? They have but one remedy, which is, at once *legal, practical, immediate, and complete*. That remedy is to co-operate in the production of wealth, to become capitalists, and thus to become their own employers. Capital, capital, capital!’

The above was signed H., and in its author I believe I recognize James Hole, the *Redemptionist's* editor.

The editor of the *Christian Socialist*, in 1850, in an

¹ The *Nationalization News* for January, 1893, contained a suggested constitution for such a community, and appealed for support to a project for establishing one.

² See chapter vii. p. 77.

³ *Co-operator*, vol. iii. p. 54.

⁴ *Herald of Co-operation*, p. 16.

exposition of the principles on which his work would proceed, said: 'the new force of association sums itself up in the idea of fair prices, or in other words, Equality of Exchanges¹.' In 1862, E. V. Neale, who was one of the most active, devoted, and self-sacrificing of the Christian Socialists, wrote: 'Now co-operation, as I understand it, teaches men to apply this principle of justice universally, not only to cases where those who bargain as to the results of work are equally strong, but to that mass of cases where one side is weaker than the other².' In another communication, Mr. Neale made a definition which is probably the origin of the term 'individualistic' as applied to one form of co-operative production. He said: 'Co-operation desires to uphold the principle of individualism, while socialism sought to eradicate it³.' Mr. Crossley objected to Mr. Neale's definition, and quoted the one given above from the *Lancashire and Yorkshire Co-operator*. He further pointed out that Owenite Socialists did not force their views, as some supposed; but the people were to be 'persuaded' to adopt them. He also said, 'however we may differ as to the ultimate objects and tendency of Mr. Owen's system, I think we are agreed as to the immediate good to be derived from the spread of co-operation which he originated for the purpose of enabling the working classes to improve their condition⁴.'

Alexander Campbell, an old Owenite, who claimed to be the author of the system of dividing the profits of co-operative stores according to the amounts of the purchases⁵, and whose claim has never been disputed, said in 1863, 'to effect a change from the present selfish system in a quiet peaceable manner, co-operators were endeavouring to become capitalists, and manage their own affairs, on the principle of each for all and all for each⁶.'

¹ *Christian Socialist*, vol. i. p. 1. ² *Co-operator*, vol. iii. p. 82.

³ *Ibid.*, p. 54.

⁴ *Ibid.*

⁵ *Ibid.*, p. 102.

⁶ *Ibid.*, vol. iv. p. 92.

The editor of the *Co-operator*, in the first number, issued in June, 1860, said :

‘ Perhaps in the widest range of observation, there is nothing more unquestionably just than true co-operation. One purport of it is to place all men on the same level in respect to control over management, eligibility for office, and equally-divided profits. No man, therefore, will occupy an inferior position, as a member of a co-operative society, to another ; and this, we conceive, is sufficient to commend co-operation to everyone who yearns to see inequality and injustice buried for ever ¹.’

When the *Co-operative News* was started in 1871, Dr. John Watts wrote a series of articles on co-operation. He defined it, as it then existed, as

‘ A system of self- and fellow-help, by which every prudent young man may become his own landlord, his own capitalist, and his own employer.’ Dr. Watts described the existing ‘ competitive state ’ of society as being ‘ everyone for himself, and the devil take the hindmost ; ’ and he further said, ‘ that communism is the perfect state of society there is no doubt ; and when the moral sentiment of the nation has reached such a state as to fit it for the long-expected millennium, that delightful state of existence will find its realization in communism.’ He then explained that ‘ between these two extremes of society, retaining the individualism of the first, while rendering possible some of the advantages of the second, stands the new phase introduced by co-operation ².’

In 1872, William Pare, another Owenite, the author of *Co-operative Agriculture in Ireland*, and the first secretary to the present Co-operative Union, wrote :

‘ Let co-operators not forget—many indeed have yet to learn—that the end of all their endeavours, is, by a peaceful revolution, to bring about an entire change in the four great departments of society, viz. production, distribution, education (in its widest sense), and government, so as to ensure the happiness of all without exception ³.’

¹ *Co-operator*, vol. i. p. 1.

² *Co-operative News*, vol. i. pp. 1 and 12.

³ *Ibid.*, vol. ii. p. 229.

Lloyd Jones, writing in 1876, said that in the minds of the old co-operators, co-operation

‘had no meaning dis severed from the elevation of the masses of the working people, and it had not much meaning even then, unless it altered the old relation of the worker to his work, of labour to capital; making the man and the independence and elevation of his life the primary consideration for co-operators, and the only test by which true co-operation could be known. We must keep this in view, as the true meaning of the co-operative movement’.¹

Thomas Hughes, lecturing at Manchester in 1878, remarked that the conclusions arrived at by the Christian Socialists, were admitted by the Owenite Socialists to be also ‘their own.’ He further pointed out that three principles of association, which were unanimously adopted by the Christian Socialists’ Congress in 1852, ‘have been acknowledged ever since by the societies represented’ in the present Co-operative Union. These three principles were stated to be:—(1) That human society is a body consisting of many members, not a collection of warring atoms. (2) That true workmen must be fellow-workmen, and not rivals. (3) That a principle of justice, not of selfishness, must govern exchanges².

Abraham Greenwood, the first President of the Co-operative Wholesale Society, and since his retirement from that position up to the date of writing, one of that Society’s principal employés, wrote a paper for the Congress of 1881 on ‘The fundamental principles of Co-operation.’ His conclusion was, that, as co-operators, we had

‘to teach mankind that, as humanity is one sole body, all we, being members of that body, are bound to labour for its development, and seek to render its life more harmonious, vigorous, and active. . . . Ask yourself, as to every act you perform within the circle of family or country, if what I now do were done by and for all men, would it be beneficial or injurious to humanity;

¹ *Co-operation; its position, its policy, and its prospects*, p. 20.

² *History and Objects of Co-operation*, pp. 10 and 26.

and, if your conscience tells you it would be injurious, desist,—desist even though it seems that an immediate advantage to your country or family would be the result ¹.

A quotation from a lecture given by William Maxwell, President of the Scottish Wholesale Society, at Leeds, in 1888, brings me up to, practically, the present time. He said :

‘Our co-operative aim must not be to produce or distribute for morbid gain only, but it should be to work together in affection and harmony, so that we may be all morally and physically enriched and purified.’ In another part, he exclaimed, ‘Here really is the kernel of co-operation, despite our differences about detail, the point we are all marching on is the brotherhood of man. . . . Here is the mainspring of the present co-operative movement ; its universality is the key to its marvellous success ².’

The plan adopted by co-operators for putting their ideas into operation, has been that of democratic association. It will be asked, Why by democratic association only? Why not by association, say, of the Positivist order, where the wisest sage constitutes himself chief of an organized body by virtue of his superior wisdom, and appoints his subordinate officers to the different grades, in proportion to the wisdom he discerns within them? The answer is, that these benevolent despotisms, whether in industrial organizations, or in other forms, have not borne the weight of experiment or experience ; and Carlyle has put it thus :— ‘Democracy, which means despair of finding any heroes to govern you, and contented putting-up with the want of them ³.’ Granted the finding of a benevolent sage of the Positivist order, it does not follow that this leader will continue to be wise. His judgement may be altered for the worse, or even made foolish, by a change in the condition of his stomach, his nerves, or his muscles ; and

¹ Congress Report, 1881, p. 60.

² *Wholesale Co-operation a necessity*, pp. 6 and 28.

³ *Past and Present*, book iii. chapter xiii. p. 185.

though he may thus lose his wisdom, it does not follow that he will give up his power. In fact, the chances are the other way; for, having become unwise, or foolish, he will have lost the capacity, and perhaps also the desire, to consider what is best for the well-being of the people in his care.

Beyond this, when the first wise man resigns, or dies, supposing he has acted in every respect as a wise man should, the man who succeeds him may not be equally wise, or be the best qualified to follow in his footsteps: and, as supreme power has been vested in him, he may degenerate into a Plugson, or worse.

Again, one autocrat may have disputes with another autocrat; and the happiness of the people may be wrecked in the contest. The career of Robert Owen furnishes conclusive evidence of the precarious tenure of life of the good work of benevolent despots. When Owen's philanthropic action at New Lanark was objected to by his partners, the partnership was dissolved, and the mills were put up for sale by auction, as both parties wished to have them. The people of New Lanark, whose prosperity and happiness were trembling in the balance, awaited the result of the auction with all the anxiety of a plantation of slaves on the point of being transferred to a new master. On learning that Owen was the purchaser, 'they illuminated their windows for joy;' and on his first visit after the purchase, 'the postilions were stopped, the traces unhooked, and the carriage dragged in triumph all the way to New Lanark.' This sale was made on Dec. 31, 1813, and so the risk of sudden death to the model village was avoided; but, a curtailment of the benefits hitherto enjoyed, was made at the end of 1828. At this date, Owen finally retired from New Lanark; and the first measures adopted by the new masters were 'an increase in the hours of work, and a reduction of wages.' About six years later, New Lanark ceased to exist as an institution which had been described as 'dispensing more happiness than perhaps any

other institution in the kingdom, where so many poor persons are employed¹.'

Carlyle has given an interpretation of liberty in which there is considerable truth; and, as it is to some extent opposed to the democratic principle, it is as well to face it. He said:

'Liberty? The true liberty of a man, you would say, consisted in his finding out, or being forced to find out, the right path, and to walk thereon. To learn, or to be taught, what work he actually was able for; and then by permission, persuasion, and even by compulsion, to set about doing of the same. . . . If thou art in very deed my *Wiser*, may a beneficent instinct lead and impel thee to "conquer" me, to command me! If thou do know better than I what is good and right, I conjure thee in the name of God, force me to do it; were it by never such brass collars, whips and handcuffs, leave me not to walk over precipices²!'

Seeing that nature is built on compulsion and counter-compulsion, Carlyle was right in his theory, but, I think he was wrong in his application. Nature warns men against walking over precipices, by dashing them to pieces if they presume to do it; and when one man, in his ignorant presumption, has suffered by the experiment, nearly all the others learn from his experience. But experience has taught men that no man is so far exalted in wisdom above all his fellows, as to become an infallible guide; and I am inclined to think all history shows that the compulsory restraint of men by one man, has led to more misery than would have been occasioned by letting men learn from the experience of their fellows. It is a common occurrence for two reputedly wise men to hold exactly opposite opinions; and as both cannot be right from the point of view of the general well-being, it cannot be unwise to refrain from allowing them to have absolute authority to compel their neighbours to carry out their wishes. There

¹ Sargent's *Robert Owen*, pp. 59, 60, 193 and 211; and Booth's *Robert Owen*, pp. 31 and 48.

² *Past and Present*, book iii. chapter xiii. p. 182.

should be some good in exercising a counter-compulsion on would-be leaders; and this may well take the form of making it an essential condition of leadership, that those desiring to lead should have the capacity to convince the people that they ought to follow them; or at any rate, should have the capacity to induce others to convince the people for them. As everybody admits, to use a familiar proverb, that 'one volunteer is worth two pressed men,' the time lost in persuading the people, compared with the time taken in compelling them, supposing the would-be leader has the necessary compelling power in his possession, is more than regained by the speedier success of the combined voluntary action, over that of compulsion.

The attempts at autocratic justice, by people possessed of the power to act in such a manner, have not been sufficiently numerous, or successful, to inspire confidence among the masses of the people, in the principle of autocratic action; and the comparative lack of unselfish effort, on the part of the overwhelming majority of those who, by their knowledge, position, and wealth, would be pointed to as natural autocratic leaders, has not only failed to inspire confidence, but has inspired positive distrust. Even among the few men of position and wealth, who have been moved to take part in co-operative efforts, there has not been that thorough-going, complete practice of the principles advocated by them, which is calculated to arouse enthusiasm, and to rally supporters to the cause. It is one thing to say to people 'Go, and do what is right;' and quite another thing to say 'Come, and we will do what is right.' The effect, in the first instance, is very small, indeed, quite microscopical; but, in the second instance, the effect is sometimes so great, as to appear to be miraculous.

Of a number of cases of failure of wealthy co-operative advocates to be thorough-going, I will give two; not for the purpose of holding them up for reproach, for the majority of us would probably do the same if we were in their positions, but simply to justify my contention that we must not

rely on autocratic efforts, if we desire the perfect all-round administration of justice. One of these two gave most valuable and disinterested services to the co-operative cause for over forty years. Late in life, he inherited a considerable estate, and this aroused, among some enthusiastic co-operators, great expectations as to the manner in which our co-operator would use his inheritance. They thought that he would devote it, of course profitably, in some manner to the development of co-operative practice ; and it was thought that probably one of the steps that would be taken, would be the formation, on the estate, of an Associated Home, as this form of co-operation had been often advocated by the co-operator in question. In this, and I think all points, the enthusiasts were disappointed ; for, whether the gentleman was powerless to use the property for co-operative experiments, or not, he simply, so far as is generally known, worked the estate on the usual lines of a private landlord. The other case is that of a wealthy man, who, like the former, has had co-operative sympathies for over forty years : and he has repeatedly taken a prominent and energetic part in co-operative propaganda and controversy : but I am not aware that he has done anything on his own estates to promote, or develop, co-operative practices.

I should be one of the first to admit, that, if people possessed of power and wealth, would throw themselves into the work of regeneration, this work would get effectually done in a shorter space of time than will be the case so long as the suffering masses have not only to do all the regenerative work for themselves, but have also to contend against and overcome the apathy of some, and the hostility of others, of the privileged classes. While co-operators would gladly welcome recruits from all classes, and while most of the co-operative leaders dream of an all-embracing universal co-operation, I do not think that they would sacrifice the democratic principle for the sake of securing an alliance. They might look at, and partially approve of, autocratic efforts in the direction of co-operation, on the

lines of Carlyle's 'Just despotism;' but, having had more than half a century of successful experience of democratic practice, they would look upon autocratic, or semi-autocratic, efforts, as only steps in the right direction, leading ultimately to that complete democracy which has shown itself better adapted than any other form of organization, for securing the much-coveted equitable administration of justice.

These aspirations make the education of the people a vital necessity to co-operators. The teachings of Robert Owen have indelibly impressed this fact on the co-operative body. The Rochdale Pioneers recognized it so early as August, 1849, when they elected their first educational committee¹: and the Christian Socialists did the same, when they started their Working Men's College². Besides trying to learn, according to their several talents, all that is to be learned, from the lowest to the highest, so as to make themselves thoroughly capable instruments for conferring and enjoying happiness, co-operators must, I think, specially strive to educate, and be educated, on the subjects following:—

(1) Without education, it is impossible to secure the even administration of justice. The advantages of being just seem to increase in a geometrical ratio, something like the benefits of a telephone exchange, according to the number of people who adopt the practice. When only one or two persons carry out the plan, the benefits to each, and to the community at large, are exceedingly small; but when it is carried out by millions of persons, the benefits to each, as well as to all, are enormously increased thereby. There is a great waste of energy, comfort, and happiness, caused by the disputes and contention arising from injustice: and the general practice of justice would enable this waste to be avoided. The economic advantage of being just, is, therefore, a subject that could be generally taught with great advantage to the nation.

¹ Holyoake's *Rochdale Pioneers*, p. 18.

² See chapter x. p. 110.

(2) The inevitable necessity for division of labour, exchange of services, and the accumulation of capital, in one of its two forms, of stored up labour and monopoly, must also be taught. The division and specialization of labour are the only means of procuring the wherewithal for living civilized lives; and even under despotic industrial systems, give such enormously increased power to those who use them, that any primitive democracy, which preferred less elaborate methods, would be swept away by the despotic competitor or rival, whenever he chose to do so. That, sooner or later, he would choose to do so, all history concurs in telling us is a certainty. Thus, co-operative associations of hand-loom calico weavers, could not live in competition with a private master who had a well-equipped steam spinning and weaving factory. Neither could an association of shoemakers, where each man made a complete pair of shoes without assistance from others, compete against the modern system, which, I am told, involves the passing of one pair of boots through the hands of fifty persons before it is completed.

With regard to the exchange of services, the time is not long past, when this was limited within a small area, and each locality was largely independent of others for the satisfaction of its wants. But now, the system of exchanging, in many articles embraces the nation; and in many others, embraces the world. Proofs of the value of exchanges are seen all around us, and are so obvious as to need little illustration. Anyone can understand, that if people lived in small self-supporting communities such as Owen depicted, the cost of exchanging the productions would be very small, and would not make a very large addition to the total cost of production. But the difficulty would be to produce all the articles necessary to supply the numerous and varied wants of the inhabitants, in such a community. Mr. Maxwell visited a large sewing-machine factory a few years ago. He said: 'I was struck with the disproportion between the value of the finished article at the works, and its value when

presented to the purchaser. I mentioned this, when I was coolly informed that it took more to sell them than make them¹. In spite of this extraordinary cost of exchange, the producer of sewing-machines in this modern factory could work to greater advantage to himself and to the consumer, than could one or two men who should try to make sewing-machines for the use of a few neighbours only.

Since the Brighton co-operators exclaimed 'it is capital we want,' this need has been, and is being, continually dinned into the ears of co-operators with such effect, that very often they have more capital than they seem to have the capacity to employ. Little therefore need be said on the subject. But this much, I think, wants driving home; that co-operators ought to hold it up as a standard to be attained by all thinking people, that everyone should be possessed of the capital necessary to secure a comfortable living in conjunction with the fair reward he ought to receive, for doing a share of the indispensable labour that must be performed by somebody. In proportion as any persons fail to provide this capital, they run the risk of suffering grievously. But, in proportion as this provision is generally made, the risk is, I think, diminished to the remainder who do not make the provision. In the cotton trade lock-out of 1892-3, those operatives who were members of trades unions and co-operative societies, or had capital in other forms, were able to go through the struggle with comparative comfort. But those who had not been thrifty, or had been unable to save, had to submit to the indignity of soliciting the pauper's dole, visiting soup-kitchens, or receiving some other form of charity. Still there would have been less charity for these, if all the unemployed had been compelled to seek a share. With the general possession of capital, employers of labour would not enter so readily into conflict with their employés; as the only really potent weapon possessed by employers at

¹ *Wholesale Co-operation a necessity*, p. 9.

present, the power of starving the work-people into submission, would thereby be taken away from them.

The judicious investment of the workers' capital, so as to give the owners, not only interest, but power, is a question of immense importance. Can anyone doubt, that if the hundreds of thousands of our railway workers each possessed a hundred pounds' worth of railway stock, and used the voting and speaking power the possession gave to them, they would speedily bring about such improvements in their condition, as workers, as would constitute a most extraordinary additional dividend on their investments? Yet, through lack of the direct power which capital gives, the railway employé's suffer serious injustice, year after year, and little is done to remove it.

I have often been challenged on this question of capital, and I have often had it asserted, that people earning £1 a week, or less, cannot save any capital, and cannot afford to purchase at the co-operative stores for the purpose of acquiring capital by the accumulation of their dividends, because, it is said, although the articles are good these poor people cannot afford to pay the prices. I have generally replied that it is the demand of the poor for cheap articles that induces sweating, and runs wages down to the lowest point. By becoming co-operators, even very poor people secure control over labour and can insist upon it being treated properly. As to the goods and their prices, a long experience has shown that when working-people begin to co-operate, they begin with buying the lowest qualities, such as they have hitherto used; but gradually, in a couple of years or so, they have learned the lesson that the lowest qualities of goods are not really the cheapest, and they prefer to pay more money for better qualities, because they go farther. There are scores of thousands of agricultural labourers with their miserably small wages, who are members of co-operative stores, and who gradually become capitalists thereby. The average net profit of the co-operative stores in Great Britain for 1891 was equal to 2s. 9d. in the pound of the sales. Supposing

a poor family to spend 10s. a week at the store, and the dividend to be only 2s. in the pound, the accumulated dividends, with compound interest at 5 % per ann., would amount in 27 years to about £175. Beyond this, many societies afford privileges of buying cottages, by means of loans at 4 % up to 5 % per ann., which often effects a saving in the rent of 2 % to 4 % per ann. on the capital value. It is thus clear that, if so inclined, the poorest can gradually become capitalists without the need of saving a farthing of their scanty wages, by the simple process of co-operating to secure, as dividends from the store, that part of their earnings which will otherwise go to swell the profits of private shopkeepers and merchants.

The intelligent comprehension of that form of capital represented by monopolies is another essential point of education. Monopolies must be held in common, if they are to be used for the universal benefit of the people. Any personal holding is so manifestly unjust, that it is nowadays rare to hear anyone defend the practice, except on the ground that, being already in existence, the abolition of personal holdings might cause more injustice than their retention.

(3) The value of democratic association, which has already been discussed, is an essential item in any course of co-operative education; since people cannot adequately perform their part of the associated work, unless they understand what they have to do; and they will perform their work much better, if they also fully understand the reasons for doing it. After people have been taught the value of association, there still remains the very difficult task of teaching how to construct the required associations, so as to make them fit for the different purposes they have to serve. The best methods of managing the associations after they have been constructed, naturally follow as another subject to be taught to the people.

It is in the organization and management of productive associations that co-operators cannot yet agree. I have

pleaded for toleration, because it is only by experiment we can find out which are the best forms and methods. In the past, quarrelling over different systems has retarded everybody's progress. It is therefore distinctly the best policy for all to push forward that form of co-operation which they consider best, and leave others to do the same, even if the rival systems are, as has been asserted, 'logically irreconcilable.' We are all of us wrong, so far as we are imperfect; and we are so wonderfully distant from the practice of perfect justice, that we may still be considered to be in the jelly-fish stage of moral evolution. If we all push forward according to our lights, but animated by the same principle, some of us may succeed, and may develop into angels, although others may be left far behind. But contention, instead of work, may leave us all in our present stage of very imperfect morality.

CHAPTER XXVII.

ORGANIZATION AND MANAGEMENT.

THE oldest existing co-operative productive societies are those which were formed about 80 or 100 years ago, for the purposes of grinding wheat into flour, or of baking flour into bread. These societies were originally formed on the principle that each member should supply an equal amount of capital, and receive an equal share of the profits. But, time brought about inequalities in the amounts of capital held by the members, and this caused a corresponding inequality in the amount of profit received by each. One by one, the societies based on this principle have died out; and the last of them—the Devonport Union Mill—went into liquidation at the end of 1892¹. To ensure continued existence, some societies, such as the Sheerness Economical Society, discarded the original practice of dividing profits on capital, and adopted the new system of dividing profits on purchases². They thereby enlisted the interests of a greater number of persons, in support of what then became the joint property of all who cared to become participators.

All existing baking and milling societies are organizations of consumers. Not one, as far as my knowledge extends, has been organized, or is managed, by the work-people employed therein. Except in a few instances, the bakeries are owned by societies composed of individual shareholders. The exceptions are federations of other co-operative so-

¹ See chapter iii. p. 39.

² See chapter xiii. p. 160.

cieties, who supply the capital, and manage the business by means of duly elected representatives, on the one hand, and purchase the bread and receive the profits, on the other. The profits thus received swell the profits made in their own businesses, and are included in the amounts divided among the members. The United Baking Society, at Glasgow, is the most conspicuous example of a federated bakery¹. In 1892, this society admitted its work-people as shareholders, by organizing them in an Employés' Bonus Investment Society. Every employé can hold shares in this Investment Society to an amount not exceeding £50; and the directors of the United Baking Society have the right to retain one-fourth of the bonus due to employés, for the purpose of paying up their shares in the Investment Society. The Investment Society has one vote in the United Baking Society's meetings, and an additional vote for every £80 of share capital invested. When an employé leaves the United Baking Society's service, he has to sell his shares to some of the remaining employés, at par². The employés can thus exercise a direct influence on the management, in addition to the influence they can exercise as members of co-operative societies which are shareholders in the United Baking Society.

In the earlier years of the co-operative movement, the corn milling societies were invariably composed of individual shareholders, and were established for the purpose of supplying these shareholders with flour direct from the mill. From this system, there has been a gradual change, societies being admitted as shareholders into milling societies that had hitherto been the exclusive property of individuals, as in the case of the Halifax Flour Society³. These shareholding societies have been supplied with flour at wholesale prices, and they have then performed the duty of retailing the flour to their members. A further change

¹ See chapter xiii. p. 153.

² *Co-operative News*, vol. xxii. p. 1236, and vol. xxiii. p. 344.

³ See chapter xiv. p. 195.

has been effected by the establishment of federal corn mills, in which individual shareholders are not admitted. In these federal mills, the work-people have no voice in the management, as *work-people*; but, as *co-operators*, they can, if they choose, have an equal voice with other individual co-operators. When, however, the Chancelot Mills, belonging to the Scottish Wholesale Society, have begun working, there will be another variety. For, the employés there, in addition to their equal voices, as *co-operators*, with other co-operators, will have direct voices, as *workers*, in the management of the Scottish Wholesale Society, through the operation of the Employés' Investment Society. This Investment Society was started at the end of 1892; and each employé in the Wholesale Society is entitled to take up not less than five £1 shares, and not more than twenty. The directors of the Scottish Wholesale Society will retain half the bonus due to each employé, and the funds thus accumulated will be invested in the name of the Investment Society in shares and loans with the Wholesale Society. When an employé leaves the Wholesale Society's service, his shares in the Investment Society must be transferred at par, and he can withdraw all his investment. The Employés' Investment Society has the right to send one delegate to the Wholesale Society's meetings, and an additional delegate for each 150 employés who are enrolled as shareholders¹.

The retail co-operative societies which have productive departments such as tailors' shops, boot-works, farms, &c., are composed of individual shareholders. The worker, as a *worker*, has no voice in the management; but he can, if he chooses, become a member of the society, and thus exercise an equal influence with other members. I am not aware that any section of co-operators has objected to the carrying on of productive workshops by retail co-operative societies on the lines usually followed. These lines have been explained in Chap. XIII.

¹ *Co-operative News*, vol. xxiii. p. 1302.

The next development of co-operative productive enterprise by organizations of consumers, was made by the Co-operative Wholesale Society. This was not contemplated by the founders of that institution. Even after it had been in existence six years, William Nuttall, who was then its accountant, read a paper at the Congress of 1869, in which he said of the Wholesale Society, 'it appears probable that it will ultimately become the medium through which the products of co-operative manufacturing companies will be distributed to the consumer¹.'

At the same Congress, Dr. Watts, in a paper on 'How to secure safe Co-operative progress,' recommended the formation of federations of retail stores for 'the purposes of co-operative production.' Influenced probably by the disastrous experiences at Padiham and Pendleton, he urged that

'the individual workers, although probably members of some of the stores owning the manufactory, would be so far removed as to feel that they could not in any way interfere with the management; and it would be a question for the delegates alone to decide, whether or not the workers should depend wholly on market wages, or share in the profits realized. The manufactured goods should all be passed through the Wholesale.' In favour of this course, Dr. Watts said 'the grand idea is to make the consumers of produce their own producers, or to get them as near to that position as possible, and thus by converting the greater portion of middlemen into producers, either to vastly increase wealth, or to lessen toil. These economical arrangements would . . . enable every industrious, persevering, and careful man, to cease from manual toil at 50 years of age.' Dr. Watts concluded by expressing his opinion that 'the final form of industry seems to be that the consumers and producers shall be the same persons, exchanges taking place only between one federation and another².'

In 1871, in his noteworthy series of articles on 'What is Co-operation?' Dr. Watts expressed similar opinions, with the addition that he had come to the conclusion, that

¹ Congress Report, 1869, p. 42.

² *Ibid.*, pp. 43-4.

‘the ownership must not however be by independent joint-stock companies as at present, for that is a continuance of competition and chaos, but through the central organization, and as branches of the Wholesale store . . . Every extension which is demanded by an already established distributive trade, and which is entered upon under the advice of practical and successful men in their various departments, and with capital supplied by the stores which are the customers for the commodities, will stand the best possible chances of permanence and of profit, because they will be really and truly co-operative¹.’

On April 27, 1872, the *Co-operative News* had a leading article which advocated federation through the ‘Wholesale’ as follows :

‘Our idea is, to make the individual members own the retail stores, and nothing beyond them, and for each store to carry on such works as can conveniently and profitably be managed for supplying the wants of its own members. The retail stores should be the owners of the Wholesale, each in proportion to the number of its members, and the retail stores should own nothing beyond the Wholesale store. The Wholesale Society, in its turn, should inaugurate and own all the productive establishments. By these simple means would all the wants of all the stores be ultimately supplied².’

Wm. Pare, who was at the time Hon. Secretary of the Co-operative Union, expressed his approval of the above in the following terms :

‘I especially commend to your notice an excellent leading article on this subject in the *Co-operative News* of April 27, endorsing as it does, and illustrating by forcible arguments, the views which have been laid before successive congresses, on the mode and order in which production should be undertaken³.’

The Co-operative Wholesale Society began its efforts at production on Jan. 13, 1873. From that date, bitter objections have been, and still are, taken by a minority of co-operators to this development of the Wholesale Society.

¹ *Co-operative News*, vol. i. p. 78.

² *Ibid.*, vol. ii. p. 236.

³ *Ibid.*, p. 253.

A summary of the course of the controversy will be found in Chap. XV. As will be seen from the quotations already given, the majority claim the trade of co-operative consumers for the support of workshops either owned and controlled by the retail co-operative societies, or owned and controlled by federations of co-operative societies. On the other hand, Thos. Hughes, speaking for the minority, at the Carlisle Congress in 1887, advocated the right of the individualistic¹ productive societies to the trade of the co-operative consumers; and objected to the Wholesale Society's having the trade, in the following words:

'Here we have the natural co-operative market, which is practically controlled by the Wholesale, closed against our members, just at the time when they need it most. For the Wholesale have, as we have seen, to sell £200,000 worth of boots and shoes of their own make in the year before they can move a finger to help any other productive association. Thus not only can they not help them, but they are their most formidable rivals².'

Mr. Hughes summed up his objections to production by the Wholesale Society, as follows:—1. The impracticability of producing under the control of one centre, all the manufactures required by the working classes. 2. The control by a distant committee 'runs directly counter to our principle of the election of managers by the members who actually work in and own the factory.' 3. The worker is unable to contribute capital. 4. The worker gets no share of the profits as a *worker*³.

The Scottish Wholesale Society does give a share of the profits to the workers; and, as has already been pointed out, it has a provision for enabling them to invest capital, as well as to exercise some amount of control. But the

¹ I use this term, although it is sometimes objected to, because it is generally recognized among co-operators. In chapter xxvi. p. 738, I have indicated the probable origin of the term.

² Congress Report, 1887, p. 4.

³ *Ibid.*

amount of control is very slight compared to what the workers would have, if Mr. Hughes' views were adopted; and I think if Mr. Neale were alive, he would still hold, as he did in 1888, that 'production carried on as a mere department of our Wholesale Societies cannot place them in the position that they might, and I think should, hold as protectors to our working population against the dangers attending that laudable desire to form associations for self-employment which appears to have taken a deep hold upon them'.¹ Mr. Neale held with Mr. Hughes, and others, that the Wholesale Societies should register separate societies for each productive department, nurse them, supply them with capital, and ultimately hand them over to the work-people, while still supplying them with the trade necessary to keep them fully and profitably employed.

These views were embodied in a minority report, signed by Messrs. Neale and Greening, which was submitted to the delegates at Co-operative Wholesale Society's meetings, in February 1890. The delegates rejected the suggestions. Some of the reasons for rejection were as follows:—One delegate said 'if they gave to the workers in the Wholesale a right to shares and a voice in the management, the same right ought to be given to outside members of the stores who were quite as good co-operators.' Another thought such proposals

'would introduce the principle of inequality. Every working man in the workshops of the Wholesale could get exactly the same benefits that he himself had. The profits of the Wholesale were equitably divided under the present system, and in his opinion this would not be so under the system advocated by Messrs. Neale and Greening.' A third delegate said, 'If these recommendations were carried out, they would entirely stop production, so far as the Wholesale was concerned. He asked such delegates as were connected with societies where any form of co-operative production was carried on, whether they would venture to go back to their societies, and recommend the appli-

¹ Congress Report, 1888, p. vii.

cation of such a scheme there? (No! No!) If the productive departments were to gradually pass into the hands of the workers in them, which seemed to be what was aimed at, why not the distributive departments likewise?’

Yet another delegate said, he ‘never gave a more emphatic vote in his life than the one he should give against’ this proposal. ‘It was about the same as handing over the productive departments in connexion with his store at Oldham, to the tailors, shoemakers, milliners, and others who worked in them.’ Mr. Neale, when replying on the discussion, said ‘they proposed to deal with the productive departments only, because they were the simplest to deal with. Corn mills, and many other works presented peculiar difficulties on account of the disproportion between the capital and labour involved¹.’

The votes at the Wholesale Society’s special meetings above referred to, seem to have finally settled the question in favour of production by this federation for the supply of its members. But the question was raised at the end of 1892, in a slightly different form, on a proposal that the Wholesale Society should open a printing department. The General Committee of the Co-operative Printing Society issued a circular on the subject, in which, referring to the proposal before the Wholesale Society, they said ‘we recognize to the full their perfect right to enter into the printing trade whenever they think fit; but we strongly disapprove of their action as a matter of co-operative policy.’ Reasons for this opinion were then given in the circular². The discussion at the delegates’ meetings largely turned on the fairness, or otherwise, of entering into a field already occupied by a Productive Society. The voting was somewhat close, being 511 in favour of the Wholesale Society opening a printing department, and 434 against the proposal³.

¹ *Co-operative News*, vol. xxi. pp. 30-1.

² *Ibid.*, vol. xxiii. p. 984.

³ *Ibid.*, p. 1393.

It may, therefore, be looked upon as a settled principle, that whenever the co-operators enrolled in the retail societies, and through them in the Wholesale Societies, desire to produce the articles they require for their own consumption, they will do so, not only when the field is unoccupied, but even if there is a co-operative productive society already in the field, provided this society is not of the federal type of association. I think this decision is right. We cannot deny to the consumers the liberty to decide whom they will purchase from, any more than we can deny to the workers the liberty to say whom they will work for; and their choice is right, I think, because the federal type of Association of Societies, with the object of doing for the association of consumers, what they cannot efficiently do for themselves, is the most equitable form of co-operation that has yet been devised. Consideration, however, should, and I believe will, always be shown to those productive societies which may thus be deprived of their customers; the federal institution taking over, on equitable terms, the premises, plant, and employés, if the productive society desires such steps to be taken.

Co-operators, organized on the basis of the consumer, have steadily tried to carry out those precepts of the Brighton Co-operators of 1828, which enjoined the advisability of gradually employing for the benefit of the whole body of members, first one, and then another, worker, until all co-operators are in co-operative employ. The idea running through the plan as now practised, is, that consumers can be divided into two classes, viz. : the owners of capital, and the workers. The same individual may be, and in the majority of cases ought to be, in both classes. A co-operative society has, however, need of both classes; and, on the one hand, it pays to the owners of capital a fixed remuneration, based on current market rates, for the use of their money, while, on the other hand, it pays to such of the workers as can be employed in the society with advantage to the members, the current rates of wages in

their respective trades, or even more, if the business will afford it. Beyond this, as co-operation is intended for the amelioration of the condition of the working classes, the co-operative societies try to make the conditions of labour as pleasant as the exigencies of the different trades will permit. By that means, the workers are better off than they would be if they were in the service of private employers.

The articles, or services, thus provided for the use of co-operators, cost less, generally speaking, than they would if obtained from other than co-operative sources. This lessened cost is caused by the elimination of unproductive labour, by reducing the cost of management, and by retaining the profits usually made by private firms.

If all co-operators who are workers, were employed in co-operative establishments for the mutual supply of all their wants, the supplies provided on this basis of paying fixed wages to the worker, and fixed remuneration to the capitalists, might, with perfect justice, be distributed among the co-operative consumers at the actual combined cost of production and distribution; because the duly appointed authorities have equitably allotted to all concerned, either as capitalists or workers, their portions of the joint produce, measured by the current coin of the realm. Whether this system is adopted, or the usual system is preferred, of selling at current market rates and then paying a dividend, is a matter of expediency, or detail, and is not a matter of principle; for, to pay 18s., or to pay 20s. and receive back 2s., is, to all intents and purposes, the same thing.

But all members of co-operative societies are not at present employed in co-operative establishments; and, though this is what is very properly aimed at, it will, for many reasons, be a long time before the end is reached. The obvious reason for not employing all, is, that as yet, employment cannot be found for them; and it is not possible, or it is not advisable, to give each member the opportunity to do some portion of the work, in the same way as it is

possible to give every member an opportunity of supplying an equal amount of the necessary capital.

This inability to employ all the co-operators, raises the question whether, as the system would be fair and just to the workers if all co-operators were employed in these co-operative establishments, it is less fair to them since all co-operators are not, and cannot for a long time be, so employed. The evidence given before the Labour Commission seems to me to be conclusive on this point¹. The witnesses showed that the employés in co-operative establishments are better off than the employés in private firms. If this is true, and I believe it to be so, then the workers in co-operative employ are not as great sufferers by the application of co-operative principles being still incomplete, as are the co-operators who have not yet become co-operative employés. They are the gainers; and the losers are those co-operators who are desirous of being employed by their brother co-operators, but have not yet been fortunate enough to get their desires gratified. Of course, when the co-operative system is completed, all the workers will benefit more largely than co-operative employés do at the present time.

Mr. Deans, the Secretary of the Scottish section of the Co-operative Union, was the delegate who moved the necessary alteration of the Scottish Wholesale Society's rules to enable the employés to have a direct voice at their 'Wholesale' meetings. When moving the alteration, he said:

'I have always understood that it was a fundamental condition of the co-operative movement that labour should have some control over its own conditions.' He went on, 'I have heard the objection urged against it' (the proposed new rule), 'that it allows employés a right which, as individual members of this Society, we do not possess. That is an appeal to the selfish instincts of our nature, which is the very antithesis of co-operation . . . Wealth may vanish, but principle remains, and this principle of representation of labour is one of the fundamental notions of the co-operative movement'².

¹ See chapter i. p. 21.

² *Co-operative News*, vol. xxiii. p. 1327.

I may at once say, that both on the question of profit-sharing, and on the question of giving the employés a direct voice in the management, I think the Scottish Wholesale Society has done a wise and politic action. It has thereby, to a large extent, disarmed the hostility of the individualistic school of co-operators; and, as a matter of expediency, I think this was worth doing. But, as a matter of justice, I think the employés are receiving more than they are fairly entitled to; and they are receiving it at the expense of the general body of co-operators. A species of industrial faggot voting, for the benefit of one section, has been thereby created, at the very time when the Scottish people generally are trying to abolish faggot votes in the arena of politics, because they consider them opposed to the principle of equity. As, however, the Scottish co-operators have agreed to the change, no one outside that body has any right to object, any more than an outside person has a right to object, if co-operators generally treat their employés better than these co-operators are themselves treated by their own employers.

The relative value of being in the employ of the Scottish and English Wholesale Societies, has sometimes been discussed in private, in consequence of the public comparisons which have at times been made between the two institutions, by co-operators who object to the productive enterprises of both; but the question will scarcely bear public discussion. I can, therefore, only express the opinion that the slight differences in the methods of treatment of the employés in the two Wholesale Societies, would have little or no influence in preventing a Scotch employé from entering the service of the English Wholesale Society.

I do not see why an employé of the Wholesale societies, or any other federal association, should have one voice as an employé, and another voice as a co-operator, in the management of those institutions. I have already pointed out that 'Wholesale,' and all co-operative, employés are favoured by being such. What reason can then be given,

as a matter of justice, why they should be favoured still more? Of course an employé may not wish to become a member of a co-operative society. If he did not, he would, in my eyes, be self-condemned as unfit to take part in the management of the federal institution in which he is employed, because of his unco-operative tendencies; so that I could not, on this ground, allow him any voice in its affairs. It may be said that an employé might find it difficult to secure an appointment as a delegate from his retail society; and that therefore it is necessary to give him a certain opportunity by the method adopted in Scotland. But, he only has this difficulty in common with other co-operators; and in practice, this difficulty is of little weight; for a perusal of the reports of the meetings of the two Wholesale societies, from the commencement down to the present time, will show that the grievances of employés have always been carefully attended to; and, when found to have any foundation, they have been speedily redressed. In fact, as Mr. Maxwell said to the Labour Commission, 'the slightest suspicion of harsh or ungenerous conduct to employés is made the most of at our meetings, and the Committee are at once placed on their trial'¹.

There is another reason why employés in the Co-operative Wholesale societies should not have much, if any, additional power in the management. As *workers*, their personal interests in the societies are keener than are their personal interests as *co-operators*; and the histories of the individualistic productive societies, such as the Wolverhampton Locksmiths' Society², and the Framemakers' and Gilders' Association of London³, clearly prove that when these interests clash, the weaker interest gives way to the stronger one. This will continue until human nature is perfect; and, as perfection has not yet been attained, we must not, generally speaking, if we desire success, give to

¹ Minutes of Evidence Labour Commission, October 25, 1892, p. 34.

² See chapter xx. p. 437.

³ *Ibid.* xxv. p. 675.

the dominant interest more power than justice indicates it to be entitled to.

There is also, I think, this advantage in insisting on the work-people taking part in the management only as members of co-operative stores. They no longer become a class apart, looking on the rest as their masters, or employers, with whom they have to contend. They meet and mingle with the others as *co-operators*, and those co-operators who are not 'Wholesale' employés, being work-people employed elsewhere, are as fully conversant with the rights and wrongs of labour as are the co-operative employés. There are thus all the elements for accurate judgement; the delegates, as work-people, sympathize with other work-people; while, as co-operators, they sympathize with the Wholesale Society. Having no large individual interests at stake, they have no motive to be otherwise than impartial; and the histories of the Wholesale societies prove the practical truth of the theory. I know of no more perfect check on injustice than the control exercised by educated democracies such as the Co-operative Wholesale societies. If the control errs at all, it errs on the side of generosity.

The claim for the employés to be allowed to invest additional capital because they are employés, rests, I think, on exactly the same ground as the claim for an additional share in the management. A worker ought to be a co-operator, but I would not compel him to be one. If, however, he is not a co-operator, I cannot admit his right to anything beyond the market rate of wages which is being received from other employers by co-operators, and that considerate treatment which the best employers give to their employés. If he has more given to him, as he generally has, it is through co-operative generosity, and not because he is entitled to it¹. If he is a co-operator,

¹ In expressing this opinion, I do not forget that the remuneration of different classes of workers is very unequal. This, I think, can only be remedied by the free action of educated democratic organizations, which will allow every one opportunities of competing for all kinds of positions

he has the same rights of investment as any other co-operator, and I do not see how he can be entitled to more.

What, then, must be done with the capital belonging to the work-people? I think they should invest it in other co-operative associations; and they should use the power the investment gives them, as well as the knowledge they have gained in their co-operative employment, to accelerate co-operative progress.

It is perhaps advisable to notice Mr. Hughes' expression about the impracticability of the Wholesale Societies doing everything. Every one will agree with this. Not even such a thorough-going 'wholesaler' as Mr. Mitchell has ever ventured to disagree with it. But the limit of the Wholesale Societies' power for good has not yet been reached. James Smithies, one of the original Rochdale pioneers, was one of the founders of the Co-operative Wholesale Society, and was one of its officers up to his death in 1869. Shortly before his death, I heard him say he should die happy if he could only see the 'Wholesale' doing a trade of one million pounds a year. It was then doing less than half that amount. In 1892, however, it did nearly ten times the sum for which Mr. Smithies longed with so much ardour, without reckoning its bank, its steamships, its Irish and foreign branches, its factories, and its workshops. Yet, such is the elasticity of the Co-operative Wholesale Society, and its adaptability for the widely different services demanded from it by its members, that, at the time of writing, I can see for it, in the future, a far wider field of usefulness, in proportion to its present size, than I could, or other co-operators could either, at the time when Mr. Smithies gave voice to his aspirations. The rate of progress of both Co-operative Wholesale Societies depends principally upon the rapidity with which

from the top downwards, and afford to all full knowledge of the relative desirability of the different positions.

the mass of co-operators can be educated in the necessity for the practical application of co-operative principles ; for, I think the directors of both societies fully comprehend the vast possibilities before them, and are prepared to go forward when they feel that their constituents are ready to support them.

The system of co-operation which was advocated in the early part of the nineteenth century, embraced the plan of associating together to supply capital and labour, so as to produce goods for the supply of the outside market. It was distinctly laid down that 'when the capital is able to produce more goods than the members can consume, they must manufacture those articles which are in demand by the public at large¹.' The Lancashire working people soon found the necessity of acting on the above-quoted advice, if they meant to make all possible progress. A very large proportion of the produce of their labours is exported to foreign countries ; and it was clearly recognized that, at any rate for a long time to come, it would be impossible to have a system of international co-operation framed on the basis of the consumer. When Mr. Ludlow made his tour through Lancashire in 1852, he was much impressed by the efforts then being made. He highly eulogized the co-operative spirit that was displayed, and illustrated its method of development by narrating the combination among the women of Tongfold, who, acting on 'a kind of moral understanding,' began with a co-operative oven, went on to a co-operative pig, and hoped to obtain a co-operative cow².

This is the spirit which has brought about the great extension of co-operation in the cotton industry. In his account of the unsuccessful effort at Padiham, Mr. Ludlow explained how the work-people put their savings together, and co-operated, as capitalists, to erect and equip a mill. When the mill was ready, employment was found therein

¹ *Brighton Co-operator*, October, 1828.

² See chapter vii. p. 84.

for most of the shareholders, or some members of their families¹. The oldest existing co-operative cotton mill—the Bacup and Wardle Commercial Company—also had a large majority of the shareholders working in the mill in its early days. A similar practice prevailed with the Sun Mill Company, but ‘the work-people belonging to the families of the directors,’ having claimed privileges over other work-people, the shareholders passed a resolution to the effect that no relatives of directors should be employed by the company. In 1863, the Sun Mill Company ceased to give preference to shareholders or to members of their families, and simply took the best operatives that they could find; and in 1877, William Nuttall asserted that, in Oldham, ‘working men prefer to work where they can get the best wages and the most comfortable place, while at the same time, they also prefer to invest their capital where they think it will bring the greatest interest or dividend, whether that place be the one in which they are employed or otherwise².’

It will thus be seen that while the Lancashire co-operators have taken up ideas and experimented with them, they have just as freely cast them aside, if they were found to have little or no practical value. They experimented in the same way with the profit-sharing ideas advocated by the Christian Socialists, and ultimately discarded them. Their objections to these systems of profit-sharing have been held by the trades unionists leaders. Nevertheless, there is a system of profit-sharing in operation in the Oldham cotton mills, although it does not get so termed, which appears to me to have acted quite as efficiently as any other system has acted. The trades unionists have an arrangement with the employers, by which the advantages resulting from improved machinery, or an increase in the speed of working the machinery, shall be shared between employers and employed. In addition to that,

¹ See chapter xi. p. 139.

² *Ibid.* xvi. p. 309.

if trade is good and profits go up, the employés, through their unions, invariably claim a share of the increased profits in the shape of an advance in the rates of wages. On the other hand, if trade is depressed, and profits are small, or non-existent, the employers claim a reduction. The results of about twenty years' working on these lines show that the remuneration of the workers has gone up very considerably, while the remuneration to the capitalist has gone down considerably¹. Under the usual profit-sharing arrangements, the latter could scarcely have happened, because a minimum remuneration to capital is invariably stipulated for; so the proportionate division of the joint produce would not have been so favourable to the workers and consumers.

It is sometimes made a matter of reproach to the Oldham cotton companies that so few of their operatives are shareholders. I am inclined to think that this is owing to the fact that the operatives feel themselves so well protected by the twin brother of the co-operative society—the trades union—that they are indifferent to the position of shareholders. The facts of the cotton trade, owing to the publication of the companies' balance sheets, and the number of people, who, in such democratic associations, must possess a knowledge of the most minute details of the manufacture, are as well known to the unionist leaders, and to most of the employés, as they are to the employers. The exact margin for profitable working, between the cost of raw cotton and the price of the finished article, is common property; and the relative advantages possessed by some mills over other mills, in consequence of being equipped with better machinery, of having bought and sold judiciously, &c., are equally well known. With full knowledge on the side of both employer and employed, and with good organizations, there has been, in the eyes of the operatives, no necessity for taking up shares in the com-

¹ See chapter xvi. p. 307.

panies, seeing that ample capital has always been forthcoming to build additional mills, whenever the trade showed average profits over 5 % per ann.

Dr. Watts advocated making shareholding 'a condition of employment¹;' but I must confess that I see no necessity for this. If capital were lacking, such a provision might be necessary; but as capital is plentiful the workers alone suffer, if any persons do, by refraining from being shareholders. There is no doubt that the operatives have the opportunity of buying shares if they are that way inclined; and I do not see how the employers can be fairly reproached for what the operatives refrain from doing. I think, however, that the latter, in the consciousness of their strength as unionists, have been unwise in neglecting this means of strengthening their opportunities of insisting upon the administration of industrial justice. Take the lock-out which commenced in November, 1892. If the employés in each company had each been the owner of one share, not necessarily in the company in which they were employed, they could jointly have exercised such an influence at the shareholders' meetings as would have prevented the lock-out. I mention this particular trade dispute, because I think the employers were in the wrong. Notwithstanding low profits, and even losses, mills kept being erected and equipped all through 1892. This fact supports the assertions made, that the losses were caused by speculation, and not in the ordinary course of trade. But apart from this, the fact that new mills continued to be started, caused a glut of yarn in the market, which depressed the prices obtainable for it. The additional mills also caused an increased demand for the raw material, which had a tendency to send up the prices for it; thus lessening the margin available for cost of working and for profit. Further than this, it increased the demand for labour, and thus had a tendency to keep up wages, if not

¹ *Co-operative News*, vol. i. p. 67.

to cause an advance. In face of these facts, to ask for a reduction of wages was, I think, unreasonable; and the suggestion of the operatives that production should be reduced by going on short time, seemed to me the right course to have taken. If, in addition to their power as unionists, the operatives had been able to exercise a power as shareholders, all the cost and calamities attending the lock-out might have been avoided.

I have tried to bring out the differences that exist between the Oldham Companies, and what are usually termed Co-operative Productive Societies; and it practically amounts to a difference in the method of sharing profits. Some productive societies make it a condition of employment that the employés shall be shareholders; but others do not. Others, again, like the Co-operative Printing Society, specially provide for the allotment of shares to employés on application by them, whether the share list is open to others or not. This is a valuable provision which I heartily support; and if the Oldham cotton operatives found it impossible to procure shares at any time in the open market, I should consider it would be their duty, if they wished for shares, to endeavour to induce the companies to adopt a similar provision.

In abolishing the monopoly, by a select class, of superior positions, such as those of managers, salesmen, &c., the Oldham companies have been completely successful; and these positions are open to the competition of all whose talents and experience qualify them to perform the required duties. In the earlier years of these companies, the training received by their officers in connexion with the retail co-operative societies had an immense influence for success; and, according to Mr. Hardern, at the present time, in 'a vast number of instances, the leaders of the joint-stock companies are more or less officially connected with the retail co-operative societies, and their interest is used in the progress and development of both'¹

¹ Minutes of Evidence Labour Commission, October 26, 1892, p. 75.

I think the reader who has carefully studied the development of the Oldham working-class company system, will agree that the people have steadily tried to carry out the maxim of one of their earliest leaders—William Marcroft—who held that ‘Lancashire, to retain its staple trade of cotton manufacture, has need to organize its people into company enterprise. Private enterprise decays and dies, but companies may live for ever.’ The co-operators have tasted the pleasant results of the system, and they share Mr. Marcroft’s desire to develop it so as to make it ‘the interest of each person to help forward the general good of all’¹.

Of the Co-operative Productive Societies usually so termed, there are many varieties, ranging from semi-federal organizations, such as the Hebden Bridge Fustian Society, to oligarchical associations, such as many of the boot-making societies in Northamptonshire, and past them to semi-despotic organizations, such as Thompsons of Huddersfield.

Joseph Greenwood of Hebden Bridge was selected by the Co-operative Union to give evidence before the Royal Commission on Labour, as representing the Productive Society type of Co-operation. He classified the productive societies, and asserted that the class of society which is ‘composed of working-men employing themselves in their own industries’ with ‘the workers subscribing all their own capital, managing their own affairs amongst themselves, and taking all the profit to themselves, either as dividend on their wages, or on their capital,’ is ‘a higher form of co-operation’ than his own society at Hebden Bridge, which has other persons than workers as shareholders, as well as co-operative societies, and does not allow the workers to sit on the Committee of Management. Mr. Greenwood, however, said that when ‘large capital was necessary,’ the principle could not be very easily applied; and if the society

¹ Preface to Marcroft’s *History of Sun Mill*, 1877.

had 'a complex industry' to manage, 'a further difficulty would arise in it in the way of organization'¹.

William Maxwell, too, as the co-operative witness for Scotland, said that his 'highest ideal' of productive industry, 'is that of the producers being themselves the shareholders and finding the capital,' and where the producers take 'as the reward of their industry, the resulting profit;' which 'profit, of course, would be larger because there would be no wages charged at all.' He, however, added that he 'was afraid the present moment' was not an opportune one to substitute his 'ideal' system for the system pursued by the Scottish Wholesale Society. He also expressed the opinion that industries undertaken by municipalities, or by the nation, were co-operative, if the government represented all classes. He was, therefore, in favour of the 'municipalities doing that work which properly comes under their scope.' While he did not wish municipalities to 'come into conflict with productive societies already in existence,' he said 'if the results were better for the people, I would sink differences, and go in for municipalization;' and 'there are many things which we never touch, that the municipalities could do very much better'².

The evidence given by Mr. Maxwell leaves me uncertain as to what he really intended by his 'highest ideal;' but, putting this opinion of his side by side with his opinion on the municipalization of industries, I think that Mr. Maxwell primarily adheres to the old co-operative form of the consumers organizing the production of goods for their own use; and that outside this, his highest ideal form of co-operative production would come into the field.

The existing successful productive societies have been gradually shaped by experience; and it will be interesting to see how far this gradual shaping has gone in the direction

¹ Minutes of Evidence Labour Commission, October 26, 1892, pp. 63 and 69.

² *Ibid.*, October 26, 1892, pp. 51, 59, and 62.

of the ideal indicated by Messrs. Maxwell and Greenwood. For instance, the Hebden Bridge Fustian Society, which is managed by Mr. Greenwood, began with the resolution to admit only members of the trade as shareholders. Being unable to obtain sufficient capital from them, the share list was thrown open to the public. Up to 1873, the shareholders received a remuneration reaching to as high as $12\frac{1}{2}\%$ per ann. on their capital; but in that year, the remuneration was limited in future to $7\frac{1}{2}\%$ per ann. In 1885, it was decided to issue no more shares bearing this high rate of interest; and that all future issues should receive 5% per ann. only. In 1890, the interest payable on the shares issued prior to 1885, was also reduced to 5% per ann. While these reductions were being made, the privileges of the employés, as shareholders, were being restricted, owing to the injustice which often resulted therefrom to the other shareholders. The employés were no longer allowed to sell their shares to the highest bidder, but, on leaving the society's service, they could withdraw their investment. The share list was also closed against all individuals except employés; but societies were still allowed to become shareholders by having new shares allotted to them. Thus, the Hebden Bridge Fustian Society, which started on very restricted individualistic lines—in fact on the ideal basis suggested by Messrs. Maxwell and Greenwood—has been gradually transformed into a semi-federal institution; the principal cause of the change being the necessity of interesting the distributive co-operative societies in the success of the Fustian Society, since they absorb more than three-fourths of the goods manufactured by it¹. In his evidence before the Labour Commission, Mr. Greenwood testified that the reason the Hebden Bridge Society was able to give more continuity of employment than other fustian cutters, dyers, and finishers, was, that the co-operative stores were more regular in their orders than the

¹ See chapter xvi. pp. 333-7.

ordinary customers¹. This is a strong justification of the gradual transformation of the society's constitution.

Eight productive societies were named by Mr. Greenwood as coming within his ideal². Two of these eight had less than £50 each of capital when they were mentioned by Mr. Greenwood, and were in a delicate condition. Another was also in a struggling condition, although it deserved success. Of four others, one went into liquidation shortly after the evidence was given; while the other three have distinguished themselves by refusing to admit all their workers as shareholders, thus putting themselves out of the 'ideal' altogether. The eighth society quoted must have been named under a misapprehension, as it only had 16 employés, while there were no less than 145 members³.

Practically, then, the ideal aimed at by Messrs. Maxwell and Greenwood does not exist; and I am inclined to think that it never can live long whenever it does come into existence. As an example: the Eccles Industrial Manufacturing Society is the oldest existing productive society. It was started in 1861 as an association of workers, with the idea of supplying the public, whether co-operative or otherwise. It has never made any special effort to get hold of co-operative trade, and nine-tenths of its business is still done with private firms. It is instructive to note that, in 1891, out of 98 employés, only 24 were shareholders, and they owned £254 out of a total share capital of £14,000. The remainder was held by other persons and by co-operative societies⁴. If we remember Mr. Marcroft's maxim that 'people decay and die, but companies may go on for ever,' we see one reason for this result. The original shareholders of the Eccles Manufacturing Society have gradually grown old. Some have ceased to work for the society, and others have died. When shareholders have died, it has

¹ Minutes of Evidence Labour Commission, October 26, 1892, p. 72.

² *Ibid.*, p. 63.

³ See chapter xx. p. 472; xxii. p. 562; xvi. p. 326; xix. pp. 402, 408, 410, and 411; and xx. p. 475.

⁴ See chapter xvi. p. 331.

not followed that the persons who succeeded to their share capital worked in the factory. Hence from these two causes, old age and death, there is a continual tendency on the part of capital in any productive society to become the property of persons not employed by the society.

As far as the old people are concerned, I think it is advisable for them to be allowed to remain as shareholders, for at least two reasons. First, their experience can be utilized to give advice to the society, and help to guide it in its course. Secondly, their capital can be gradually withdrawn, if needed, to provide for their daily wants, when they are no longer able to work for their livelihood; and it would be unjust to insist upon them, in their old age, seeking fresh means of investment, with all the attendant risks and anxieties.

I can see no injustice in asking heritors of deceased shareholders to withdraw, if the society has surplus funds, and wishes to reduce capital. Indeed, this seems a just method of doing so, and one that should be preferred to the general reduction of the shareholding of present or past workers, and investors.

The need for more capital to enlarge the operations of the Eccles Manufacturing Society, was also a cause of introducing outside shareholders; and this will often happen in connexion with societies. When a society has the choice of taking capital at current market rates, so as to employ more people, and thereby improve their condition, or of coming almost, if not quite, to a stand for want of capital, I think all co-operators will agree that to enlarge operations with the aid of outside capital, is the proper course to pursue.

Another reason which makes it undesirable that the employés should supply all the capital necessary to employ themselves, is, that gross inequalities would thereby be created and perpetuated. If the idea were, or could be, carried out, it would mean an industrial caste system which would have a tendency to yoke a man to a given trade regardless of his personal fitness. For example, a house

painters' association would need only from £5 to £10 of capital per employé; but a corn-milling society, equipped with modern machinery, would require close upon £1,000 per employé. If the employés are to provide all the capital required in their respective occupations, how many could become millers? and what a number there would be that would have to be painters!

Irrespective of this grave objection, I think it is not prudent for any man to have 'all his eggs in one basket.' It seems to me unwise to have both capital and occupation embarked in the same business, if it is possible to avoid it, and there are no powerful reasons for doing so. If we have a general organization of capital on such a democratic basis as prevails in co-operative societies, I think that nothing is lost, while a great deal is gained, when employés place most of their capital in investments outside the society in which they are employed. If, through depression of trade, or other causes, they lose their employment, they then may still have their capital; or, if they lose their capital, they may still retain their employment.

An additional reason for admitting the general public as shareholders of productive societies, is, that you thereby secure a satisfactory body out of which to choose the officers of the society. Before any new productive society adopts the plan of electing all its officers from the employés, it should carefully note the number of failures, compared with successes, in the societies in which this plan has been adopted. It should be borne in mind that it is adversity which tries the merits or demerits of a plan, far more than success does. The Burnley Self-Help Society, with such a committee, found it advisable to lease itself to its manager for ten years, the committee being left with little power; and E. V. Neale, in drafting model rules for productive societies, found it advisable to so frame them as to make the managers semi-independent of both committees and shareholders. The model rules provide that a two-thirds vote of the committee may suspend, and a two-thirds vote

of the members may remove, a manager from his office. I think that a committee of shareholders who were not employés, with power to remove the manager as well as to appoint him, would work more efficiently, and with less friction, than such a rule.

I see no injustice in forbidding an employé to be an officer of the society in which he is employed. If he is ambitious for office, let him take shares in another productive society, and give it the benefit of his talents. He will also benefit by the wider experience he will thereby gain. In forbidding an employé to be an officer, a society is only acting on the same principle which forbids the chairman to be also secretary. It is simply a division of labour which experience has proved to be wise and efficient. A society, like a steam engine, is composed of many parts. Each part of an engine is devoted to its special duty. The fly-wheel does not try to do the work of the governor; neither does the piston rod try to do the work of the cylinder; but they all work in harmony for the one end. So should it be with the officers and employés of a society. Each should be selected for his fitness for the given position; and each should efficiently perform his allotted functions.

The evils of permitting employés to act as officers are, of course, not so great, when they form part only of the committee of management, and the other part is composed of outside shareholders. But, looking back on co-operative history, I am strongly of opinion that the safest policy to pursue, is to refrain from having employés as officers. When we do occasionally see employés acting satisfactorily as officers, we should look upon them as exceptions which cannot, in the light of past experiences, be a guide for the present, whatever they may be in a perfect future. The satisfactory conduct of a few men in this dual capacity, is no more an evidence that all men would be equally successful, than the existence of Isaac Newton or Charles Darwin is a proof that all men are capable of becoming great discoverers.

I think that I may now venture to come to the following conclusions: first, that the production of goods, &c., required for the use of co-operators, should be undertaken by associations of consumers, by which fixed wages would be paid for all services rendered, whether of hands, brains, or capital; and the goods, &c., are then supplied to the consumers at what is practically actual cost. And, secondly, that for the production of goods for the use of people who cannot, or do not care to, co-operate, associations should be formed, where not only the employés, but the public generally, should be shareholders: but the employés should always have the right to invest some capital so as to give them voices at the shareholders' meetings.

I assume that one man one vote is universal; but, if a property qualification for voting purposes is adopted, I think equity would demand that the employé should, so to speak, be capitalized on the basis of his wages; the wages being reckoned as equivalent to interest on capital, and the rate per cent. being taken as the same as the dividend paid, or agreed to be paid on share capital. He should be allowed votes in proportion to the capital thus calculated, exactly like the shareholder who has invested hard cash. It will be seen that this is just, if one remembers that the shareholders, whose capital has bought horses and engines, receive votes in proportion to their investments. The horses and engines labour; and this is what an employé does. The only difference between the horses and the employé in this respect is, that the employé owns himself, while the horses are owned by somebody else. In each case, the owner should have a proportionate voting power, when voting power is regulated by the amount of capital that is held by the voter.

The shareholders who are not employés, should alone have the right of becoming officers, because experience has shown this to be the most successful method of organization.

There remain a few points concerning Management which require noting, and which, while they concern both forms

of co-operative production, require to be especially impressed upon the organizers of new societies. They are as follows :—

Business experience and capacity is of the highest importance. Success is almost impossible without them. The best way to secure them is to undergo a preliminary training as an officer of a Retail Co-operative Society. Except under special circumstances, working-men who value success, and who do not wish to wreck the fortunes of their brother co-operators, should resolutely refrain from taking office in a productive society, unless they have had this preliminary training. There are so many things to learn and understand before a business can be successfully managed ; and a productive works is much more difficult to steer to success than is a retail distributive society. To ensure success, an officer has to develop a mixture of flexibility and toughness equal to the finest qualities of steel ; and his capacity for adapting himself to circumstances ought to enable him to be tolerant of all other people's weaknesses and shortcomings, so long as they do not prevent the success of the undertaking he is helping to manage. He has to try to be perfect himself, without expecting or hoping for anything approaching to perfection in others. In the choice of managers and the superior employés, great judgement is necessary ; and perhaps the most frequent failing in the selection of managers, &c., is in engaging the best-looking and most plausible men, while the quiet, modest, unobtrusive men are passed by and rejected. It is the old story once more of the gaudy tulip and the unpretending violet. The business experience acquired in the retail store will generally open a man's eyes, make him shrewder, and prevent him from making those mistakes in the choice of men, which, in the past, have been fatal to so many societies. Business experience, again, is needed to accurately ascertain whether certain results of profit or loss are due to the efficiency or, inefficiency of the manager, or are due to causes over which he has no control. Often, when results

have been bad, the manager has been blamed, through want of knowledge, when he deserved no blame; but he has been sometimes retained in his position, through the incapacity of the committee, when the well-being of the society required his dismissal. Great powers of perception, and accuracy of judgement, are essential qualities in officers of societies; and men should not be placed in these positions, unless they possess the necessary qualifications.

Working-men often overlook the absolute necessity for good book-keeping; not only the portion necessary to make out a balance sheet, but still more the portion which is necessary to enable the manager and the committee to know, week by week, whether profits are being made or not. They must get over their native dislike to 'spending money in spoiling books,' as it was once put to me, and learn that the possibility of success without good book-keeping, is like putting into a lottery where there are very few prizes.

They must learn also to produce not what they know, or think, are the best goods, but those which the public require, regardless of their intrinsic value. Those who pay the piper will insist upon calling the tune; and the public will just the same insist upon having what it likes, whether it is the best thing for it, or not. Attempts may be made, however, to educate the public to a proper taste, and persuade them to adopt new ideas; but, if co-operators wish to be successful, they will not try to force the public to accept their standards. If they do try, they will fail, and cause their society to fail also.

Co-operators must also understand the benefits of machinery, and must not shrink from adopting all the newest improvements at almost any cost. Many societies have failed through their reluctance to adopt machinery; and, although co-operators generally are now more alive to the value and necessity of it, I am certain we shall have more failures caused by this reluctance, before the lesson is completely learned.

Officers of productive societies must not be alarmed at the cost of getting orders from the public, and they must not shrink from the task; for it is essential to success. They must remember Mr. Maxwell's illustration of the sewing-machine, which cost more to sell than it did to make; and they must bear in mind that efficiency in all parts is the first consideration, while cost is only the second. So long as a profit for the society is the result, the members must not quarrel with the cost of any service, until they can provide an efficient substitute at a cheaper rate.

Finally, there is the necessity for harmony among the members of a society. A democracy can only live by the rule of the majority being submitted to with a good grace. The minority must learn to pocket their opinions, and work with the majority, even when they think they are going to destruction. The practice indulged in by some people, of elevating all their opinions to the dignity of principles, and fighting for them in season and out of season, is fatal to democratic government, and will, if persisted in by a fair-sized minority, wreck the most prosperous society. It irritates the majority, causes contention, and provokes reprisals. Attention is distracted from the duty of conducting the society's business, and is concentrated upon civil war. Any man who desires to promote the prosperity of his brother co-operators, will never unduly press his opinions when in a minority. He will remember that although he thinks he is right, he may be wrong; and he will value the peace and prosperity of his society, before the success of his own opinions.

CHAPTER XXVIII.

PROFITS AND PROFITS-SHARING.

WHAT is profit? Referring to one of the most recent works on Political Economy, I find it laid down that

‘the total income derived from any use of capital is profit; and this is commonly regarded as consisting of three parts. One is the remuneration of the labour of managing the capital, or earnings of management; another is insurance against risks involved in that particular use of it; and it is only what remains that is properly to be regarded as net interest.’ The writer added, ‘much which is commonly called interest, is not interest properly so-called, but contains some parts of the other two elements of profit¹.’

In another chapter, the writer, speaking of monopoly revenue, and taking a public company as an example, pointed out that

‘the net income divided among shareholders includes interest on capital invested, and insurance against risk of failure, but little or no earnings of management, so that the amount by which the dividends are in excess of what may fairly be allowed as interest and insurance, is the monopoly revenue which we are seeking².’

It is this monopoly revenue which co-operators are generally agreed upon considering to be profit; for, from the time of the introduction of the system of dividing profits among the members according to the amounts of their purchases, capital has first been awarded its agreed

¹ Marshall's *Principles of Economics*, vol. i. p. 620.

² *Ibid.*, p. 457.

remuneration, just the same as labour has received its agreed wages, before these profits have been divided.

The principle of profit-sharing is generally understood to have been imported from France; and Miss Potter (now Mrs. Webb), in common with others, has credited Mons. Buchez with having been the originator of the principle in 1831¹. It is, however, probable that profit-sharing has almost always been more or less practised; and in 1829, two years before Buchez expounded his views on the subject, Lord Wallscourt practised a system of profit-sharing on an Irish farm, which was based upon a principle that with difficulty can be excelled, for the purpose it was intended to serve. This nobleman valued 'every workman as the possessor of as much capital as will yield at 5% per ann. the sum paid to him in wages.' Labour was paid its wages, and capital was paid its interest. The remaining profit was then divided *pro rata*, to the capitalist on his capital, and to the labourer on his capital value as ascertained in the manner aforesaid. Writing to J. Bourne, about the end of 1845, Lord Wallscourt said, 'I have tried the plan for seventeen years, and have found it answer much beyond my hopes, inasmuch as it completely identifies the workmen with the success of the farm².'

In discussions on profit-sharing, the question of the division of the wealth produced by the combined services of labour and capital, or in other words, the amount of wages to be paid to the labourer, and the amount of interest to be paid to the capitalist, is often mixed up with the question of the division of the profits made in the trade, or industry, in which the labour and capital have been employed. E. V. Neale, writing in 1861, said that the Christian Socialists 'considered it a sin against the true spirit of co-operation for capital to ask for more than 5% with such guarantees against total loss as the accumulation of part of the profits it made might afford;' while all the profits made in a

¹ Potter's *Co-operative Movement*, p. 119.

² *People's Journal*, January, 1846, p. 42.

business were to be divided among the work-people. But, in a short time, Mr. Neale discovered that capital would not come into an industry on these terms; and he, at the date he wrote, held the opinion that 'there is no rule by which the amount can be fixed. It is essentially a matter for agreement between the parties concerned¹.'

The question of the division of the joint produce between these two factors, or, to put it in another form, the regulation of the rates of wages to be paid to the workers and the rates of interest to be paid to the capitalists, must, I think, be settled independently of the question of sharing profits. The former is a very much larger question, and is of far greater importance, than the latter. Profit-sharing will not remove the acknowledged inequalities of remuneration which prevail, not only between capital employed in different businesses, but between different sets of work-people whose employments, if measured by the skill required, the risk incurred of injury to the body or of loss of life, and the disagreeableness of the occupations, would probably cause just and thoughtful people to reverse the rates of remuneration now received by the workers in different trades. When, therefore, it becomes a question of doubling, or perhaps trebling, the remuneration in one occupation, while the remuneration in another occupation may be kept stationary, or even be cut down, and the remuneration to capital may be cut down also, the other question of sharing profits, which involves a much smaller amount of addition to, or subtraction from, the total takings of capital and labour respectively, is reduced to comparative insignificance.

Hence, we find that most of the trades unions attach little or no importance to systems of profit-sharing; and some have even been hostile to them, as in the cases of the South Metropolitan Gas Co., and the Thames Ironworks Co.²; and it is forgetfulness of this great difference

¹ *Co-operator*, vol. ii. p. 86.

² Answers to Questions, Labour Commission, Group A, p. xiii, and

in the relative value of a share of profits and of a re-adjustment of remuneration, either in wages or in the conditions of employment, that has made so many people imagine that profit-sharing would abolish strikes, or prevent conflicts between employers and employed. Provisions in the rules, or articles, for sharing profits with the work-people, did not prevent strikes taking place at the Paisley Manufacturing Society, the Scottish Wholesale Society, the Ouseburn Engine Works, the Metropolitan Printing Co., and the Eccles Manufacturing Society, when the work-people thought that they were unjustly treated¹. Whether they were right in their opinion, or not, does not affect the point under consideration ; so, I do not propose to discuss it.

This re-adjustment of the division of the produce, or, if the term is preferred, the regulation of the relative rates of remuneration to capital and labour, can only be completely effected by the thorough education and instruction of all classes, so that everyone may fully comprehend the comparative advantages of different occupations, and be able to judge which one he is best qualified, by natural capacity and by training, to undertake with success. When education has thus paved the way, the natural law of supply and demand will, in democratic associations, soon regulate accurately the equitable remuneration of capital and labour, in proportion to the risk run, and the skill, endurance, and reliability required ; since, in these democratic associations, everyone connected with them has similar opportunities of investing capital, of being well-informed, and of obtaining employment.

In the preceding chapter, I have tried to explain how, by paying the worker his wages and the owner of capital his fixed interest, the goods produced in the workshops of co-operative societies which are constituted on the basis

Group C, p. xx, and Report of Board of Trade on Profit Sharing, 1891, p. 23.

¹ See chapter xvii. p. 343 ; xv. p. 244, 245, 246, and 248 ; xx. p. 451 ; xxiii. p. 580 ; and xvi. p. 332.

of the consumers of the produce being the shareholders, are practically sold at the actual cost of production and distribution. This arrangement is looked upon by the majority of co-operators as being nearly perfect in its equity, since the consumers are exclusively made up of the two classes which contribute services towards the production of the required goods; viz. the capitalists and the workers¹. Each of these classes receives its agreed fixed remuneration, and then, in addition, receives its share of the benefits of co-operation in proportion to the amount of goods consumed by it. As everyone has the same opportunities of obtaining a supply of goods, this is fair to the consumer; and as everyone has the same opportunities of investing capital, the system is equally fair to the capitalist. If, for any reason, a member purchases less, or invests less, than other members, and thereby receives less benefit than the others, this is not the fault of the society, whether the cause be the member's misfortune, or the member's fault. But everyone cannot become an employé of the society; and here lies the possibility of injustice². If all the members could be offered a share of the labour required, then justice would be done to all; but the exigencies of modern industry forbid this being carried out. In consequence, a selection has to be made; and justice is met, so far as giving everyone an opportunity of competing for the situations open can meet it. If the employés so engaged are treated exactly as other employés are treated by private firms, justice again would appear to be met; for all the members are then on a similar footing in their respective occupations; but, if they are treated worse, then there is an injustice created at the expense of the employés for the benefit of the members. On the other hand, if the employés are treated better, then an injustice is created for the benefit of the

¹ Towards the end of this chapter, I refer to, and recognize, another factor, viz. the seller of the raw material; but for the sake of clearness, I omit it here.

² See page 761 on this point.

employés at the expense of the members who are not employés.

It may safely be asserted, on the evidence given in the preceding chapters, that employés in co-operative societies, taken as a whole, are treated better than employés in private firms, when they are taken as a whole; and, therefore, if the reasoning in the previous paragraph is accurate, the employés in co-operative societies receive more benefit from co-operation than, in strict justice, should be accorded to them. This, however, is done by the members with full knowledge of what they are doing; and the underlying feeling which prompts their action is, that labour, generally speaking, does not receive that fair share of the joint produce of the services of labour and capital, which it ought, in justice, to receive. More considerate treatment than the members receive in their occupations, together with shorter hours, better wages, and sometimes a bonus on wages, or a share of profits, are consequently generously given, where the prosperity of a co-operative business will allow these things to be done, with the objects of setting a good example to other employers, and of gradually raising the general standard of comfort of all working people. This conduct is, as will be seen later on, far superior in generosity of disposition, and in benefits to the employés, than ordinary profit-sharing.

Investors of capital in this class of co-operative society¹ are not better treated than they would be elsewhere; for the remuneration, including the economist's premium for insurance for risk of loss, never goes above 5 % per ann., while it sometimes goes down to $2\frac{1}{2}$ %, and is frequently only 4 %. As Consols, which are supposed to be a nearly perfect security, give a remuneration of over $2\frac{3}{4}$ % per ann.; it would seem as if co-operators had reduced the insurance premium for risk to capital, to almost its smallest dimensions.

This system of working the co-operative societies of consumers, may be termed a system of profit-sharing in

¹ i. e. Co-operation by Associations of Consumers.

proportion to consumption; or it may be termed, with equal justice, a system of co-operation where profit has been eliminated. I prefer the latter term, since profit is usually associated with the idea of making something out of somebody; while in the above-named system of co-operation, the idea is that of associating for mutual benefit, where nobody makes anything out of anybody else.

The consideration of profit-sharing in this chapter, will consequently now be limited to those associations where the business is not confined exclusively to co-operators; such as the Lancashire Cotton Companies, the semi-federal productive societies, and those productive societies which have been established by the co-operation of workers, &c., for the supply of the general public.

The benefits of a combination of knowledge and association, which have been previously considered, are fully seen in the case of the Oldham Working-class Spinning Companies. In the course of twenty years, or thereabouts, the remuneration of the operatives has very materially increased (over 40 %); but the remuneration to share and loan capitals has been reduced to very low figures. In the case of share capital, it has averaged for some years less than 5 % per ann.; and in the case of loan capital, it has been about 4 % per ann.; so that the average remuneration to capital for several years, has been under $4\frac{1}{2}$ % per ann.; or about one-third of what it averaged in the cotton industry twenty years ago¹. The Board of Trade report on profit-sharing, which was issued in 1891, and which is the most recent authority on the subject, does not give a single case where profits would be shared with the work-people with such a small remuneration to capital. This again, I think, confirms the view generally taken by both co-operators and trades-unionists, that the equitable division of the joint produce, between the capitalists and the labourers, is of far greater importance than the sharing out

¹ See chapter xvi. pp. 307-8.

of the net profits remaining, after capital and labour has each been paid its agreed rates of interest and of wages.

On the other hand, the injurious effects in this respect of either want of knowledge or want of combination or both, were illustrated by William Inskip, General Secretary of the National Boot and Shoe Operatives Union, in August, 1892. He described two workshops in Northampton, where, 'although the man is absolutely the same man, he gets 16s. for one class of work at one shop, and across the road he gets 24s. for exactly the same work¹. A share of profits would scarcely have remedied this gross inequality; and I do not know of any establishment, where the profits allotted to the workmen would have been high enough to have made good the difference between the two wages.

In the semi-federal co-operative societies, which are partly engaged in producing goods for the use of co-operators, there is also a tendency to reduce the remuneration of capital. Thus, the Co-operative Printing Society, which was the first of the now existing societies to be started as a combination of *working* shareholders and *customer* shareholders, originally paid 7% per ann. on share capital, while the remaining profits were divided between capital and labour. In 1872, the interest on share capital was raised to 7½% per ann.; but the remaining profits were divided into three equal portions, one portion being given to the capitalists, the consumers, and the work-people, respectively. This meant a less share for the capitalists. In 1891, the capitalists had another small amount docked, by the three classes being each paid the same rate in the pound on capital, trade, and wages, out of the net profits; and, in 1892, the first, or minimum, remuneration of share capital, was cut down from 7½% to 5% per ann.² Again, the Hebden Bridge Fustian Society, shortly after it started, paid as much

¹ Report of Boot Trade Conference before Sir H. James, Leicester, 1892, p. 43.

² See chapter xxiii. pp. 574, 575, and 576.

as $12\frac{1}{2}$ % per ann. on share capital, and divided the remaining profits between the shareholders and the work-people. In 1873, the payment on share capital was limited to $7\frac{1}{2}$ % per ann., and the remaining profits were divided between purchasers and work-people in proportion to the amounts of purchases and wages respectively. In 1885, a second class of shares was created, bearing only 5 % per ann. interest ; and, in 1890, the remuneration of all share capital was reduced to 5 % per ann., without any further share in the profits¹.

Advocates of profit-sharing generally lay great stress on the increased benefit that will thereby accrue to the capitalists who adopt the practice. Sedley Taylor said :

‘ Under successful participation, additional profits, due to the more zealous efforts of the work-people, are realized. A part only of this surplus is, as a rule, allotted to labour. The remainder, which goes into the pocket of the employer, may, since it is exclusively produced by the workmen, be with strict propriety regarded as their contribution towards his future losses in bad years. Further, it must be remembered that participating workmen incur a positive loss whenever there are no profits to divide—the loss, namely, of all the extra care and exertion which they have expended in the prospect of a share in the profits to accrue at the year’s end².’

Mr. Taylor might have added that, in bad times, the workman has his losses in the shape of short time, or being out of employment. He has to meet these losses out of his remuneration ; and as the employer receives for his capital a remuneration which includes both interest and compensation for risk of loss, it is unreasonable for the capitalist to expect the workman to also share the losses of capital.

In a pamphlet by T. W. Bushill of Coventry, that gentleman said : ‘ Some firms in adopting this principle of profit-sharing . . . put it before their employés in this way, “ We think that by increased exertions and care on your part the profits of the business may be increased ; all the *additional* profit that is made after this date you shall have half of³. ” ’

¹ See chapter xvi. pp. 334, 335. ² Taylor’s *Profit-sharing*, p. 66.

³ Bushill’s *Profit-sharing Scheme*, p. 15.

Again, at the Crystal Palace, in 1891, E. O. Greening said on this subject: 'There is a common delusion that what the worker gains must be abstracted either from the share of the investor or that of the customer.' To combat this alleged delusion, he gave an illustration from the practice of the Agricultural Association, of which he is the managing director, to show that there, at any rate, the capitalist or the consumer gained by sharing profits with the work-people. They had two sets of machinery for producing oilcake:

'New employés, unfamiliar with bonus to labour, only produced 21 to 26 tons off the first machinery, and about 48 tons off the second. But under the stimulus of bonus, the first machinery is now made to produce about 57 tons per week, and the second machinery over 76 tons per week. The men and boys have raised their own earnings from an average of £1 os. 7d. per week to an average of £1 6s. 8d. per week¹.'

Geo. J. Holyoake also has taken a similar line. 'He always contended that the workers made the extra profits which were *divided*², and that these profits would never have existed, had it not been for the inducement offered by becoming a partner in the concern³.'

With reference to extra profits made by the extra exertions of the workers, a letter, in 1860, from a co-operator, said: 'The admission of workmen to participate in profits stands thus:—Here is an employer with 100 workmen. If he can get 80 to do the work of 100, he is willing to share the wages of the 20 between the 80 workmen and himself, and thus he makes more profit. I have seen this tried on, and it is bad:—one of the worst forms of fierce competition⁴.'

At the Congress of 1869, Wm. Pare asked Mr. Briggs, of profit-sharing notoriety, 'Why, as a matter of principle and right, the extra profits made by the increased care and exertions of the workman, should not belong entirely to him?' while J. M. Ludlow not only claimed all such extra

¹ *Co-operative News*, vol. xxii. p. 847.

² The italics are mine.

³ Congress Report, 1877, p. 51.

⁴ *Co-operator*, vol. i. p. 91.

profit for the workman, but a share of the ordinary profit in addition, for, he said: 'The profit did not solely belong to the employer, because the workmen helped to create it whenever it existed, and had a right to share it; and he ought not to be limited to such a share of it as could be made by extracting from him an extraordinary amount of labour ¹.'

On the line laid down by these co-operators, Mr. Greening's workmen were treated unjustly; for when they were turning out 74 tons, or less, of cake weekly, each workman received on the average £1 0s. 7d. weekly; and when they were turning out 133 tons, they ought, as a matter of proportion, to have received £1 17s. per week, instead of the £1 6s. 8d. which was actually paid to them. The men, consequently, received 10s. 4d. each weekly, less than, on a piece-work system, they would have been entitled to; so that this system, instead of being bonus to labour, was a system of discount to labour. If the men had been paid the full amount to which I think they were entitled, the association would still have made a legitimate additional profit; since the same premises, and the same machinery, together with the same fixed expenses for interest, depreciation, rents, rates, and other establishment charges, had been used to turn out about 80% more work, without any increase in these charges; so that the margin of net profit would be increased, because more than two-fifths of the output of goods were produced practically free from establishment charges.* True profit-sharing would have given to the employés, in addition to the *full* wages that had been earned, part of this legitimate additional profit, in accordance with Mr. Ludlow's contention, which I believe to be a fair one, that the men had helped to create it. In an Oldham Spinning Mill, the men would not only have each received the full £1 17s., but would also have received an additional sum as their share of the advantage derived

¹ Congress Report, 1869, pp. 77, 78.

by the employer from the more efficient use of the machinery.

There is a drawback, from a general, or public, point of view, in stimulating work-people by sharing profits with them on Mr. Greening's and Mr. Sedley Taylor's plan, viz. that through ignorance, they may so exhaust their physique as to become prematurely aged, or even to shorten life. What is really needed is to obtain out of a man in the course of the longest possible lifetime that can be secured to him, the best possible results for his own comfort and happiness, consistently with a proper regard for the good of the community. It is doubtful if this would be secured by a system of profit-sharing, where workmen are stimulated to additional—perhaps excessive—exertions, and then receive a portion only of what their additional exertions have produced. The men are entitled to all they earn without any deductions. The sharing of profits should be legitimate; and the profits should be those defined at the commencement of this chapter.

In co-operative associations, the question of profit-sharing will not often be decided by the prospect of additional profits being secured by the capitalists through its adoption. It will, I think, be decided by the justice, or otherwise, of the principle; or else by a generous desiré to place the employés on a footing of superiority to those in private employ. To ascertain the growth or development of the idea among co-operators, I will give some of the facts and opinions, which have been recorded in connexion with this subject during the last fifty years, or thereabouts.

I have already noticed Lord Wallscourt's plan of dividing profits *pro rata* on wages and interest, and also Mr. Neale's statement that the Christian Socialists' plan was to divide all profits among the work-people in proportion to wages. In 1851, Mr. Neale suggested to the Christian Socialist Associations, that they should put all their profits together, and then divide them among all the work-people employed by the associations, in proportion to the time each man had

worked. This suggestion was negatived. In the same year, speaking in favour of the Central Co-operative Agency, Mr. Neale said, 'There is no inducement for fraud, for, as the managers have a fixed salary, large profits do not benefit them;' and a few weeks later, he said, that in the London Working Associations, there 'has been but little attempt to reconcile the interest of the capitalist and the producer, none to reconcile those of the producer and the consumer ¹.'

William Lovett, speaking of the Co-operative Associations established about 1830, said: 'As their funds increased, some of them employed their members, such as shoemakers, tailors, and other domestic trades, paying them journeymen's wages, and adding the profits to their funds ².' In 1851, J. M. Ludlow said, that the Bury Redemptionists were the only working men in the provinces who were impressed with the importance of 'attributing profits to labour and not to capital.' In the same year, however, at a meeting held by the Bury Redemptionists to support the projected Co-operative Ironworks in Liverpool, 'strong objections were urged against the workmen in the establishment receiving the profits.' The objectors wanted the profits to be appropriated for the general benefit of all the Ironworkers of the United Kingdom ³.

Outside the Christian Socialist Associations, and in fact, before they were in existence, the Bloomsbury Needlewomen's Association, which was started in 1846, divided the profits among the work-people after paying 5 % per ann. on the capital ⁴. At Manchester, the Working Hatters' Association, which was started in 1851, shared profits on exactly the same basis ⁵; but the Garden Lane Society, in 1851, was placing all profits to capital account, and was using them 'in setting men to work ⁶.'

The Bacup and Wardle Commercial Co., which is the oldest existing working-class Cotton Company, having

¹ See chapter x. pp. 119 and 120.

³ *Ibid.*, ix. pp. 100 and 101.

⁵ *Ibid.*, xi. p. 132.

² *Ibid.*, vii. p. 80.

⁴ *Ibid.*, vii. p. 82.

⁶ *Ibid.*, vii. p. 85.

been started in 1850, has always divided the profits on capital; but the Rochdale Manufacturing Society, which was started in 1854, began on the basis of sharing profits with labour. The original system of sharing profits gave twice as much in the pound to the work-people on their wages as was given to the shareholders on their capital, in addition, of course, to interest. It was then altered to a payment of 5 % per ann. on share capital; and the division of the remaining profit was made *pro rata* on the amount of capital and amount of wages. This gave capital 'nineteenths of the remainder of the profits.' The 'bounty to labour,' as it was called in Rochdale, was abolished in 1862. A summary of the arguments, pro and con, that were used on the occasion, has been given in the sketch of the Rochdale Manufacturing Society¹.

When *The Co-operator* was established, profit-sharing was frequently discussed in its pages. 'A Lover of Justice,' writing in 1860, said, that as capital was 'stored-up labour, therefore the wages of capital and the wages of labour should share equally surplus profits².' In the same year, Dr. Watts told the Social Science Congress that 'the plan for division of profits in the' Rochdale Manufacturing Society was a novelty³; and E. V. Neale advocated, in a couple of letters to *The Co-operator*, a new method of division. He said: 'The original claim to a share of profits must be founded in justice on the interest—or, as I call it, the wages—of capital. It cannot justly claim a larger share of the proceeds of any work done by it conjointly with present labour than that due to its own total amount, compared with the total amount of present labour used to make it available.' But, on the ground that labour cannot wait for its share, and has to be paid wages week by week, Mr. Neale approved of letting capital take half the surplus profits, while labour took the other half. He first

¹ See chapter xvi. p. 261.

² *Co-operator*, vol. i. p. 130.

³ *Ibid.*, p. 124.

advocated this division in his Co-operative Handbook of 1855, and in his letters of 1860, he said: 'I know of no principle which makes so near an approach to justice, and is so little open to practical objection, as the principle . . . of treating the wages earned by every worker, or the amount of purchases of any buyer, during the time over which the division extends, as capital, and apportioning the profits accordingly¹.' A correspondent, however, pointed out that Mr. Neale's plan would work differently, according to the length of the period covered by each division of profits. If the profits were divided annually, wages would receive half the net profits. If the profits were divided half-yearly, or quarterly, wages would, at each division, still receive half the net profits divided. But, when divided half-yearly, wages would, in a year, only receive half as much of the profits made in the year, as they would receive if divided annually; and if quarterly, would only receive one-fourth as much as if divided annually; the reason being that, at each division, the total amount of capital would come in for its *pro rata* share, while wages would only receive on the amount paid during the time covered by the division². Mr. Neale admitted this, and said he had meant the division of the profits to be 'annual'³.

The Eccles Manufacturing Society was started in 1861 on the basis of paying 5% per ann. on share capital, and dividing the remaining profits at the same rate in the pound on the amounts of wages and share capital respectively. This arrangement has continued down to the present time, except that £357 of share capital which was issued in 1876, receives 7½% per ann.⁴

In 1862, Wm. Cooper, in his advice to co-operative societies issued with the model rules under the sanction of the Lancashire and Yorkshire Conference Association, said: 'Use the profits of your work to obtain for labour

¹ *Co-operator*, vol. i. pp. 14 and 94. ² *Co-operator*, vol. ii. p. 34.

³ *Ibid.*, p. 87. ⁴ See chapter xvi. p. 331.

generally a fair share of the profits of all capital, by giving it a fair share in the profits of your capital¹.

In Scotland, the Paisley Manufacturing Society was formed in 1862. For six years the profits were divided on share capital; but, in 1868, it was decided to share profits with purchasers; and this 'was shortly afterwards followed by dividend on wages.' Since then, share capital has been paid 5 % per ann., and the net profits have been divided at an equal rate in the pound on share capital, purchases, and wages, respectively².

E. O. Greening's Cobden Mill experiment was floated in 1866. If it had succeeded, share capital would have received 10 % per ann., and the net profits would have been divided *pro rata* on share capital and wages. In 1869, eleven years after its formation, the Sun Mill Co. adopted profit-sharing among its principal employés only; and in 1870, the Oldham Twist Co. adopted a similar system. The Sun Mill Co. discarded the practice in 1875, after having tried an alteration; and the Oldham Twist Co. shortly afterwards abandoned it also³.

The Wolverhampton Locksmiths' Society, which was started in 1864, adopted the plan of paying 5 % on share capital, and then dividing the profits in the proportion of one on every pound of wages to two on every pound of interest on share capital⁴. Henry Briggs, Son, & Co., when they became a Limited Co. in 1865, adopted the plan of paying 10 % per ann. on share capital, and proposed to divide the remainder into two halves, one of which was to go to the work-people in proportion to their wages, and the other to the shareholders in proportion to their share capital. Messrs. Briggs, however, did not adhere to this rule, but carried enormous sums to the reserve fund, &c., before they made the division of the profits. These funds were afterwards appropriated by the shareholders⁵. The practice

¹ See chapter xii. p. 145.

² *Ibid.*, xvii. pp. 339 and 340.

³ *Ibid.*, xvi. pp. 267, 289, and 290.

⁴ *Ibid.*, xx. p. 441.

⁵ *Ibid.*, xxi. pp. 495 and 497.

of carrying large sums to the reserve fund is very often adopted; and whether intended or not, it has the effect of cheating the employés in profit-sharing concerns, of a portion of their full share of the profits, since the reserve fund is always treated as belonging exclusively to the shareholders, although the profits placed to it would, if divided, have gone partly to the employés.

On Greening and Co. being turned into a Limited Co. in 1865, it was proposed to pay 10% on share capital, and then divide the profits at the same rate in the pound on capital and wages, in the hope, it was said, that the men would thereby work harder, and so enable the company 'to show higher dividends, and more regular profits¹.'

From 1868 until 1872, the Union Land and Building Co. divided all profits on share capital. It was then decided to pay $7\frac{1}{2}$ % per ann. on share capital, and divide the remainder at the same rate in the pound on capital and wages respectively. In 1875, the company abandoned the practice; it being said that the workmen did not appreciate the bonus, and that they preferred 10s. to 15s. in ready cash to having £2 to £3 of bonus in the form of share capital².

The Framemakers' and Gilders' Association, on its conversion, in 1867, from an association of the Christian Socialist type, into a limited company, provided in its articles that share capital should be paid $7\frac{1}{2}$ % per ann., and that the net profits should be divided into halves, one going to the shareholders, and the other to the workers³.

The question of profit-sharing was discussed in 1869, at the first of the present series of Annual Co-operative Congresses, when the following clause was inserted into several resolutions, by way of defining what organizations should be considered to be co-operative societies; viz. 'No society to be deemed co-operative which divides profits exclusively on capital⁴.' At the 1873 Congress, held at

¹ See chapter xx. pp. 444-5.

² *Ibid.*, xxii. pp. 551 and 552.

³ *Ibid.*, xxv. p. 677

⁴ Congress Report, 1869, pp. 47 and 67.

Newcastle, Mr. Borrowman of Glasgow read a paper in which he approved of the ordinary plan practised in distributive societies of dividing profits on purchases, but advocated that in productive societies the whole of the profits should go to the workers. Mr. Holyoake also read a paper in which he proposed that productive societies should share profits with the capitalists, the workers, and the consumers; urging, with regard to the latter, that 'the customer has to be solicited in obsequiousness, and his custom awaited with anxiety. But once included as a participator of manufacturing profits, he will bring his orders without waiting to be asked for them.' A third paper was submitted by Mr. Ludlow, who objected to bonuses altogether, and wanted productive societies to belong to the work-people 'as associated self-employers'¹.

In the discussion on the above-mentioned papers, Robert Stapleton of the Co-operative Printing Society, advocated the work-people being shareholders, and also having a share of profits as workers. Abraham Howard of Rochdale advocated the recognition of both consumer and producer. Lloyd Jones recommended the co-operators to go on experimenting without condemning any efforts. Then, he said, they 'would attain a truer system of co-operation than they could hope for now.' Wm. Marcroft recommended 'the recognition of the capitalist, labourer, and consumer.' Mr. Hilton of Middleton pointed out that 'the greatest productive power of an honest industrious man was reckoned as his minimum productive power, and his bonus on that productive power was calculated accordingly.' Mr. Pingsstone of Manchester suggested that they should 'all go away with this idea, that they were all right in their different forms, and let them all do the best they could;' and Wm. Nuttall advocated fixed wages, or interest, on capital, and then dividing the profits between the consumers and the work-people. A resolution was carried by the Congress,

¹ Congress Report, 1873, pp. 49-54.

which proposed that 'the constitution of co-operative productive societies should provide for a just and equitable division of the profits between capital and labour, and, as far as practicable, trade¹.'

A list of the then existing productive societies was submitted to the 1874 Congress, at Halifax. There were seventeen societies enumerated. Two of these paid share capital 10 % per ann., and gave one-third each of the net profits to capital, labour, and custom. Four others followed the same rule of division after paying 7½ % per ann. on share capital; and there were four others who did the same after paying 5 % per ann. on share capital. Two societies paid 7½ % per ann. on share capital, and divided the net profits equally between labour and trade. One paid 5 % per ann. on share capital, and one-tenth of the net profits to labour, the remaining profits being divided at the discretion of the shareholders' meetings. The remaining four societies paid capital 5 % per ann., and divided the profits between capital and labour. The secretary of the Co-operative Union remarked on the methods of division, that dividing profits 'equally' is 'understood to mean that the total sum paid in wages during the period to which the division relates shall be added to the total of paid-up capital and of sales, to form a denominator by which the total of net profit shall be divided, and thus a rate in the pound be obtained for calculating the share of each claimant².'

At this 1874 Congress, J. M. Ludlow said :

'The question of what share in the profits, or what kind of interest the producer should have, appears to me one capable of many varieties of solution, according to the nature of the business and the manner in which it is established. It appears to me quite clear that in any business in which the greater part of the outlay consists of fixed capital, and the smaller portion goes in wages, the labourer cannot have the same claim to share in any distribution of profits as in a concern in which, on the contrary, the main outlay is wages, and a very small fixed capital is required.'

¹ Congress Report, 1873, pp. 55-63.

² *Ibid.*, 1874, p. 28.

He also noted the distinction between productive societies supplying the general public, such as the Framemakers and Gilders' Association, and those which supplied the distributive co-operative societies. In the former class, Mr. Ludlow thought that 'consumption, as such, has not the slightest claim to profit, and that it could only have a claim in case it contributed to capital¹.'

At the same congress, J. F. Brearley of Oldham, as a working-man, objected to 'bonus.' He thought 'piece-work was the best way to get the most labour from working-men.' Mr. Goodall of Leeds suggested a fixed interest payment on share capital, and then dividing the profit between 'labourers and consumers.' Mr. Hartley of Hebden Bridge advocated the same 'principle of bonus to the worker and consumer.' Mr. Blizzard also advocated the same plan, and thought 'that the more they discussed the more they magnified their little differences.' Dr. Watts concluded the discussion by alluding to the sanguine expectations of some profit-sharing advocates, and said :

'If you take a lot of adult workmen in any given establishment, and you suppose that by giving them bonus to labour you will convert devils into angels, you will be very much mistaken.' He went on, 'I do not think there is very much to quarrel about; and I do not think it matters very much in which way the various people settle productive establishments for the present. Those which succeed best will no doubt in the long run be the models which we shall all follow².'

At the 1875 Congress, E. V. Neale moved a resolution to the effect that 'every productive establishment, founded in connexion with a distributive centre, should provide for an equal division between the consumers represented by that centre and the workers employed in the establishment, of the net profits realizable on their work, at the ordinary prices obtainable for such articles after the interest on capital has been paid³.' The resolution was dropped,

¹ Congress Report, 1874, p. 40.

² *Ibid.*, pp. 39-41.

³ *Ibid.*, 1875, p. 47.

probably because it was unequal in its incidence. For instance, a bootmaker in a retail store would have received by the operation of Mr. Neale's proposal, half the retail profit, while a bootmaker in a wholesale society would only have received half the wholesale profit; the difference between the two being about as ten is to one.

At the 1877 Leicester Congress the subject was again discussed. Lloyd Jones said he would not say how much or in what manner 'bonus to labour, or whatever else it may be called,' should be given, but he would 'insist simply on the concession of the principle, knowing that once conceded there can be no difficulty in the arrangement of details.' Fred. Smith, of the Union Land and Building Society, would only divide profits on share capital, but would give the workman 'facilities for acquiring shares in the establishment where he is employed.' Mr. Smith thought that the workman got his share of profits 'in a commuted form when he received his weekly wages.' Thos. Hughes was willing to leave it to a society to say whether capital should have '5 % or 10 %,' but he would insist that every society should 'recognize and practically carry out the right of the worker to share in profits.' John Butcher, manager of the Wholesale Society's Leicester Shoe Works, said 'if they were to give a bonus it must be of such a character as would influence the labourer.' He did not think that the profits of the boot trade would allow of big bonuses, and he thought 'the wages question was the primary one with workmen.' During the last three years, he added, the Leicester workmen had often got, one on the top of another, more than a bonus would amount to, 'in the shape of advanced wages'¹.

The Leicester Congress passed the following resolution:—
'That we re-affirm our unaltered conviction that all our co-operative unions for production should be based upon the principle of conciliating the conflicting interests of the

¹ Congress Report, 1877, pp. 45-52.

capitalist, the worker, and the producer, through the equitable division of the fund commonly known as profit¹.

At the 1887 Congress, held at Carlisle, Thomas Hughes drew attention to the resolution passed at the Leicester Congress. He complained of the diversity of practice among co-operators in regard to the division of profits, which diversity, he thought, amounted to inconsistency. He said he had been asked to leave the question alone, as 'Congress has got no power at all in the matter,' but he was determined to again ask the delegates to affirm that 'the principle under which the workers share directly in the profits, capital, and management of the works in which they are engaged is the true principle of co-operative production.' An amendment was, however, carried, referring the subject to the next Congress. In the discussion, Wm. Maxwell said, 'we must not make too much of bonus; Mr. Holyoake had said the example of the Wholesale would create 500 profit-sharing shops in five years. Well, the Scottish Wholesale Society had paid bonus from 1868, and yet they had as great a difficulty, he was sorry to say, in founding co-operative workshops as co-operators had in England. They were not yet united as to the best means of sharing bonus to labour.' E. O. Greening accused the Scottish Wholesale Society of being 'sensible of the shabbiness' of the division of profits they made with their work-people, and considered that the employés did not get a fair share: 'they were going backwards instead of forwards.' I proposed that the 'systems on which production is carried on among co-operators' should be continued by their respective supporters, and let time prove which was best adapted to our requirements².

The next year, at Dewsbury, the subject was well discussed, and a compromise resolution was passed, affirming that in all productive enterprises the Congress recommended that 'an alliance be formed on equitable conditions for

¹ Congress Report, 1877, p. 50.

² *Ibid.*, 1887, pp. iii, and 88-90.

the sharing of profits and risks between the workers, the capitalist, and the consumer¹.

Public opinion among co-operators on profit-sharing has not, of course, been moulded solely by Congress discussions and resolutions. The sectional and district conferences throughout the United Kingdom have played a very important part, the extent of which may be gathered from the fact that in 1888 alone 31 conferences discussed the subject². Correspondence in the *Co-operative News* has also had a great influence.

The methods and results of profit-sharing among existing co-operative productive societies are so various as to defy accurate classification within a reasonable compass, so I must refer readers to preceding chapters if they wish to refresh their memories concerning the details of the rules and practice of each society. But I must point out that since the Dewsbury Congress (1888) there has sprung up in Ireland a number of Co-operative Creamery Societies, which introduce a new factor into the profit-sharing problem, although it has, I think, been overlooked. These Creamery Societies are composed of farmers who supply the capital, supply the management, supply the milk from which the creameries produce the butter, and, beside getting the agreed fixed price for their milk, receive a share of the profits made by the creamery, in proportion to the value of the milk supplied by each shareholder. Share capital receives interest at 5 % per ann., and the employés in most of the creameries receive a bonus on their wages out of the profits, at the same rate in the £1 as the farmers receive dividend on their supplies of milk. Only the suppliers of milk and the employés share in the profits. Thus, there are not only the three powers interested in profits as recognized at the Dewsbury Congress, viz. capitalist, purchaser, and labourer, but a fourth is added, viz. the seller, or supplier, of goods, who, in the case of these creameries,

¹ Congress Report, 1888, p. 109.

² *Co-operative News*, vol. xix. pp. iv and v.

follows the example of the consumer in the retail and federal societies, of giving capital a fixed interest ; but, in dividing profits, reverses the example, and therefore does not recognize the consumer, just the same as the latter does not recognize the seller, when he has the control of the division of the profits.

Although the matter has never been discussed to my knowledge, I expect the reply that would be, or at any rate could be, given for this non-recognition of the seller and purchaser respectively, would be just the same as could be given with regard to an associated workshop, where the workers take all the profits without recognizing either the seller of raw materials, or the purchaser of the manufactured article, and just the same as Fred. Smith said at Leicester with regard to the work-people, viz. that the capitalists, work-people, buyers, and sellers, respectively, have tacitly agreed to receive their shares of profits 'in a commuted form,' when they receive, or give, fixed sums for certain goods or services ; and are, therefore, fairly left out of the account when the profits are shared.

By the practice of imagining myself to be in the place of each of these four parties, one after the other, I cannot help coming to the conclusion that, supposing each to have the same desire to have a share of the profits, and supposing each to have the same degree of power to enforce his wishes, there would only be one plan that would be likely to be satisfactory. I cannot help feeling that, after each of these four powers, or parties, has received the agreed reward for his services, each is entitled to share in the remaining profits ; because without the co-operation of all four, the profits could not have been made. The profits are, in fact, usually an accumulation of fragments that could not be divided efficiently at the time that each of the four powers receives his agreed fixed remuneration for goods or services ; and, as no one of the four can say exactly what portion of the fragments belongs to each, the only practicable courses are, either to try to agree upon some method of dividing

the accumulation, or for one or more to 'commute' their shares in favour of the others.

As to the method of dividing the profits, I think there is far too much noise made about it; and I also think that too much importance is attached to an actual division of profits. I attach far more importance myself to an equitable payment for the several services rendered respectively by capitalists, sellers, buyers, and work-people; and I think that the best practical way of securing this is by having every operation of life, outside the individual, conducted by means of democratic associations, in which, as I said in Chapter XXVI, every member will be trained up to exact, and to give, justice; and will be educated so as to enable him to ascertain what it is that justice requires.

In his evidence before the Labour Commission, Mr. Maxwell said of profit-sharing, 'I think that to be truly just in this matter you would have to carry the scheme or system down to the individual . . . You must follow it down to the individual to see who has served you best, or rather, who has served the interest of the community best.' But he told the Commission that in the Scottish Wholesale Society, they were not able to give this perfect justice to the individual when sharing profits, because, he said:

'Where we have 14 industries running, each of them yielding different profits, and the work-people to a large extent on common ground, we think it would be a cause of friction and ill-feeling if some got a third of what others got, perhaps when they might have worked quite as hard as the others.' So, Mr. Maxwell said, 'the departments are pooled, as it were. The various industries which carry on the business are put together, so that if boots did not make very much, it would be mended in cabinet-making, or printing. We consider our servants as one all over, and divide the profit in that way'¹

It is a well-recognized peculiarity in the British character, that we do not care for microscopic perfection of details. We seem to have a feeling that it will break down in

¹ Minutes of Evidence, Labour Commission, October 25 and 26, 1892, pp. 36, 46, and 55.

practice ; and that, something like a circulating decimal fraction, it will prove more troublesome and vexatious than a theoretically less perfect plan will do. It is, in fact, the old story of using a razor to chop firewood. An axe is much better, although, as a cutting instrument, the razor is no doubt much nearer perfection. Most people will therefore be inclined to approve of Mr. Maxwell's practice, while they also have a great deal of respect for his theory. There is the same imperfection in the distribution of the profits of the co-operative stores among the consumers. Every one knows that some articles yield far more net profit than other articles do ; and that theoretically, the purchasers of each article should have dividends accordingly : but an attempt to put the theory into practice would be an utter failure, owing to the practical difficulties in the way. In this world, it would appear to be impossible to secure perfection ; and we are compelled to accept a compromise, or composition, instead.

I am, myself, inclined to generalize from this Scottish Wholesale Society's practice, and suggest, that it is a matter of comparatively small moment, if any one, two, or three, of the four factors, contract themselves out of the profit-sharing, and leave all the profits to the one, two, or three, other factors, so long as it is done with full knowledge on all sides, and is done voluntarily. Holding this opinion, I necessarily hold the opinion that the best method of sharing profits may well be left to be settled, on the same principle of contract after having full information, according as the parties concerned in each association may decide. The best method, or methods, will gradually be evolved by the different experiments that are being, and will be, made ; and, as Lloyd Jones said at Oldham, this best method must be proved 'by instances so numerous as to put it beyond doubt as a preferable system of business¹.' With our democratic ways of working, it will have no sooner been thus proved than it will be very generally adopted.

¹ Congress Report, 1885, p. 5.

CHAPTER XXIX.

THE FUTURE.

IN the last three chapters I have endeavoured to show, that what co-operators have been aiming at, in all their various efforts, has been justice ; and that they have settled down to the belief that justice can only be universally secured by means of democratic associations, the members of which are well-informed on the necessity for, and the best means of, obtaining it. Also, that the best form of democratic organization is, where the people are combined together on the basis of consumption ; where, for their services as capitalists, or as workers, the members are remunerated by the payment of such fixed interest and wages, as the majority of the members of these organizations consider to be just ; and, where all the members receive the goods produced, or the services rendered, at the exact cost of producing the goods, or supplying the services. But, where there are people who will not, or cannot, join in these co-operative efforts, although they are willing to have transactions with co-operators, and co-operators are desirous of transacting business with them, then, in such cases, the best form of co-operation is for the people with capital to join with the people who wish to be employed, in forming democratic associations for mutual benefit, to carry on business with those people who are unable, or unwilling, to become co-operators. Again, as in these last-mentioned cases each of the four contributors to the business, viz. the seller, the capitalist, the worker, and the buyer, helps to build up the fund commonly known as profit, each is entitled to

a share of it ; but there can be no harm, either as a matter of principle, or as a matter of practice, in any one of the four contracting to let any of the others have the profit, so long as the contract is made voluntarily, and with full knowledge of what is being done, as well as of what the results of the action will be. I now want to ascertain where the above-named conclusions will lead us.

I have already referred to W. Maxwell's evidence before the Labour Commission, in which he expressed himself as being favourable to municipalities and the nation each producing the goods, or organizing the services, required by the people, without the intervention of what is usually termed private enterprise¹. Professor Marshall, as a member of the commission, was so impressed by the inevitable conclusion to which the system of co-operation by the consumer logically landed him, that he minutely questioned J. T. W. Mitchell on the point. The following questions by Professor Marshall, and answers by Mr. Mitchell, will explain themselves :

Q. 287. 'Should the co-operative system, on the lines advocated recently by you, Mr. Mitchell, be fully secured, and every Englishman become a co-operator, the result would be simply a new form of management of certain industries by government for the people?'

Ans. 'Every citizen (and I wish that could be brought about to-morrow) would have the power to vote for the Committee of the Wholesale Society.'

Q. 290. 'Then I will put it in this way, that if the co-operative system on the lines on which the English Wholesale is at present working were carried out according to your idea, the result would be the same as if the industries of the country were carried on by persons appointed by the individual citizens through the government, some slight changes in the constitution being made?'

Ans. 'To a large extent it would tend in that direction, and the sooner the better.'

Tom Mann, as a member of the Labour Commission,

¹ See Chapter xxvii. p. 773.

wanted to be certain that he accurately understood the above questions and answers ; so he put several questions, which I give below, together with Mr. Mitchell's replies thereto.

Q. 387. 'I presume as you are trying to get control of the production of ordinary commodities on what we may term a democratic basis, your town council undertaking on behalf of the citizens of that town the control of your gas or waterworks, they too through the agency of the council are then controlling the production and distribution to that extent, are they not, of that commodity?'

Ans. 'Yes.'

Q. 388. 'That is to be approved of, is not it?'

Ans. 'Yes.'

Q. 389. 'As thoroughly as your own work?'

Ans. 'Yes.'

Q. 390. 'And if experience should show that there are other directions in which the town councils should enlarge their sphere of operations so that they could do it more effectively than you through your voluntary agency, you would still approve of it, would not you?'

Ans. 'Yes. It would depend upon the circumstances of the case.'

It may therefore, I think, be considered that the conclusion to which the theory of co-operation on the basis of the consumer leads us, is that the nation, being itself the consumer or user, should undertake to perform for itself, as part of the ordinary functions of government, everything that is required to be done, if the thing required is wanted in sufficiently large quantities to justify the formation of an establishment for doing it. By way of illustration, the application of the principle would cause the production of vessels of war, guns, rifles, ammunition, &c., for the use of the nation, to be carried on exclusively in government establishments, except perhaps in times of war, when the government establishments could not produce sufficient for the necessities of the special occasion ; and it would then be, probably, inadvisable to lay down additional plant for temporary purposes. It would also ensure that the Post Office should provide its own horses and vans, instead of

contracting, except where the services required were too small to maintain an establishment for the purpose. It would cause the railways to become the property of the state; and the ports and docks either to become the property of the state also, or the property of the county councils, or municipalities, in whose districts they may be situated.

The county councils and municipalities would organize their own services, instead of employing private firms, wherever the work to be done was sufficiently important to warrant them doing so; and, in cases where each had similar wants, which, in themselves, are too small to be supplied by a local establishment, the local authorities should combine in establishing a joint department; or the imperial government should do the work for them. For instance, uniforms for the county and municipal police, would probably not keep a factory in each locality continuously at work; but imperial workshops for the manufacture of army, navy, and postal uniforms, might very well also produce police uniforms, and supply them to the local authorities at the cost of production. Factories for the production of the cloth, &c., required, could also with advantage be established and worked by the imperial government. Printing and paper-making could likewise be undertaken.

The supply of gas and water is at present almost universally recognized as falling within the range of duties to be undertaken by local government bodies. The ownership of tram-lines is also allowed, but in a more grudging spirit; while the working of the tram-lines by the local authorities is only rarely permitted by law, or by the imperial government. These, being services universally required by the inhabitants, should be undertaken by the several local governments, if the citizens desire them to do so. There are many other services that could be advantageously rendered by county councils and municipalities. I will name one by way of suggestion. Fire brigades are

mainly kept up at the expense of the citizens of each locality. If the local government authorities in each locality were to take into their own hands the insurance of the buildings in their respective districts, the profits which now go to the private Insurance Companies would far more than cover all the expenses of the fire brigades; and would thus relieve the citizens of the cost of their maintenance out of the rates.

What would the people save by this system of co-operation? First, private enterprise demands remuneration on capital at rates varying from 4, 5, to 10% in Railway Companies, and up to 25% or more in Insurance Companies. The nation and the local authorities can borrow as much capital as they require, at 3% per ann. or less. Secondly, economists are never tired of telling us what tremendous salaries are paid by private firms to their superior employés. A large proportion of these amounts are excessive, and are in the nature of monopolies. If the situations were thrown open for competition, the remuneration would go down considerably, and would descend to the amount necessary to secure talent, energy, and trustworthiness. It is generally conceded that public bodies already get such services from their employés at a less price than is paid by private firms; the reason being that there is more competition for them, even although we have not yet got purely democratic government. Thirdly, the better treatment of the rank and file of the people can be secured without expense to the nation, by appropriating part of the above-mentioned savings to paying them better wages than they have received hitherto, or working them less hours than they have been previously worked, by private employers. Fourthly, the equitable treatment of all the citizens is ensured with more certainty, since there is far less chance of favouritism under government, than there is (say) in a Railway Company. It is almost an unheard-of thing to have the Post Office accused of treating one customer better than it treats all: but this is a common

practice of Railway Companies: and the practice has sometimes ruined the individuals who have had to submit to their unjust treatment. The Railway Commissioners would never have been required, if the Railway Companies had administered their affairs with anything like the justice of a government department.

After the nation and the local authorities have co-operated for the performance of all the services that the citizens have deemed it desirable for them to undertake, the voluntary co-operative associations of consumers, both individualistic and federal, come into use to fill up the gaps and vacancies that have been left. And finally, after them, should come the associations of people with capital, and people without capital but willing to work, who should co-operate to supply or exchange services with those people who do not wish to co-operate, or who are in a position, which will occur while society is in a state of transition, where they cannot co-operate. But this imperfect form must be prepared to give way to the more perfect form of co-operation by the consumer, as soon as the people left outside the co-operative ranks are willing to be enrolled in them.

Already, the main lines of these co-operative systems are laid. But, to ensure more rapid progress, the national government requires to be purified of the parasites and hangers-on, whose interests lie in securing contracts for private firms; and the local authorities require to be released from the imperial restraint which prevents them rendering to the citizens the services these citizens may wish their own local bodies to perform for them. If, when they have freedom of choice, they choose to rely upon private enterprise, and so make fortunes for some few individuals at the expense of the public, let them do so: but the freedom to choose for themselves should be accorded to the citizens in each locality, and all autocratic control, whether it be in the imperial or in the local governments, should be abolished. Pure democracy, as being the best means of securing justice, should reign supreme.

As we are some distance yet from this desirable state of things, it behoves co-operators to consider what is the best method of accelerating progress. I think that we ought, as citizens, to actively engage ourselves in the conduct of both the local and imperial governments, with the object of gradually brushing away, as an obsolete piece of machinery, the method of governing the people by means of political partizanship. 'Justice to all,' and not loyalty to a party, should be the maxim, and the cry for 'Bread and Butter Politics' is really the popular rendering of the view that all government should be a system of co-operation for mutual benefit. The same principle, carried to its logical conclusion in our treatment of other nations, will have a tendency to abolish wars, by leading to the practical adoption of Tennyson's dream :—

'The Parliament of Man, the Federation of the World.'

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