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LABOUR CO-PARTNERSHIP ASSOCIATION.

Report

OF

LONDON
CO-PARTNERSHIP
CONGRESS

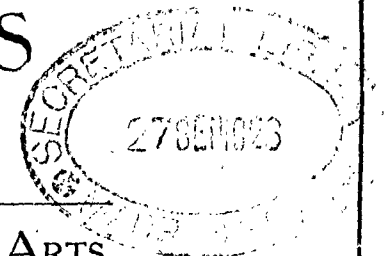
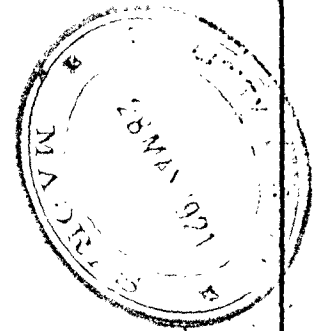
HELD AT

THE ROYAL SOCIETY OF ARTS,
October 26th, 27th, 28th, 1920.

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LABOUR CO-PARTNERSHIP

Co-partnership claims for all the workers that they shall share to some extent in the profits, capital and control of the business in which they are employed. This may be stated more fully :—

- (1) That the worker shall receive, in addition to the standard wages of the trade, some share in the final profit of the business or the economy of production ;
- (2) That the worker shall accumulate his share of profit, or part thereof, in the capital of the business ;
- (3) That the worker shall acquire some share in the control of the business in the two following ways :—
 - (a) By acquiring share capital, and thus gaining the ordinary rights and responsibilities of a shareholder ;
 - (b) By the formation of a Co-partnership Committee of workers, having a voice in the internal management.



LIST OF CHIEF SPEAKERS.

TUESDAY, OCTOBER 26th, 1920.

Morning Session.

"PRINCIPLES OF CO-PARTNERSHIP."

Rt. Hon. LORD ROBERT CECIL, K.C., M.P.

Rt. Hon. J. H. WHITLEY, M.P.

PUBLIC LUNCHEON.

Rt. Hon. MARQUIS OF SALISBURY, K.G., G.C.V.O., C.B.

Sir SYDNEY CHAPMAN (Board of Trade).

Mr. G. J. WARDLE, C.H.

WEDNESDAY, OCTOBER 27th, 1920.

"THE PLACE OF CO-PARTNERSHIP IN THE WORLD OF PRODUCTION AND DISTRIBUTION."

Rt. Hon. LORD EMMOTT, G.C.M.G., G.B.E.

Dr. CHARLES CARPENTER, M.I.C.E.

LORD BLEDISLOE.

Mr. H. CROTHERS (Messrs. J., T. & J. Taylor, Ltd.).

Mr. T. O. JACOBSEN (Messrs. Jacobsen, Welch & Co., Ltd.)

THURSDAY, OCTOBER 28th, 1920.

"THE PLACE OF CO-PARTNERSHIP IN THE WORLD OF TRANSPORT."

Sir GEORGE GIBB, LL.B.

(Late Chairman of the Road Board).

Sir GEORGE PAISH.

Mr. W. A. APPLETON, C.B.E.

Mr. E. O. GREENING.

Mr. W. A. JUKES.

Acceptances for Congress, October 26th-28th, 1920.

Bournemouth Gas Co. (Chairman and Secretary of Workers' Side of Co-partnership Committee).
 Brailwaite & Co. (Engineers).
 Brunner, Mond & Co.
 Ceylon Wharf Bankside Ltd.
 Chivers & Sons, Ltd.
 Clarke, Nicholls & Coombs, Ltd. (Mr. George Mathieson and Mr. Alex Horn).
 Cooke Sons & Co. (Mr. Henry Cooke).
 Croydon Gas Co. (Mr. Wm. Topley).
 Cuirass Products Ltd. (Mr. W. C. Hortimore).
 John Dyer Ltd., Southsea (Mr. B. W. Veysey).
 East London Toy Factory Ltd. (Miss Hercbegowa).
 Gas Light & Coke Co. (Mr. W. Hayes).
 Great Western Railway (for the General Manager) Mr. Ed. S. Hadley (Editor of the G.W.R. Magazine).
 Harrington, Edwards & Cobban (Commndr. P. H. Edwards).
 Hertford Gas Co. (Mr. H. B. Duesbury).
 G. Hill & Sons, Ltd. (Mr. G. Hill).
 Ipswich Gas Co. (Mr. C. A. Mallett).
 Wm. Jacks & Co.
 Jordan & Sons, Ltd. (Mr. Herbert W. Jordan).
 Samuel Jones & Co.
 Geo. A. Joyce & Co. (Mr. G. A. Joyce).
 Kettering Clothing Co-operative Manufacturing Society (Mr. H. Daniels).
 Lamson Paragon Supply Co. (Mr. A. Winder).
 Leather Supply Association Ltd., Leicester (Mr. J. T. Taylor).
 R. Lehmann & Co.
 Leicester Co-operative Printing Society Ltd. (Mr. Hubbard and Mr. Rhodes).
 Mellin's Food Ltd. (Mr. John I. Pilley).
 Midland Boot Manufacturers Ltd. (Mr. J. H. Newman).
 Henry Milward & Sons, Ltd.
 Mond Nickel Co. (Mr. H. C. Houghton).
 H. J. Packey & Co. (Mr. Crawford & Mr. Broad).
 Rolls-Royce Ltd. (Colonel Harber).

Rowntree & Co. (Mr. W. Wallace).
 Sharp, Perrin & Co.
 Joseph Smithson, Ltd. (Mr. Charles Smithson and Mr. E. P. Milnes).
 Solicitors' Law Stationery Society, Ltd. (Mr. B. Cahusac).
 South Metropolitan Gas Co. (Mr. W. T. Layton).
 South Metropolitan Gas Co. (Co-partnership Committee).
 South Suburban Gas Co. (Mr. Chas. Hunt).
 Streatham & District Chamber of Commerce (Mr. Arthur Jenkins).
 J., T. & J. Taylor, Ltd. (Mr. H. Crothers).
 Tee & Whiten & J. Mead, Ltd. (Mr. Tee).
 Wm. Thomson & Sons, Ltd. (Mr. Allen Gee, J.P.).
 B. Toone & Co. (Mr. Thomas Birkett).
 Union Boot and Shoe Productive Society Ltd.
 Watford Gas and Coke Co. (Asst. Sec. Co-partnership Fund, G. Weeks).
 Wise & Co. (Mr. D'Arcy Denny).
 Woolley & Co. (Mr. A. Herbert Woolley).

Ministry of Labour (Mr. Duncan Todd).
 Board of Trade (Sir Sydney Chapman).

Norwegian Legation (Mr. T. W. G. Thomen).
 Swiss Legation (Mr. H. Martin).
 Co-operative Productive Federation (Mr. R. Halstead).
 Flour Milling, National Joint Council (Capt. L. H. Green).
 Industrial League and Council (Mr. J. Ames, General Secretary).
 League of Nations Union (Mr. L. G. Pilkington).
 League of Faith and Labour (Mr. A. Ramage).
 National Alliance of Employers and Employed (Member of Derby Committee).
 Higher Production Council (Capt. H. E. Crawford).

CONGRESS.

Marquis of Salisbury, K.C., C.B.
 Lord Bledisloe, K.B.E.
 Rt. Hon. Lord R. Cecil, K.C., M.P.
 Sir J. C. E. Sheffield-Rolls, Bart.
 Rt. Hon. J. H. Whitley, M.P.
 Sir Ellis Hume-Williams, K.C., M.P.
 Mr. J. J. Barber.
 Rev. Canon A. T. Barnett.
 Mr. J. A. Beard.
 Dr. J. Bonar.
 Mr. J. Bounhoff.
 Col. D. Carnegie.
 Mr. Justice Chattergee.
 Mr. W. Chave.
 Mr. N. C. Clements.
 Capt. L. A. Day.
 Mr. W. Draper.
 Miss M. S. Farrer.
 Mr. W. Gibson.
 Mr. E. O. Greening.
 Mr. G. W. Hall.

Mr. J. H. Harley.
 Miss M. Hart.
 Mr. E. A. Hobbs.
 Mr. W. A. Jukes.
 Miss A. R. Lambert.
 Mr. H. Latham.
 Mr. P. H. Lockhart.
 Mrs. E. H. Marsh.
 Mr. E. G. Meekins.
 Mr. F. W. Raffety.
 Mr. Sansome.
 Mr. W. Saville.
 Mr. A. H. Scott.
 Mr. D. Lleufer Thomas.
 Mrs. Varenholz.
 Mr. H. Vivian.
 Mr. G. J. Wardle.
 Mr. Wardingley.
 Alderman F. Whitehead.
 Mr. J. J. Worley.
 Mr. G. W. Young.

Joint Hon. Secs.: { Mr. Aneurin Williams, M.P.
 Mr. Cuthbert Plaistowe.

Sec.: Mr. E. W. Mundy, B.A.

Labour Co-partnership Congress.

A three-day Congress, organised by the Labour Co-partnership Association, was held at the Royal Society of Arts, John Street, Adelphi, W.C. 2., on Tuesday, Wednesday, and Thursday, October 26th, 27th, and 28th, 1920.

The Rt. Hon. LORD ROBERT CECIL, K.C., M.P. (Joint President of the Association), presided at the opening meeting, when the subject for discussion was:

"The Principles of Co-partnership."

The PRESIDENT, in opening the proceedings, said: I do not think that any impartial observer of our industrial system at the present moment can doubt that it is working with great difficulty and with a great deal of friction. I do not merely refer to the great strikes and disputes which, from time to time, paralyse the whole of industry, but I refer also to the ordinary working of industry all over the country. I do not think that anyone who really looks at the thing impartially will doubt that there is something very much amiss with the industrial organisation. The reason for that is a fundamental misconception, which we have inherited, namely, that the business, as it is called, of a great undertaking, belongs to the owner of the capital of the undertaking. (Hear, hear). That, of course, is perfectly true so far as the machinery, the plant, and the land is concerned. But the business does not consist only in the machinery, the plant, and the land; it consists in the undertaking as a whole, and that requires labour as well as capital. To my mind, it is just as erroneous to say that a business belongs to the owner of the capital as it is to say that a business belongs to the owner of the labour. The real truth of the matter is that, essentially, the business is formed by an agreement of partnership between the two. That is the essential truth of the matter, and it is because we in this Association desire to see this recognised that we exist. (Hear, hear). It is not that we desire to produce a great change or an artificial state of things. What we are anxious to see is the plain actual facts of the situation recognised in the industrial organisation.

If you look at the condition of Middle and South-Eastern Europe at the present moment you will see that industry is paralysed, sterilised and brought to a standstill by the difficulty of obtaining capital; and, in the same way, we know quite well that an industry cannot be carried on without the full co-operation and goodwill of labour in this country and elsewhere. (Cheers). That is the real central fact of the situation; that is what this Association, in my judgment, exists to see established in the common thought and organisation of the country, and that is why we are met together to consider "The Principles of Co-partnership." With these very simple observations I will call upon Mr. Whitley, who has done so very much and such immensely valuable work for the industries of this country, to address us. (Applause.).

The Rt. Hon. J. H. WHITLEY, M.P., said he had spent a considerable part of his time in the years 1916-1917 as Chairman of a Committee commissioned by the Government to consider the means whereby a permanent improvement might be brought about in the relations between employers and employed in industry. The Committee had naturally considered very carefully all that had gone before in the way of schemes of co-partnership and profit-sharing, and, in view of the pioneer work done by the Association, he knew it was a great disappointment to the pioneers in that movement that the Committee were unable to make any recommendation on the lines of co-partnership. Amongst his colleagues were some of the most capable and distinguished employers and Trade Unionists, and they had none of them been prepared to make any recommendations on the matter of co-partnership.

Trade Union suspicion.

It was at that time that he became aware, to the full extent, of the suspicion that existed in Trade Union ranks in regard to questions of co-partnership and even of profit-sharing. An Association such as theirs could not do better than consider on what basis those suspicions rested and how they could be removed. He noticed that they already recognised that partnership in the big sense of the word did not depend solely on a cash relationship. (Hear, hear). He, therefore, suggested that in front of any possibility of establishing a just and enduring cash relation by way of profit-sharing there came the establishment of a real partnership in industry in the greater things. (Hear, hear).

The war basis of industrial organisation.

No one would deny that until recently, at all events, our industrial organisation grew up on a basis of warfare, in which there was the gradual growth and strengthening of Trade Unions in order to improve the conditions of the workers. Who could say, looking at the matter broadly, that they had not been justified in their initiation, their purpose and their achievement? Following that, there grew up amongst the employers in most industries a corresponding organisation, constantly gaining power, until in the greatest industries it covered practically the whole ranks of the employers. He did not think it unfair to describe the position as one of trench warfare; the trenches ever stronger and stronger and barbed wire ever more and more prickly, the only intercourse between the trenches being the occasional lobbing of bombs from one trench to the other, with, perhaps, a rare interlude when certain parties on each side crept through the intervening barbed wire and patched up a very temporary armistice. If that was a state at which industrial organisation had arrived before the war, one could appreciate the reluctance of either party, having built up powerful organisations, to relinquish anything. But was it a question of relinquishing anything? He thought not. But it was time to have done with the trench warfare and to see whether all parties would not greatly benefit by the new idea of co-operation.

The new spirit of co-operation.

He was not surprised that a great many employers and Trade Union leaders were reluctant to advance along the new line, but he was persuaded that if the country was to live at all—much more if she was to retain her leadership in the world—it was essential to find the right means of securing this co-operation. He was persuaded also that the greatest undeveloped asset in the industrial world was the absolute and complete co-operation for the purposes of industry of all persons engaged in it. (Cheers). The value of the human individual, and the sense of value in each one, was not a thing to be deprecated, but a thing to be welcomed as the greatest power in the commonwealth. We welcomed men and women into our common citizenship and believed they had a contribution to make to our political and social life. Why, therefore, should they not have a similar contribution to make to our great industrial life, in which they spent the greater number of hours of their lives? (Cheers).

The contribution of the individual worker.

Surely in the joint works committees there was an opportunity for the new kind of spiritual co-operation which depended, in the first place, on the employers frankly welcoming a partnership in knowledge of the things which made or marred industry. Let there be no misconception. He did not mean that there could be two men at the wheel; no system had been or ever would be invented without the need for individual decision. The thing that mattered was that the individual should be competent. It did not follow that throughout a very large field of industrial affairs there was any justification for a hard and fast limitation, and in these days of widespread education it was not possible for one man to say, "This is my job; you have no concern with it whatever and no right to know anything about it." He did not believe that the sixty-three Joint Industrial Councils, now in existence, had yet realised their possibilities and opportunities. He wanted the Trade Unions and the employers' organisations to add to their existing power and strength the new purpose of constructive co-operation in all things that concerned industry. (Cheers). By the development of co-partnership in the spiritual rather than the cash sense he was persuaded they would gain more in industry, both as to efficiency and production, than by any other means. This meant the shedding of old prejudices, but it depended, above all things, on the recognition that a man was a man and a woman a woman. (Hear, hear).

Co-partnership adopted by mutual agreement.

Such a co-partnership would lead up to the cash co-partnership, and that would only be successful in so far as it was founded on the first kind. A large part of the suspicion of co-partnership had arisen because it had been thought of as an anti-trade-union dodge. If it was to succeed on any wide scale that suspicion would have to be entirely dispelled; and, if it was built on the fullest recognition of his committee's report, it would be founded on the fullest recognition and desire to strengthen the organisation of the trade unions. That would mean that when a scheme of co-partnership or profit-sharing came into being it would not be as a product of the

employers and as something to be taken or left; it would be the joint product of one of those Councils or Committees, and what a difference that would make to the possibilities, the permanence and the harmonious working of any such scheme. So that schemes of co-partnership in the future would have as their foundation not "I did this" but "We did this" (Cheers), thus recognising the fellowship of all engaged in industry. The whole thing might be summed up in a phrase other than that which had become so out-of-date, namely "masters and men"—and he often wondered which were the masters—(laughter)—the real description of people in industry for the future ought to be "Fellow workers all." (Cheers).

The PRESIDENT proposed three resolutions which he thought would do a great deal to remove the misconception to which Mr. Whitley had drawn attention.

(Note.—These were not, however, finally dealt with until the following morning, and will be found set out in the proceedings of the 27th October).

Sir ELLIS HUME-WILLIAMS, M.P., thought the Congress was to be congratulated on the fact that they had in the Chair a man who had been deeply interested in the question under discussion for many years past, and, secondly, that the opening address had been made by one who, above all others, stood for industrial peace and practical efforts to attain it. (Cheers). In his view there was a crying need at the present time for some system—not an enforced one—of practical co-operation springing from the desire of those engaged in industry. At the time of the Armistice the trade of the world was practically open to Britain. To secure this it was absolutely necessary that there should be close co-operation among the producers, but instead there had been disputes and difficulties which, if they had not absolutely strangled industry, had admittedly gone far to decreasing the production for which the world was crying out. That emphasised the necessity for a pronounced co-operative movement now. He represented a constituency containing a large number of miners, and he was convinced that they would never get a man to work really well in any industry until they gave him some personal interest in the result of his labours. (Hear, hear).

National need for industrial harmony.

The worker should not only have an interest in what he himself did, but in the management of the concern. He should have a human share and the knowledge that every ounce of work he put in with his capital, which was after all the strength of his arm, would produce to him a return commensurate with what he did. In establishing co-partnership in any industry—the profits having been ascertained to the satisfaction of the employer and the employed—the first charge should be an adequate return on capital; next would come a minimum wage for the worker who should be convinced before entering into any such scheme that whether times were good or bad he would receive a wage upon which he could exist. Then the resultant profits should be divided in proportions to be agreed upon. He would like to see every industry a little republic of its own, managing its own affairs on the basis of a proper share in the results in accordance with what capital and labour put into it.

The first principles of a co-partnership scheme.

Mr. HAINES (Bournemouth Gas Company) agreed that the time had come for workers to have a share in the management of industry. He was Chairman of the Works Committee in his Company, and in that capacity he had a great deal to do with the industrial problems of his fellow-workmen, but this Committee had no voice whatever in the management of the concern. He thought the great trouble in the labour world was not really with the managers but with the "go-betweens," on whose part there was want of sympathy and often lack of intelligence. Some scheme should certainly be devised whereby intelligence could be brought out to its fullest extent for the benefit of all.

The function of the Works Committee.

Col. CARNEGIE thought employers were just as anxious as the workers to have a fair distribution of profits and a fair representation of the workers. They were also willing to accept any advice that might be given, but there must be one dominant voice in the management of the industry.

Mr. C. H. SMITHSON (Messrs. Joseph Smithson, Ltd.), in outlining the scheme adopted by his firm, maintained that simplicity was the essential feature of any profit-sharing scheme, especially in view of the suspicion existing, particularly in the minds of Trade Unions. The scheme, initiated entirely by the Directors, which had been in operation on his firm for the past eighteen months provided, after the payment of the Trade Union wages, 6 per cent. dividend as a first charge on capital, beyond which for every additional one per cent. paid on capital, the worker received one per cent. on wages. That was perfectly easy for the work-

Outline of Scheme of Messrs. Joseph Smithson, Ltd.

people to understand. In addition, they had introduced a scheme of bonuses on production. The workpeople themselves took much interest in the scheme and nearly all of them preferred to take up their dividend in shares rather than cash. The Co-partnership was represented at the Shareholders' meetings by two trustees, one the Secretary of the Company and the other a Chartered Accountant. His firm found that the scheme of profit-sharing, coupled with co-partnership, and run in conjunction with Factory Councils whereby the workpeople, to a very large extent, controlled the conditions of their employment, had created a splendid spirit throughout the whole organisation. Before adopting the scheme they had built up a reserve fund sufficient to pay some dividend for, at least, the first two years in the event of profits being small, and it seemed to him that anybody who wished to start a similar scheme would be well advised to ensure that there were sufficient funds to meet dividends for the first year's working.

The spirit of service.

Mr. BIRKETT (Messrs. B. Toone & Co.) stated that his firm had a very similar scheme in operation. He thought if profit-sharing was introduced mainly for the sake of it being good business, it was likely to fail; it must have a higher motive behind it if it was to be successful. In his firm they had a Works Committee elected by the workpeople themselves which had been quite useful. He would like to see some scheme adopted by industry as a whole, but not made compulsory. The old spirit in industry was one of dominance; the new spirit must be one of service.

Shipbuilding.

Mr. SCOTT dealt with the question particularly from the point of view of the shipbuilding industry. It seemed to him the time had come when the Trade Unions interested should take some part with the employers in considering what was to be the future of so great an industry. Workpeople should not only have a fair remuneration and a share in the profits—although that was of great value—a share in management and control was of even greater importance.

Immediate Action.

Judge CHATTERJEE hoped something constructive would be the result of the Congress. It was necessary to act at once if Co-partnership was to be effective in England before it was adopted by other countries.

Need for uniting in industry. The place of the worker.

The PRESIDENT, in closing the discussion, said he had been struck by the fact that so many, speaking from different points of view, had insisted very strongly on the necessity of establishing greater responsibility and sympathy between the employers and the employed. He had always thought it a great pity that the movement was so permanently associated in the public eye with profit-sharing. Profit-sharing ought only to be an incident in co-partnership. What was really wanted was unity in industry, and that would never be achieved unless everyone engaged in industry had a direct and positive share in the control and management. It would not be possible to have the details of management continually reviewed by a committee, but the vast majority of industries were organised as limited companies with a general Board of Directors, and where that Board could be of value was as a final court of appeal in deciding broad questions of industrial policy and particularly in giving confidence to the shareholders. But they had to give confidence to the employees as well, so it was necessary that they also should be represented. Many industries had given their employees a direct share in management, among them the South Metropolitan Gas Company. To his many enquiries as to whether any disadvantage had ever accrued to the management as a result of such representation he had always received the reply that nothing but advantage had ever accrued. (Hear, hear).

Government help but no compulsion.

He hoped the Conference would not separate without some practical result. He could not help thinking that they were too much engaged in talking about principles and not sufficiently engaged in propaganda. They wanted every industry to adopt some scheme, but there must be no compulsory adoption of co-partnership. Nevertheless, he was in favour of trying to get the legislative and administrative branches of the Government to push the proposal forward by every means of influence and assistance. Much good could be done by a Government Department concentrating on and thinking out the difficulties, and suggesting practical ways for the application of the principle. Naturally there would be legal difficulties so far as statutory companies were concerned, but it would be a useful piece of propaganda if a declaratory Act were passed conferring the necessary powers on such companies.

Consideration of Trade Union objections.

Then if a committee could be appointed to consider the trade union difficulties in regard to co-partnership, a most useful piece of work would have been done by the Association. In his opinion most of the trade union leaders would be only too ready to meet them and consider the question without pledging themselves in any way to adopt or reject it. The main thing was to have the objections thor-

oughly and properly examined. There was a great opportunity before the Association. The existing system of industry was to some extent in the melting pot, and if they really went forward they might establish it on sound lines, not so much from the point of view of preventing other countries doing as well as England, but more from the point of view of really getting industry on a sound basis, not only for the material prosperity of the country, but in order to get rid of the miserable suspicions and disputes which were at present poisoning the industrial and social life of the country. (Cheers).

This terminated the first morning's sitting, which was followed by a Public Luncheon.

PUBLIC LUNCHEON.

Following the morning session, a Public Luncheon was held in the Richelieu Room of the Hotel Cecil, when Lord Robert Cecil, K.C., M.P. (Joint President of the Association), presided, and was supported by the Marquis of Salisbury, K.G., C.B., Sir Sydney Chapman, Mr. Aneurin Williams, M.P., and Mr. Cuthbert Plaistowe (Joint Hon. Secs. of the Association), Dr. J. Bonar, Mr. Henry Vivian, Mr. E. O. Greening, and other Members of the Executive Committee, Mr. Charles Hunt (Chairman of the South Surburban Gas Co.), Mr. G. J. Wardle, C.H., Mr. G. Mathieson (Messrs. Clarke, Nicholls and Coombs, Ltd.), etc.

The loyal Toast having been duly honoured,

The MARQUIS of SALISBURY addressed the gathering and said: Lord Robert Cecil, Ladies and Gentlemen,—I feel a very considerable diffidence in addressing you because you have been filling your minds up to the very brim with co-partnership wisdom and lore all the morning; you have already said everything which you could possibly find to say and are probably beginning to be a little tired of the subject. ("No, no."). But that is not the only difficulty. I must say that anybody who speaks for an alternative method of industrial equipment at the present moment requires a faith almost stronger than that of the early disciples who were told that, notwithstanding wars and rumours of wars, the end was not yet. One wonders sometimes, almost in despair, whether anything can be done to substitute for the existing relations between employers and employed something more rational. I have lived the greater part of my life in the 19th century, to which most of us look back with mixed feelings. It was a splendid century in many respects; splendid in its energy, in its enterprise; in its reform, and in its industrial policy. Those things one may well be proud of. But it left behind, for the 20th century to deal with, an atmosphere of almost universal suspicion. (Hear, hear). I do not care where you look in the industrial world, everybody seems to suspect everybody else. It is not merely that those engaged in industry suspect the Government—they are not alone in that—(laughter)—and it is not merely that the workers suspect the employers; the fact is that the workers suspect each other. They suspect everybody. Is it not astonishing that it seems almost impossible to find any individuals who are not merely in name, but in fact, the leaders of the workers, that you can go to and get a confident answer as to what the workers want and what they will take and upon what you may rely? No one can give you those answers. It is all suspicion from one end to the other.

The industrial system of the XIX Century brought deep-rooted suspicion.

I am sufficient of an optimist to believe that that is not true to human nature. (Hear, hear). It ought not to be so, and depend upon it the system in the 19th century which produced such a result must have been wrong. (Hear, hear). I do not require a further argument on the point. You meet men—not men merely such as I see before me but of all classes—who as individuals you will find tolerant, reasonable, and easy to do business with. Why should it be that taken in the mass you find neither the employers nor the employed either tolerant or reasonable or able to be relied upon? Depend upon it, the system must have been wrong and, therefore, it is not surprising that we and others are all looking about to see if we can find a better system. (Hear, hear). And what we really have got to ask ourselves is whether the existing system has not erred because it was a hard, commercial, scientific system rather than a human relationship. (Hear, hear). That is really the root of the matter. You must have in industry, just as in anything else, a human relationship. (Cheers).

System wrong in neglect of human relationships.

Labour as a commodity.

You have got to ask yourself this: Is labour merely a commodity like any other commodity which is to be bought and to be sold? Because if it is it would not unnaturally follow that those who have the labour to sell would ask the highest price they could possibly get for it, and those who have the labour to buy would give as little as they could for it. The two sides would be arrayed against each other not with a view to promoting the success of their mutual work, but with a view to getting the best of one another. That is the present competitive system and we must, if we are to do anything better, substitute for it a true relation of mutual help and responsibility such as is embodied in the word "Co-partnership." (Cheers). I have been for many years very

The place of profit-sharing within Co-partnership.

much interested in this question. I think, if I may say so, there is one pitfall we ought always to bear in mind. In so many people's minds co-partnership is not only allied with profit-sharing, but is subordinate to profit-sharing. I am sure that is wrong. (Hear, hear). Profit-sharing is, I believe, a very excellent incident of co-partnership, but it ought not to be put higher than that. If profit-sharing is the main thing and common management the minor thing, then you have another form of the old cash nexus, nothing but the old relationship which is to be counted in terms of money instead of in terms of mutual confidence. And although I should be quite prepared, if the road lies that way, to work through profit-sharing up to co-partnership, yet I should never be satisfied, and never give anybody the impression that I was satisfied, with profit-sharing as the solution of the problem—it never will be the solution—nothing will be a solution except that all parties should be mutually responsible in the management of the concern. (Hear, hear). I think if I went any further I should probably get into too much detail.

Confidence in employees.

I do not myself believe that any serious danger lies in a misgiving which employers used often to mention to me when they asked: How can we reveal to our workers, and therefore to the world, the trade secrets of our business? There are many answers to that. In the first place, I see no reason why representative workers should not keep a secret like everybody else. (Hear, hear). I do not observe as I see their proceedings that they do everything in the public eye—(laughter); there appears to be a great deal always going on behind the scenes, and I should say that they are quite as able to look after their own confidence as anybody else. But the truth is that even if there were a little loss by the workers being taken into the confidence of the employers, the improvement in their relations would be well worth the price. (Hear, hear). Let us realise that in the situation in which we are placed, in view of the extent to which this suspicion has gone, it will need a very great effort to get rid of it. You will have to give your confidence, as it were, with both hands; leave no suspicion behind of any kind so far as you are able to eliminate it. You must go to the workers and say, "We have nothing to conceal; we are all here to know everything there is to be known, and you will see that, after all, we are not such selfish people as you imagine, and we are quite willing to share with you the success and prosperity of our undertaking." That seems to me to be essential. But apart from that, although as I say I do not believe in that misgiving, there really is no difficulty or doubt whatever.

Workshop Committees.

As regards friction in the workshop, hours, wages and conditions of employment, there is no reason in the world why these things should not be managed by a joint body consisting of employers and employed. I am afraid my knowledge is not up-to-date, but when I looked into it, it was that particular element in the management of the business which worked most smoothly under a mutual agreement such as co-partnership is, and I believe that if you could prevail upon the individual workers in all parts of England to see that in those respects you were most anxious that they should take their full and equal share in the management of all difficulties, you would have gone a long way towards solving this tremendous problem which lies before us. (Cheers.).

The PRESIDENT said that Sir Robert Horne, who was to have been present, had written to say that he took the greatest possible interest in the subject under discussion but that owing to the circumstances of the hour it was quite impossible for him to be present. One of the Permanent Secretaries of the Board of Trade was, however, present, and he had much pleasure in calling upon him.

Sir SIDNEY CHAPMAN said it was a great pleasure to him to be present at a meeting of the Labour Co-partnership Association, but as he happened to be present as the result of an accident he was aware that he was a source of disappointment. ("No, no."). He was sure he could say, speaking on behalf of the President of the Board of Trade, that he viewed with the deepest interest and sympathy all industrial methods which led to concord and efficiency. Personally, he thought all who had been connected with the Association knew that the principles advocated did

The interest of the Board of Trade.

make for concord and efficiency. An official was always more or less muzzled on public occasions, because he was now carrying out one policy, now another, and therefore he did not think he would speak as an official, but as an individual. Nevertheless he would still be cautious. (Laughter). He had been connected with the Association for more than a quarter of a century and on one occasion he had been honoured by being elected President, so that he could claim that he was not ignorant of the work of the Association and its principles. Speaking as ex-President and looking back on the progress of the movement, one thing that struck him both as to the past and the present was the slow growth of the Co-partnership movement. Though the Association had done a great deal relatively, it did not fill a very large place in the picture of the industrial system. He personally had never believed that the time would come when the whole industrialism of the country would be, so to speak, co-partnerised, but he did hope it would have a very much larger place than it had at the present time. He had always believed that in so complex an industrial system as that of this country there must be infinite variety, and though there might be throughout industry the spirit of co-partnership, the forms in which it was manifest would be infinitely varied. Even admitting, however, that there must be many formulae, it was nevertheless a little disappointing to those who were ardent believers in the principle of co-operation that there was not more of it in the country than at present. Why was it? The movement had been launched at a time of very great national prosperity and complacency, a time in which it was very difficult to introduce changes. Circumstances now, however, were very different and the great opportunity had come, for everybody felt that the progress of the world rested upon greater co-operation in every department of life. They were no longer condemned to be regarded as advocates of a small and interesting experiment, but were destined to play a much larger part in the industrial development of the country. (Applause).

Review of past progress, and, future prospects.

The PRESIDENT, before calling upon Mr. G. J. Wardle, mentioned that he had received a letter from Dr. Macnamara (President of the Ministry of Labour) who regretted that an important engagement at the last moment had prevented him from attending.

Mr. G. J. WARDLE: My Lords, Ladies and Gentlemen,—I can speak to-day free from the cares of office as ex-Parliamentary Secretary of the Board of Trade, and as ex-Parliamentary Secretary of the Ministry of Labour. I think I can claim even a wider experience than that. I have been closely connected with the Trade Union movement for many years past and I think I know something of its aspirations and its direction. You have got to get the Trade Union movement much more intimately associated with Labour Co-partnership if Labour Co-partnership is ever to be a success, and there are a great many difficulties in the way. I have always been one of those who believe that every kind of experiment should be tried which would get us out of the present state of affairs but I am convinced that the mixing up profit-sharing and co-partnership has been one of the greatest difficulties in regard to this movement. (Hear, hear). The workers suspect profit-sharing and they have never yet seen labour co-partnership. I say that advisedly, and you must excuse me if I speak a little frankly. I have, I believe I am right in saying, sacrificed a good deal to secure what Sir Sidney Chapman has referred to as concord in industry.

The absolute necessity for getting Trade Union acceptance of Co-partnership for real progress.

I want to see employers and employed working out together the great problems which have to be settled during the next decade. For there is no doubt about it, though I am no pessimist, that we are either on the eve of great changes which will mean a permanent advance in the industrial and commercial life of this country, or we are face to face with the greatest crisis which has ever been before us. Therefore, it is no use being mealy-mouthed or burking the issues. It is a little strange that we have had the principal speech of to-day from the Marquis of Salisbury—some people would say a representative of feudalism—I hope I may say of what was best in feudalism. (Hear, hear). But the practical feature about feudalism was that it did care, to some extent at any rate, for the workers. Now capitalism has begun to care, and it has begun to care chiefly because it has been compelled to. That is a very serious position. (Hear, hear). Why have we not to-day, instead of the Marquis of Salisbury, one of the great leaders of industry speaking to us—with all due respect to the Marquis of Salisbury? That is where the crux of the situation largely lies. Industry to-day has got to face the greatest problems which it has had to face under its present regime, and it has got to come through them or sink.

Great change imminent in industry.

Is Co-partnership
camouflage or
reality?

When the Marquis of Salisbury talks about mutual responsibility and equal status, I want to ask whether that is camouflage or reality, because that really is what it will come to. You have not yet convinced the workers that co-partnership is anything more than camouflage. (Hear, hear). That is the real basis of the whole thing. What does the word co-partnership itself signify? If it means anything it means a real partnership—(hear, hear); it means a partnership in industry which recognises an equal status between the workers and the employers. I want to ask how many of your schemes, when they are put into operation, actually mean real co-partnership? There are very few. It is a difficult problem. I am not going to say that the slow progress which you have made in the past is not in itself, to some extent, inevitable, because workmen if they are to be received into equal partnership do require that training, knowledge and education which will lift them out of their environment and scope and give them an opportunity. (Hear, hear). That opportunity is long in coming. Believe me, the workers of this country to-day are in a condition of revolt against the present system which will end in one of two things: either there will be a readjustment which will increase their status, or else there will be a revolution which will upset the whole present condition of society. One of these two things is bound to happen, and wise men are anxious, that whatever changes come about in industry, shall come about peaceably by arrangement, by agreement rather than by violence and revolution. I am confident that we cannot much longer put off coming to some real arrangement on this question. Serious as the statement may be, I am quite convinced that we have got to carry the Trade Unions with us if these arrangements are to come to a successful issue. Where are the representatives of Trade Unions to-day at this meeting? There are one or two. (The President: Yourself). Yes, but unfortunately for myself at the present moment I am unofficially representing the Trade Unions just as my friend, Sir Sidney Chapman, is unofficially representing the Board of Trade. I am speaking seriously because I think it is time you faced this very serious position.

Trade Unions
will accept
responsibility if
also given power.

The suspicion to which Lord Salisbury referred has got deep-rooted and deep-seated, and I think I am right when I say that there is a shrinking on the part of the Trade Unions from taking up responsibility, and I do not blame them very much, because they have had very little to do with the direction of industry in the past, and, if they are to assume any responsibility for it at all in any shape or form, they must be brought to a different frame of mind to that which they are in to-day. They will never consent to responsibility—and this point I want to impress before I sit down—without power. That is what they are after: and that is what they mean to have. I do not think anybody can disguise for a single moment that what the Trade Unions and the workpeople of this country are out for is some power of direction; some real responsibility if there is to be responsibility at all. (Hear, hear). I will not touch on the coal dispute beyond this one single word, that the miners say that if they are to be asked to be responsible for increased output, they must have some more responsibility elsewhere. (Hear, hear). That word, if you look into it, covers a great deal.

I want to add as my last words: Have done with camouflage, have done with pretence, get to reality; if co-partnership means anything let it be co-partnership and let the workers take a share with you in that which they have not now—the direction of industry. (Cheers).

Not camouflage
nor feudalism.

The PRESIDENT, in thanking Mr. Wardle for his remarks, said he had given them all a great deal to think about. Speaking personally, he would like to say that if the Labour Co-partnership Association was out to advocate anything in the nature of camouflage, he would have nothing to do with it, and as far as he was concerned he adhered most fully to the general principles which Mr. Wardle had laid down, though he urged him not to regard the adherents of co-partnership as exclusively feudalists. (Laughter). Whether he personally was a feudalist or not, he knew there were many representatives in the room on the employers' side of the question.

Need for moral
foundations to
any industrial
system.

Mr. ANEURIN WILLIAMS, M.P., said he had recently returned from a visit to the United States, and as he was leaving New York he could not help wondering why there had never been skyscrapers in this country, and he had come to the conclusion that it was because we had not a solid foundation of rock on which to build. He applied that also to the industrial system in this country, and maintained that there could not be an industrial system of more than a certain weight and complexity except in proportion to the solidity of the moral foundations on which it was built. Our modern system of industry and society had become too complex, too heavy for its moral foundations, and the time had come to revert to something simpler.

There were times when, after twenty-eight years of work in the movement, one felt somewhat discouraged, but that was not a permanent feeling. When he first became connected with the movement the leading Trade Unionists of the country were not only willing but anxious to have a system of co-partnership, and would have facilitated its introduction in every way if the employers of those days had been willing. Now it was the other way round. If one went to the employers they said, "We should be very willing to consider it, but we are advised that the Trade Unions will not have it." He thought that now both sides were coming to realise that it was necessary to make some move in that direction, and that they were at the dawn of a re-birth of the co-partnership movement.

Acceptance of
Co-partnership
by Trade
Unionists and
Employers.

New wine required a new bottle, and he thought the movement with which the Association was connected required a change in the Honorary Secretary. ("No, no."). Although his name stood jointly with that of Mr. Plaistowe, the latter was really doing the work as Honorary Secretary, and he hoped they would give Mr. Plaistowe the hearty support he needed, both in work and in funds. They had only just received an addition to the latter to the amount of £50 from the South Suburban Gas Company, represented by Mr. Charles Hunt, and he hoped that example would be an encouragement to others, for it was impossible to adequately carry on the propaganda work of the Association unless it received further financial support. He heartily agreed with the propositions made by Lord Robert Cecil at the morning session, and if they could work on those lines he hoped and believed that, notwithstanding the slow progress of the past, they would be able to go forward very much more rapidly, especially if one and all gave their hearty co-operation and support. (Cheers).

Financial
support for
propaganda.

Mr. CHARLES HUNT (Chairman, South Suburban Gas Company) said he could speak with confidence as to the efficiency of the system of Co-partnership as a means of ensuring industrial peace. His Company had adopted Co-partnership many years ago and from the commencement they had had a Co-partnership Committee, one half of which was nominated by the Board, the other half by the workmen, and that Committee dealt with various matters connected with the industry generally. After the termination of the war there had been a good deal of unrest and suspicion amongst the workmen and complaints were made in regard to the management. At last he received an anonymous letter, and on his suggestion a Committee of employees was formed to consider the letter and decide what was to be done. Certain proposals in the letter were dismissed as frivolous and action was taken on the other matters with so great a success that it was decided to make the Committee permanent. Now all matters in connection with the working were referred to it, with the power of appeal first to the Co-partnership Committee and finally to himself. Numerous cases had been before the Committee, everyone of which had been dealt with to the satisfaction of the management, as well as to the satisfaction of the men themselves without a single case having been referred to him, the moral of which was that if workmen were trusted they would not betray that trust. (Cheers).

The working of
Co-partnership.
Confidence
justified.

Mr. E. O. GREENING proposed that a hearty vote of thanks be accorded to Lord Robert Cecil for helping to make the Congress a success and for his assistance in carrying the movement forward from stage to stage. They certainly owed their President a very great debt of gratitude. Their thanks were also due to the other speakers, and among them Mr. Whitley who in suggesting and pioneering Industrial Councils had built a bridge of boats over a very difficult stream. He thought all present realised that the ultimate aim went even beyond uplifting and enriching the mass of the workers. They must not only reconcile Capital and Labour, employer and employed, but must also create a new spirit in both towards their work, if the terrible state of things left by the great war in Europe was ever to be ameliorated. (Cheers).

Vote of thanks
to the speakers.
The ultimate
objects in view.

Mr. G. MATHIESON (Messrs. Clarke, Nicholls and Coombs, Ltd.), in seconding the proposition, said the meeting had been an inspiration to them all, and he hoped they would take advantage of it.

The vote of thanks having been unanimously accorded,

The PRESIDENT, in returning thanks on his own behalf and on that of the other speakers, said he was sure his colleague, Mr. Appleton, would have liked immensely to be present but he had been prevented owing to the urgent engagements necessitated by his official position in connection with the Trade Union movement. He felt he was expressing the view of all present when he said how much they all regretted Mr. Appleton's absence. (Hear, hear). They had an

Reply by Lord
Robert Cecil. The
present immense
opportunity.

immense opportunity before them and it rested with the Association and its friends whether they took full advantage of it. They certainly needed money, work and service in support of a great movement which if he were to try and summarise it in one phrase he would say was "an attempt to establish peasant proprietary" in industry. He again thanked them all very heartily for their kindness, and he thought the Congress would be looked back upon as the commencement of a fresh and more vigorous life in the Association. (Cheers).

Wednesday, October 27th, 1920.

The Congress was resumed on Wednesday, Mr. ANEURIN WILLIAMS, M.P. (Joint Hon. Sec. of the Labour Co-partnership Association) presiding at the Morning Session.

The CHAIRMAN, before calling upon Lord Emmott to open the discussion, formally moved the following resolutions suggested by Lord Robert Cecil on the previous day:—

"That in the opinion of this Congress all possible means should be taken to advance the adoption of Co-partnership in industry and in particular it recommends:—

1. That legislation should be immediately passed removing from all statutory and other Companies any legal obstacles that may exist in the way of its adoption.
2. That a special department of the Board of Trade or the Ministry of Labour should be constituted to study the practical aspects of the question in connection with the various industries of the country so that where opportunity offers recommendations can be made for the best scheme of Co-partnership to be adopted in any particular case.
3. That a committee consisting of persons conversant with the Trade Union movement be appointed by the Labour Co-partnership Association to consider what steps should be taken in the adoption of any Co-partnership scheme to secure the hearty co-operation of Trade Unionists."

Mr. HENRY VIVIAN seconded the resolution.

Lord BLEDISLOE suggested that Clause 2 of the resolution should read as follows: "That a special department of the Board of Trade (and in the case of Agriculture the Ministry of Agriculture)," etc., and this having been agreed to the resolution was carried in its amended form.

"The Place of Co-partnership in the World of Production and Distribution."

Lord EMMOTT, in opening the discussion, said: Mr. Chairman, Ladies and Gentlemen,—I speak to you with great diffidence this morning. I have no intimate knowledge of the actual working of any scheme of co-partnership such as is possessed by Dr. Carpenter who will follow me, but I am so convinced that co-partnership—including, of course, profit-sharing—is the right solution of some of the ills from which we suffer at present, that I could not refuse to come here this morning and put the case before you as it seems to me.

Common
interests of
Capital and
Labour.

This Association, I take it, is a standing protest against the idea that there is an unbridgeable and unending antagonism between Labour and Capital. The latter idea seems to me to be wickedly untrue. (Hear, hear). I believe at bottom there is a real identity of interest, and we want to work out a genuine co-partnership system in which this identity of interest would be so apparent that co-operation in good times and in bad would be the natural and obvious result.

Another point that I want to make is this: Change ought to be evolutionary on the basis of what has proved to be good, and not recklessly revolutionary, destroying good and bad together. (Hear, hear). It is important to remember, as Lord Cowdray stated in his very striking rectorial address at Aberdeen University, that our ideas and conceptions of industry and of the functions of Capital and Labour are the result of evolution extending over hundreds, perhaps thousands, of years and that they form part of the structure of society as we know it. He illustrated that idea by saying that wealth consists not merely of things tangible, such as land and plant and machinery, but also of things intangible such as goodwill. Credits and the whole delicate operations of finance as we know them to-day are based on these conceptions, and the result of a rude upsetting of conceptions such as these has been shown in Russia. When the industries of that country and banking and finance were nationalised all credit disappeared; its place was taken by the unlimited printing of paper money. The result has been that industry has been brought to a standstill there, beyond any hope of quick recovery. Not only has the bourgeoisie been ruined, but the great mass of the town populations have been brought to an infinitely worse position than they occupied before those changes took place, and they are now really at starvation level.

Changes must be
evolutionary in
order to preserve
credit.

With our world trade we ought to be specially cautious that in any change that we adopt we should keep what is good. It is quite clear, I think, that revolutionary experiments which would destroy credit and remove incentive, which would replace capable leaders of industry by unfit tyros and theorists, would inevitably lead to disaster.

If I carry you with me so far, I want now to turn to enquire very briefly what is good and what is bad in the present system. Our present system of private enterprise has provided an adequate incentive to the leaders of industry to work hard themselves and far as possible to induce others to work hard. It has, I think, brought the best brains to the front. This little island in the Northern seas has held its own in competition with Europe, Asia and America in the past. Above all, our system has provided saving and, as I shall have occasion to say to you again and again in my short speech, adequate saving is essential, not only to replace wear and tear, but also to provide for an extension of industry necessary to meet the needs of a growing population. Those are the good features. What are the bad?

Good features of
our present
system.

I think the bad features are that the worker himself has not had an adequate incentive. He has worked either for a fixed wage or on a piece-work basis. Of the two I think the piecework basis is much the better. The rate of remuneration has been the subject of bargaining. The worker has found that the Trade Unions have done the bargaining much better than he could do it for himself. These Trade Unions have become more and more powerful. The worker has become dissatisfied. He is dissatisfied on the material point that he is not getting a fair share of the profits of industry. Morally he is dissatisfied because he has not got the amount of control and responsibility to which he thinks he is entitled. All this feeling has been aggravated and made immensely worse by the extension of the joint-stock movement and by the amalgamations that have taken place, particularly in the last quarter of a century. The worker thinks in many cases that he is simply working for idle shareholders. He does not allow for the fact that most of the leaders of modern industry have risen from the ranks—(hear, hear)—where at the beginning they had no better chance than he himself had. He forgets that a great many of the shareholders whom he thinks of as idle have much smaller incomes than he himself possesses to-day. He thinks that capital grows by itself—a most profound mistake. He does not recognise the part that ability has played, is playing and must always play, in regard to industry. He forgets that the saving, which provides the capital which is necessary both for replacement and for extension, is the result of thrift and self-denial in those first all-important commencements of the accumulation of capital by individuals. I hope that is a fair statement, and I take it we recognise and sympathise with the claim made by the worker for a larger share in the profits of industry, for more responsibility and for a share in control. And we are most anxious to give effect to that claim, providing three things are kept in mind and are safeguarded.

Bad features
from the
workers' point of
view. Wrong
distribution of
incentive,
product,
responsibility
and control.

First of all, the quantity and quality of production must be maintained; secondly, ability should be encouraged and rewarded; secondly, the natural leaders of industry should not be replaced by the less fit; and thirdly, adequate saving should be provided for. These three things are essential, and co-partnership, on the lines of the resolution appearing on the agenda paper, asking for an increasing share

Requisite
safeguards.

of capital to those providing the labour would, if properly worked, provide safeguards on all these three heads. Nationalisation would, in my opinion, not provide these safeguards, and I will show you why.

**Nationalisation.
The Sankey
scheme.**

Recent discussion on nationalisation has cleared the air to some extent, but it seems to me the whole question wants immensely more thrashing out. If we are going to retain our sanity, no change ought to be sanctioned in this country unless it is demonstrated clearly that the change will remove evils without replacing those evils by worse. "Nationalisation" is a very ambiguous phrase. It connotes a great number of things. I am going to deal briefly with three kinds of nationalisation. First of all I take the nationalisation that we are accustomed to in an institution like the Post Office, or what is known as the Sankey scheme which has been suggested for the mines. Those plans both have this salient feature in common: that they are dependent on a Minister who is dependent on Parliament. It is already recognised, I think, on all hands that no one wants the bureaucracy of the Post Office organisation applied to industry. As for the Sankey scheme, I do not think I am misrepresenting it when I say it seems to be based on the idea that men will work better for the State. The recent vote of the miners in rejecting the datum line on the avowed grounds that the country as a whole is too big a working entity, and that under this datum line proposal it would be very possible for one county which worked hard to have its efforts neutralised by slackness in other counties, that vote does seem to me entirely to confirm the view of critics of nationalisation of the kind I am dealing with, that a huge centralised national organisation would not offer the necessary inducement to work. Neither would it, so far as I can see, foster and reward ability as well as private enterprise has done in the past. Nor would it be so likely to bring the best brains to the front, and of all questions I think that its, perhaps, the most serious. (Hear, hear). Then again, it would destroy the mining industry as a reservoir for saving. The whole plan of the Sankey scheme is based on the idea of giving all the profit to the miner and the consumer. No longer would the industry, if nationalised on the Sankey basis, provide its fair share of taxation to the Chancellor of the Exchequer. That would throw a heavier burden on other industries, many of them being either now, or at least soon likely to be, subject to fierce foreign competition. Therefore, this plan fails on all my three tests—incentive to work, reward of ability, and saving. These manifest defects, in my humble opinion, far outweigh any practical advantages likely to accrue.

**Other
nationalisation
schemes.**

I turn next to the Syndicalist scheme, and here I speak with less knowledge, for I have not studied it very deeply. But obviously it would be a great danger to apply Syndicalism to an industry which is the life breath of our national manufactures. If Syndicalism involves control by the workers, I am afraid the tendency, at any rate at first, would be to put the less fit in place of the most capable and to remove incentive to the workers. Under it saving would also, I am afraid, go by the board.

Owing to the objections to these two schemes another plan has recently been put forward of a somewhat vague and shadowy kind. As I understand this new plan, an independent board is to be appointed to manage the nationalised industry "in the interests of efficiency." The nation, therefore, is to pay the piper; the independent board is to call the tune. I do not mind saying perfectly frankly that if we are to have nationalisation I prefer that scheme to the Sankey scheme, but I see no reason to suppose that under it there will be greater efficiency than in industry under private enterprise, or even as great efficiency. A board, consisting partly of workers, partly of experts, partly of consumers, selected after much wire-pulling, would be much less likely to bring to the front the best brains than has been the case with private enterprise in the past. I think further that there is a very grave constitutional objection to handing over to an independent board the management of an industry for which the State may have paid two or three hundred millions as compensation to the Coal Owners. Also I see no chance of saving being secured under it.

**Comparison with
Co-partnership,
Incentive.**

I want to contrast with this scheme of nationalisation, Co-partnership, as you are recommending it. On the one hand we must remember that no scheme of nationalisation in any democratic community has proved itself successful against competition worked under private enterprise. The two things hardly exist together, and the comparison is very difficult to make. Certainly Australia has not shown examples of nationalisation being superior to private enterprise, and the Russian scheme so far must be pronounced a gigantic failure. I think everybody agrees that the State when it is an employer should be a model employer, should pay wages as high as anybody else, and should give as good conditions as anybody else. Certainly

that is the view of the workers who work for the State. On the other hand it is obvious that profit-sharing entered into *con amore* would make a profit-sharing-conscious employee a natural overlooker of his working colleagues. His interest in results would make him feel that if he is to work hard himself he must see that his neighbour works hard too. Therefore, there is under Profit-sharing and Co-partnership, an incentive provided for work, and efficiency is promoted.

I take the next question of saving. May I say that if we are going to have successful Co-partnership and Profit-sharing, employers will have to open their minds to giving a bigger share of profits, when profits are earned over an agreed datum line of interest on capital—a bigger share of profits to the worker. (Hear, hear). Incidentally, by the by, that may raise a very difficult question as regards taxation. It is agreed that the Excess Profits Duty, as at present existing, must soon be done away with; in any event it is going to become a very unremunerative tax before long. But there is an idea that it should be replaced by some other and better plan of taxing abnormal profits. Now if such a tax is brought into force it is very undesirable that it should interfere with the portion of profits which are divided amongst the workers in any profit-sharing scheme. (Hear, hear). I mention that incidentally. It is no part of my main argument, but it is a point that will want watching in the future. When profits are made over the agreed datum line, whatever that may be, which is to give a reasonable return for interest on capital, I look—and as far as I can gather you will agree with me—to a larger share than is usual in most present profit-sharing schemes going to the workers.

**Savings and
Excess Profit
Duty.**

Here the question of saving comes in as a crucial part of the whole arrangement. I do not apologise for introducing this matter over and over again because it seems to me vital. Here is an extract from a remarkable book by Mr. Keynes on "The Economic Consequences of Peace." It has nothing to do with his views on peace, but it has to do with this question with which I am dealing, the question of saving and division of profits. Describing the old condition of things, he says: "The new rich of the nineteenth century were not brought up to large expenditures and preferred the power which investment gave them to the pleasure of immediate consumption. In fact, it was precisely the inequality of the distribution of wealth which made possible those vast accumulations of fixed wealth and of capital improvements which distinguished that age from all others. Herein lay in fact the chief justification of the Capitalist System. The immense accumulations of fixed capital which, to the great benefit of mankind, were built up during the half century before the war, could never have come about in a society where wealth was divided equitably. On the one hand the labouring classes accepted from ignorance or powerlessness, or were compelled, persuaded or cajoled by custom, convention, authority, and the well-established order of society into accepting a situation in which they could call their own very little of the cake that they and Nature and the capitalists were co-operating to produce. And on the other hand the capitalist classes were allowed to call the best part of the cake theirs and were theoretically free to consume it, on the tacit underlying condition that they consumed very little of it in practice. Saving was for old age or for your children; but this was only in theory—the virtue of the cake was that it was never to be consumed, neither by you or by your children after you."

**Mr. Keynes on
capitalising
savings.**

I read that passage because it emphasises what seems to me the extraordinary importance of saving for a community like ours. And the argument that I want to draw from it is this: If you are going to diminish one source of saving by a new distribution of profits you must try to increase saving from another source. To take part of the profits of the entrepreneur at present, as we are suggesting, will in itself diminish his chance of saving. That is perfectly obvious. Now that is of no importance to the nation, provided it is equitable in itself, if only it leads to other people saving; and, I take it, your fundamental suggestion in regard to co-partnership and profit-sharing is that a portion of the workers' share ought to be invested in the concern. (Hear, hear). You would make saving an essential part of your scheme.

**Savings can be
made by
capitalising
workers' profits**

I have no time to go into this matter in detail, but there are some obvious questions that arise at this point. It will be asked: Would the worker who receives Shares in the concern be allowed to sell them? I certainly think he ought to be allowed to do so, at any rate after a decent interval. But in many cases he would not sell them. He would soon find the dividends on this share of profits coming in, and that would lead to a habit of saving. Another very obvious objection is that the plan proposed would really amount to a watering of stock. Of course that must not be allowed. If people only care sufficiently about profit-sharing, my suggestion is that in the case of

**Results of this
Capitalisation.**

any concern which does not want more capital—and almost every concern to-day does because of the great change in prices—the present holders of shares ought to arrange to sell them at a reasonable price, and so the stock would be transferred from the present capitalist holder by degrees to the workers. I want to see the worker become a capitalist. If in course of time he ousts the present capitalist by the plan suggested, so much the better for all of us. The world's industrial problem would, in my opinion, then be solved. (Hear, hear). The benefits of this scheme, if it can be worked out, are really considerable. Firstly the moral benefits to the worker; secondly the financial benefits to the State, which would no longer be so dependent as it is to-day on the present form of capitalist.

Efficiency from workers' sharing in control.

Finally as to the question of efficiency. Out of the new shareholders under this scheme of profit-sharing, I presume there would be directors appointed, as in the case of the South Metropolitan Gas Company. I understand that the scheme has worked out well there. Why should it not work out well elsewhere? There is many a firm in financial difficulties to-day, not because it is not, or has not been, making large profits, but for want of cash and credit. Everybody in business knows that. It would in many cases be an advantage for responsible representatives of the workers in a concern to know what the financial difficulties of managers and directors are; it would make them understand that even the directors' job is not all jam, and it would make them more sympathetic and understanding altogether. On the other hand, the capitalist directors would learn from the workmen directors a good many things, and particularly they might get increased efficiency in this way: that the workmen directors' knowledge of their fellow-workers is much more intimate than that of the capitalist directors. Therefore they would, in many cases, be able to suggest better men for promotion than would be chosen by the managers and the directors. All three points, the incentive to work, the reward of ability, and saving, are therefore safeguarded. In all of them Co-partnership, as you recommend it, seems to me to stand the test.

Difficulties not insuperable.

I have not time to deal with the difficulties. The difficulties, of course, are enormous. But the chief difficulty is this: that people do not care enough about it. The real difficulty is the right wing of the employers in one case and the left wing of labour in the other. And of the two the great difficulty is the Trade Union difficulty. But the difficulties are, as I say, in getting public opinion informed and public feeling enthusiastic on behalf of this change. If we secure that, the difficulties, when we got to work, would be infinitesimal compared with the difficulties which would certainly accrue under any scheme of nationalisation that I have seen. Unless nationalisation can provide an incentive to the worker, adequate reward for ability and the probability of the best brains being brought to the front and, in addition, adequate saving, it must bring disillusion, friction and probably disaster. In Co-partnership, as recommended by you, these three vital matters seems to me safeguarded, and most sincerely and reverently, ladies and gentlemen, I wish you God-speed in your work. (Cheers).

History of the scheme of the South Metropolitan Gas Co.

Dr. CHARLES CARPENTER (Chairman, South Metropolitan Gas Company) said Co-partnership, as practised by the South Metropolitan Gas Company, was initiated by the late Sir George Livesey in the year 1889, the year of the Dock strike and other industrial troubles, to which their company was no exception. Sir George Livesey thought the time ripe for getting the approval of the then Board of Directors to the principle of Co-partnership. Unfortunately the Trade Union took umbrage at the proposals, fearing that Co-partnership would weaken their authority. He had been associated with Sir George Livesey at the time and he could positively assert that such an idea had never entered his head, for Sir George had been sufficiently satisfied with the individuality and personality of the Company to rely upon that rather than outside influence. They persevered and the scheme was adopted. Their anticipations as to the result was fully borne out by the fact that when they compared them with those of similar enterprises they showed a distinct advantage although the conditions of working were the same. It had been proved over and over again to their satisfaction that the ideal of Co-partnership or Profit-sharing was well founded.

Association of workers with management.

Then when they came to look more deeply into the scheme they discovered a desire on the part of the workpeople to be associated in the management. In the meantime they had built up not only a co-partnership but a saving element, and their large body of workpeople had accumulated a not inconsiderable share of the capital of the undertaking, so that the time was really ripe for giving practical expression to that desire on the part of the employees. The adoption of Profit-sharing in the beginning, and then Co-partnership, had not excited opposition from the capitalist class; but when it came to a proposal that management should be shared by the employees some capitalists were up in arms against what they considered an un-

necessary, unreasonable and, in fact, ridiculous proposal. In the teeth of a great deal of opposition Sir George carried his point and an Act of Parliament was applied for and passed giving the Company power to provide for the election of employee directors. The employees were entitled to elect by ballot a maximum of three workmen directors who had been fourteen years in the service of the Company and held £160 of stock. That system had worked with every possible advantage to the undertaking. Such a representation went a long way towards allaying the suspicion inherent in the minds of the average employees as to the happenings in the Board room.

An intermediate stage in the proceedings had been the election of a Works Committee of 54, half of whom were nominated by the Board and the other half elected by the workpeople. That Committee had done a great deal of good work. At the commencement of the war it had organised and collected a fund for the alleviation of the distress of the dependents of those fighting during the war, and up to July 24th, 1920, the 312th week in the existence of the Fund, the total amount paid to dependents had been £132,388, one half of which had been provided by the workpeople and the other by officials. (Cheers).

Co-partnership Committee.

One of the advantages of the scheme was that a co-partner who really acted up to his principles was a good tonic to those inclined to slack. If they could get a condition of things by which the workers would give the same interest to their work as the officials, they would have a very different state of things to that prevailing in industry generally. Another practical advantage was that there was not only no need for strikes, but even the talk of them was eliminated. That Co-partnership was not merely an ideal was amply proved by the long number of years during which it had been successfully carried on by the South Metropolitan Gas Company and by the fact that it had brought peace and contentment which, so far as one could see, would have been impracticable in any other known way. The workers held in the stock of the Company something like half-a-million, but that did not represent the whole of the money taken in savings and bonuses. The saving characteristic was one that needed inculcating in the minds of the working classes as a whole. All had got to save if industry was to be carried on and profits transferred from the capitalist to the worker. It was up to the worker to accept not a part of the new condition of things but the whole, not only to serve on the management, but to share the responsibility which it brought in its train.

Advantages of the scheme: incentive, harmony and saving.

In conclusion, he moved the following resolution:—

“That the Congress declares—

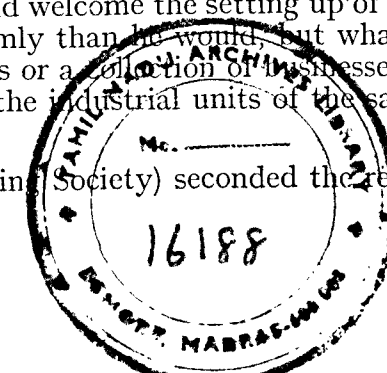
That in order to harmonise the essential unities of interest between Capital and Labour and to break down the present antagonism separating those providing the Capital from those providing the Labour and to secure an increasing share of the Capital to those supplying the Labour, a system of industry must be introduced in which the workers possess

- (1) A share in the Profits;
- (2) A share in the Capital;
- (3) A share in the Control and Responsibility.”

LORD BLEDISLOE maintained that not only material considerations were operating in the minds of organised labour, but moral considerations which both the Government and individual employers were inclined to overlook. The workers of the country were not out mainly to fill their pockets, least of all at the expense of the community, but for some reasonable measure of responsibility and power of direction denied to them in the past. He thought that power of direction might reasonably be conceded; they were asking for that rather than a power of management of any particular industry. There must be a captain of industry to whom they were willing to delegate the actual working of the industry. Speaking as the Chairman of a Colliery Company he saw no reason why a responsible official elected by the men should not sit upon the Board of every Colliery Company and do quite admirable work both to the advantage of the employer and the men, as long as some security could be afforded that he would observe that degree of reticence outside the Board room so absolutely essential for the efficient conduct of every well-managed business. No one would welcome the setting up of a system of Co-partnership in all the great industries more warmly than he would, but what was to be the unit of Co-partnership? An individual business or a collection of businesses carried on in one particular area? Or would it apply to all the industrial units of the same kind throughout the country?

Advantages of having workmen directors, e.g., in coal mining.

Mr. J. T. RHODES (Leicester Co-operative Printing Society) seconded the resolution.



Mr. E. O. GREENING, in supporting the resolution, dealt with the results of Co-partnership as applied to Industrial Co-operative Societies.

Mr. LOCKTON (National Alliance of Employers and Employed, Derby Branch), speaking from his experience in connection with the Area Committee of the Alliance in Derby, thought the time had arrived for the Association to make every effort to draw into its councils the representatives of private businesses.

Mr. CHADWELL (Higher Production Council) felt sure that if employers would only get into touch with the Trade Unions governing the labour in their particular industry and formulate a sound policy, the suspicion which was the greatest stumbling block to Co-partnership would eventually die away. Nothing but good would result if the endeavour were made.

The need for agreement between co-partners and trade unions.

Mr. C. J. CARTER (South Suburban Gas Company) also supported the resolution, and outlined the scheme of Co-partnership and Profit-sharing in operation in his Company which was very similar to that adopted by the South Metropolitan Gas Company. From his experience, he had come to the conclusion that it would be well if some working agreement could be come to between the Trade Unions and co-partnership firms which by their constitution gave the workers (a) a share in the profits (b) an effective measure of control over their conditions, and (c) a voice in the management. It would not only give the employers an assurance of industrial peace, but would relieve the thoroughly well-meaning co-partners of the liability of being laid open to the suspicion of disloyalty to their fellow-workers.

This ended the morning session.

When the Congress re-assembled, Mr. Henry Vivian, J.P. (Executive Committee, Labour Co-partnership Association) presided.

Mr. H. CROTHERS (Messrs. J., T. and J. Taylor), in continuing the discussion, explained the system of Profit-sharing adopted by his firm, and said :—

If I give you briefly some facts respecting the scheme of Profit-sharing and Labour Co-partnership in force in our business, you will not think we wish to blow our own trumpet. I want to use our case as an illustration of the way in which Profit-sharing and Labour Co-partnership can most easily be taken up and widely extended.

Outline of scheme of Messrs. J., T. & J. Taylor Ltd.

Thirty years ago, our scheme existed only as a purpose in the mind of Mr. Theodore C. Taylor, but when, in 1892, he became sole partner in his family's business at Batley, he at once began Profit-sharing—at first on a small scale. Three years later, he turned the business into a private limited liability company, so that he could give a share of his profits to the workers in shares in the Company instead of in cash. He wanted them to have a permanent stake in the business. At that time the workers were under 600 in number, they are now over 1,800, and the turnover of the business is much more in proportion. There are now well over 1,700 worker-shareholders. During the twenty-five years, over £450,000, extra to salaries and wages, has gone to the workers. The wages have, of course, been at least as good as those paid in any similar business. Out of the nett profit, 5 per cent. is paid on capital, any surplus is distributed between the holders of capital and the earners of wages (or salaries) at the same rate per cent. on capital or wages. Many workers, indeed, get double bonus, their wages being reckoned in the apportionment of profit at twice the actual amount. Over 500 of them got this year 25 per cent. on their wages. The bonus on wages has averaged about 11 per cent. per annum. It has been given mainly in fully-paid shares in the Company, carrying title to dividends in cash. The cash dividends on shares have averaged about 12½ per cent. The employees now own more than half the capital of the Company, and receive three-fourths of the profits. Only workers may acquire shares. *After a calendar year's service "every worker is a capitalist"; and practically "every capitalist is a worker."* It will be seen that the financial interest of a worker in the business increases as the years go by. An example as to what the system has meant in money value to the workers may be given.

Position of workers.

A certain employee during the past twenty-one years has averaged about 39/- per week in cash wages, and last year (his war bonus being a large one) he received well over £5 10s. 0d. a week. In addition to his cash wages, he has received, under the profit-sharing scheme, in shares and cash at the end of each year, an average of £37 17s. 5d. per year, or 14/6½ per week. But owing to the cumulative effect of his increasing share ownership and as a result of the double-bonus scheme, the addition to his income for the year 1919 was £137 2s. 6d., or £2 12s. 9d. a week extra.

But the *financial result* is not the only thing to the credit of the system. The scheme has raised the status of the workers and has given to many of them a keener interest in and greater zest for their work. No restrictions are placed on their liberty; they are free to join (and most of them belong to) Trades Unions. Harmonious relations between the managing staff and the rank-and-file have been the rule. Only two (and these trivial) labour disputes have occurred; one 19 years ago, when five disaffected men left, and the other, 8 years ago, affecting only 23 men.

The shares do not carry votes, but they entitle the holder to the same rate of dividend as any other shareholder, and in case of winding-up the Company, to share at the same rate in the assets. When an employee has a holding equal to his year's wages, he may, if he wishes, sell to any other employee any surplus beyond that holding. If he leaves the service of the Company, he must, as a rule, realise his holding. Exceptions to this rule are made at the discretion of the Directors in the case of retired employees and widows of employees.

A Co-partnership Committee exists, constituted of representatives of the managing staff, foremen (elected by their fellows), and rank-and-file (chosen by the workers). Its functions are to promote the comfort and safety of the employees. An educational sub-committee supervises the attendance of the juvenile workers at the local day-time continuation school and the evening technical school classes.

I wish to draw special attention to the fact that the worker signs no agreement and is required to give in exchange for a share of profit nothing more than he is expected to give at any other manufacturing concern. Sometimes so-called profit-sharing schemes are put forward, as in the case of one announced only last week, i.e., the Amalgamated Cotton Mills Trust, in which workers are invited to invest their own money. No wonder that schemes of this kind are not always acceptable to the workers. The essential element of real profit-sharing is absent from them. *With a scheme like ours, there is never any question as to whether the workers will accept it.* It is a pure addition to the ordinary wage system without any drawbacks. Every worker who works throughout the whole calendar year participates—that is the only condition. There is, it will be seen, nothing that Trade Unions can reasonably quarrel with in our system. There is absolutely no reason why Trade Unionism and Profit-sharing and Labour Co-partnership should not go hand-in-hand. Wages at Trade Union rates must, of course, be paid before Profit-sharing can be talked of. Some machinery for fixing these rates will always be necessary, and Trade Unions may well continue to fulfil their functions in this regard, as well as in other ways promote the interests of their members.

Freedom of workers and Trade Union attitude.

As a matter of fact, the Trade Union leaders are helped and not hindered by genuine profit-sharing schemes. The exceptionally good treatment from the financial point of view, which workers at a profit-sharing firm receive, has been a lever with which to raise the wages of neighbouring workers in the same industry.

One is sometimes asked whether it is not a defect of our system that the shares of the workers do not carry votes. A ready answer might be that as the scheme has been so strikingly successful, the defect, if defect there be, is not very apparent. By restricting voting power to those holding a minimum number of shares, as is done by some ordinary joint-stock companies, a show of democratic management could be made without risk of real interference in the control of the business. As the Government "Report on Profit-sharing and Labour Co-partnership in the United Kingdom" points out, "a large proportion of shareholders in many (non-profit-sharing) companies have only very small holdings and their power of influencing the management of the company is practically nil."

Question as to workers' capital carrying votes.

"Some firms," says the "Report" already quoted, "provide for the inclusion of representatives of the employees on the Board of Directors; but such instances are very few and it would not appear that such a practice is essential to the attainment of a satisfactory measure of Co-partnership."

This is not to say that no workers should ever be admitted to the shareholders' meetings, much less that they should have no say in the conditions of their employment. In our own case *all the Directors are employees of the Company and some fifteen other capable employees have been given "A" shares entitling them to vote at shareholders' meetings; while in the Co-partnership Committee already mentioned, all the workers have, by representation, a voice.* Such a gradual growth of participation in control is the best line of advance. The goodwill that leads a man to start profit-sharing is the

Question as to workers having share in control.

best guarantee that the business will be administered in the interest of employee as well as employer. So long as goodwill exists, no difficulty will arise on the question of control.

The demand for 'control' hinders adoption of Profit-sharing.

Insistence on workers having in every case a formal share in control is likely to do much damage to our movement. Where the capital is provided by the workers, as in some Co-operative Productive Societies well known to the members of this Association, it follows as a matter of course that the workers will have control, but I submit the case is very different with a business owned by an employer who is *not called upon*, except by his own sense of duty, to do more than pay good wages, but who wishes in some prudent way to let his workers share in his prosperity.

You wonder why the movement has not made more rapid progress. The attitude of the Trade Unions has something to do with it but not very much. The workers will always accept, and sooner or later respond to, a scheme like ours or any of the well-known genuine profit-sharing schemes. *The main reason* for the slow growth is that the average employer is not willing to make the monetary sacrifice which true Profit-sharing and Labour Co-partnership involves. We have to meet that fact. As a firm we are constantly being asked by employers for particulars of our scheme and for advice upon the subject. Mr. Taylor, in the Midlands last week, and in the South of England three weeks ago, has been addressing several meetings of business men to persuade them to begin profit-sharing. He has been doing this sort of thing for years, and not without success. He is asked by some, "What shall we gain by adopting Profit-sharing and Labour Co-partnership—will it lead to larger output?"

Employer has to make present sacrifice.

He has to tell them that the immediate effect of adopting Profit-sharing will be that they must sacrifice some of the profits which otherwise they would themselves enjoy, that it may or may not lead to larger production and increased profits, but that if they are drawn to it by hopes of increased wealth for themselves, they had better leave it alone. He commends it to employers as a plan that will satisfy, in them as well as in their employees, the natural feeling that a worker should not only have, as a minimum, a competence in return for his daily toil, but should share in the prosperity of the business to whose service he gives his energies. *Many enquiring employers will go no further with it when they find that it means giving something up and possibly receiving nothing but moral satisfaction in return.* Some, happily, have counted that cost and are prepared to go on, but Mr. Taylor would put a big stumbling block in their way if he were to insist that they must not only give up a share of their profits, but also admit, to the management of their business, men who have had no business training and who may be excellent workers but might make poor managers. Remember many employers are not used to a Board of any kind. We are idealists: quite right. Let us, also, be practical and recognise facts.

Start now with Profit-sharing and control-sharing may come later.

The urgent matter is (1st) to get employers to share profits and (2nd) to give the workers' share, if they will, in the form of capital in the business. The good effect on the mind of the workman who gets a share of profits is immediate. Suspicion was mentioned yesterday. The need of a spirit of goodwill was emphasised. Very good. *Profit-sharing is the evidence of the employer's good will*; it is worth a lot of talk and theory; it is a guarantee that the employer is *not* getting unknown gigantic profits and the workman having to sweat for his employer's sole benefit. Profit-sharing was enough without giving representation on the Board to remove suspicion in the case of the South Metropolitan Gas Company. For the first 15 years that Company gave to labour no representation on the Board. Even if combined control be the ultimate goal, the best way of getting to it is to persuade the employer to begin the new order first of all by sharing his profits. You need not trouble about what follows. Assuming he has the right motive at the start, he will probably gradually adopt some existing scheme of co-operation in management or evolve a scheme of his own.

Profit sharing essential to industry.

It would be a calamity if it went forth from this Congress that Profit-sharing is merely an "incident" of something else called Co-partnership. It is an essential element of any better organisation of industry. Co-partnership without Profit-sharing would indeed be the camouflage spoken of yesterday.

I close with a quotation from a letter received from Mr. Taylor since I came to London: "What is wanted in industry is the better spirit. That must come from good actions, from good motives. *Noblesse oblige*—it is for the employers to make sacrifice. The workers, slowly perhaps, *will* in time respond."

Mr. T. O. JACOBSEN (Messrs. Jacobsen, Welch and Co., Ltd.) said a change had to come in industrial conditions, but they might be surprised to learn that the labourer did not know what he wanted. The future welfare of the country would depend upon the manner in which they dealt with the question. Co-partnership would not solve all the difficulties, but it recognised the psychological aspect of the matter, and it at least recognised the right of labour to a position more nearly approaching equality. He had been told that the Trade Unions objected to Co-partnership, but he had never found an audience of working men who objected to it. The adhesion of Trade Unions would best be secured if they could convince them that they were sincere in what they said. He claimed that Co-partnership would make a man far better fitted to play his part, either in an individualistic system or in any other, but he advised those who thought of taking up a scheme to keep it to themselves until they have consulted, first their own people, and then the leaders of their Trade Union.

The desires of Labour.

Outside the extremely important question of status, there were three main causes of unrest at the present time. Firstly, the fear of unemployment, and he could not see how they could ask men to produce more if they felt the more they produced the sooner they would be unemployed. Secondly, there was division of the product of industry. Labour was not at present satisfied on that score, and, in the main, that dissatisfaction was well founded. Thirdly, came the question of control, and thereon he differed fundamentally from the remarks made by Mr. Crothers. So far as the experience of his firm went, they found that the more they relied upon the loyalty, zeal and ability of the bulk of their workers, the better; and their employees had a representative on the Board of Directors. It was good for a man to feel that he was part of a business.

Causes of unrest:—status, unemployment, division of product, and sharing control.

Under their scheme the employees were not bound to take their portion of the profits in shares. They paid 7½ per cent. on the Preference Shares and the workers had the right to purchase them, if they wished. Then they paid 8 per cent. on the Ordinary Shares, after which the money was divided between the workers and the Ordinary Shareholders, but the man who held the Profit-sharing Shares would have the first claim after the Preference Shareholders in the case of anything going wrong. If during the year any employee wished to sell his shares the Directors would buy them or advance the money up to the full value of the shares. Up to the present, however, not a single worker had asked for anything of the kind. His firm believed in joint control, and personally he was not in the least afraid of the workers sharing that so long as they understood. What he was afraid of was that they might want to upset the whole system as it existed without in the least being capable of building up anything in its place. If the workers were to have a larger share in the control of their daily and commercial life, then it had better be a control which was educated rather than that they should go on without knowing what was being done around them.

Scheme of Messrs. Jacobsen Welch & Co.

They had not so far had any bad times since the scheme was put into operation, but should that happen, then their workpeople would have to take the same as the other shareholders. He believed the only hope of society to-day was that employers should use the advantages they had obtained through no fault of their own in trust for the general body of the people. They had to look after those who were not only not so fortunate as themselves, but who were not capable. (Cheers).

Mr. GEORGE HILL (Managing Director, Messrs. George Hill and Son) said it was somewhat difficult to adapt the principles of Co-partnership to the building trade on account of the great amount of casual labour. Under the scheme he and his fellow-directors had put into operation since the war the employees were guaranteed 5 per cent. of the profits before the shareholders or directors received one penny. In the end, however, the employees received 12½ per cent., and the shareholders 10 per cent., the output having being doubled. The workers must be treated as human beings, and there was not much doubt about the result. Their bricklayers—both union and non-union men—were laying 850 bricks a day—not 350. As Managing Director he had received letters, among them one from the Prime Minister, Congratulating the firm on its success and the splendid way in which the men worked.

Co-partnership applied to the Building Trade.

Mr. J. H. NEWMAN (Midland Boot Society, Wellingborough), speaking as a worker in one of the Productive Co-operative Societies in the Midlands, bore testimony to the success of the work done under the scheme in Kettering and Wellingborough. About thirteen years ago he became an employee in the society in Wellingborough when it was doing a trade of some £35,000 a year. To-day there were two societies with a trade of some £560,000 or £700,000 employing 1,300 hands, the whole undertaking working on co-operative lines.

Co-partnership Productive Societies.

Sound common sense of British Employers and Employees.

Mr. R. H. SANSOME asked why there were not more representatives of the employers present. He had the greatest faith in the British working man and in the British employer. The trouble was that the proverbial logic and common sense of the British working man had not had fair play. He would like the Association to take some steps to bring the employer and the employee more closely together and endeavour to entirely eliminate the individual with extremist opinions who was unwilling to make sacrifices for the benefit of the nation and the community as a whole.

Necessity for both sides to meet amicably.

Mr. HAINES (Bournemouth Gas Co. Co-partnership Committee) thought suspicion was at the root of a great deal of the trouble. It was as if there was a No Man's Land which neither party would attempt to cross, or even go half way across, to meet the trouble. Masters and men were victims of a past; they were eating something which had been handed down to them and finding it unpalatable. How were they to get over it? In the system under which we lived men could not be independent of one another; they were all part of a whole. Why should not they meet amicably together and meet their fellows in the right spirit? Why could not they live as in the old days? What was wrong to-day and what the masters and general managers had to see to was that those selected as heads of departments should be the right men; sympathetic and, above all, men of intelligence.

Appeal for propaganda.

Mr. J. SIMPSON (Bournemouth Gas Co. Co-partnership Committee) dealt with the scheme in operation in his Company and agreed that it was up to individual workmen to go into the details and see what could be done to get over the difficulties. He hoped they would all go away decided that as far as they were concerned they would go out into the highways and byways and endeavour to promote co-operation of man and man, not for their own individual benefit but for the benefit of an Empire of democracy such as no other country in the world could claim.

Co-partnership of Capital, Labour and Consumer.

Mr. JOYCE thought the Labour Co-partnership Association had done a great amount of good in calling the Congress. They had heard of various schemes in operation, but he had still to learn of one which would beat that adopted by his branch in the Midlands, whereby the shareholders, the workpeople and the consumers in the form of customers shared not only in the profits but in the management of the business. He felt that the opposition to the movement on the part of Trade Unions arose from a misunderstanding.

Evil results of profit making.

Mr. TEE (Tee and Whiten and J. Mead) thought the employer of labour was afraid to allow the worker to have any control in the business, because he feared the day would come when capital, as we know it to-day, would cease to exist. The whole thing wrong with the world at present time was brought about by profits.

Payment by results.

Mr. W. WALLACE (Rowntree and Co., Ltd.) thought he was right in saying it was substantially true that 40 per cent. of the efforts of both sides in industry were taken up with offensive and defensive operations. As he understood it, Co-partnership was out to get hold of that 40 per cent. How were they to get a right attitude on the part of those engaged in industry? Was profit-sharing the last word in the system of payment by results? To his mind it was not. It seemed to him there were three essentials in any successful scheme of payment by results. Firstly, the reward should be directly proportionate to the effort, as in profit-sharing. Secondly, the reward should follow immediately, or as soon as possible, after the effort; and thirdly, it should be easily capable of being understood by the average worker. Profit-sharing and Co-partnership satisfied none of those principles, and therefore Co-partnership could only be regarded as an exceptional method in exceptional cases. Its object seemed to him to be to create harmony, comradeship and fellowship that would lead to efficiency and a better pulling together. But were they aiming at output or harmony, because their decision on that point would affect the details of the scheme. The question of control was, in his view, a very complex one, but he suggested they should start from the workshop with the things that the workmen had intimate knowledge of. They had rather to consider in what direction it was at present possible to give the worker a share in control, and how best to gradually develop it until he was fit by his training and experience in the more limited sphere to take a full share and control in the whole undertaking.

Harmony created by Co-partnership.

Questions of high salaries.

A question was sent up to the Chairman as to how the workers regarded the highly paid salaried servants of the business concern.

Mr. CROTHERS, in replying, said he could merely answer the question from the point of view of his firm. Everyone who had been in the firm any length of time had such confidence in Mr. Taylor and the management that they knew very well that they were

not taking big salaries at the top before beginning to share profits with the workpeople. He had never heard the slightest hint that Mr. Taylor, or any of the leading men in the business, were being paid more highly than they ought. Intelligent men recognised that if they were to have the best men working at the top, they must pay them well. They had been remarkably successful and competitors were willing to take their best men if they could induce them to go. The workers realised that if the most efficient servants were to be retained they must be paid accordingly.

'With regard to Mr. Jacobsen's slight difference, the point was that they had no outside shareholders at all. Every Director was an employee and every voting shareholder also. Mr. Taylor thought, and he agreed, that employers who were willing to take the first step and part with some of the profits which ordinarily would be their own, hesitated—however unreasonable some might think it—to bring into the control of the business those whom they considered had not the requisite knowledge to help them. Control might mean more than one thing to different hearers. Actually, as business men knew, the control of a Board of Directors was very slight indeed so far as actual management of the business was concerned. He could assure them, even though they had the most perfect scheme of co-operation they could devise, on paper, they would not have a more efficient method of co-operation in practice than that adopted by his firm. It had been a voluntary growth based on goodwill. He urged them not to make a shibboleth of control, but to get the actual thing rather than the mere name. (Cheers).

Mr. HENRY VIVIAN agreed that it was undesirable to crystallise too closely in regard to the principle in the belief that they had arrived at the point when they could say that they had found the system of Co-partnership. He very much doubted whether they would ever arrive at that stage; in fact he hoped they would not, for a thing that was not living and changing was really not a very progressive instrument for mankind. It seemed to him they should endeavour to create the right attitude of mind in regard to the industrial problem, and then plead for variety of experiment in the direction of an ideal. A great variety of schemes was necessary to fit the varying circumstances; and yet the schemes adopted might very well have one trend. It seemed to him a stage had been reached in industrial life when we had to make a choice between the different ideals immediately before us. Broadly speaking, the difference between the various ideals of progress and Co-partnership was that the latter advocated the development of constitutionalism in industry. The time had arrived when industrial forces must be brought more and more within the region of agreement and contract and made to depend less and less upon force. He had hoped that Trade Unions would have tried to work on those lines, but that course was not adopted and the employers were mainly to blame. The result was that Trade Unions and employers were now marshalled for war, and unless this country could bridge the gulf during the next five or ten years we should probably have to get rid of five or ten millions of our population. Unless the great industrial machinery could move smoothly, freely and efficiently in the production of material things, it would be impossible for the country to maintain its place amongst the nations of the world. The thing to be aimed at was the most perfect form of industrial organisation, with the freest play and interchange, throughout the world, so that within that perfect industrial organisation the country would be enabled to buy abundance of food and raw material from all parts of the world in order to maintain an increasing population with advanced standards of remuneration and standards of life.

Were the great industrial organisations of workmen and employers prepared to condition their sovereignty—as England and France would have to be prepared in the case of international relationship—and restrict their absolute freedom under terms of law in the interest of liberty and progress of the whole community? Was capital prepared to condition its sovereignty over the control of business and restrict it in order that there might be a wider liberty for the whole? Was labour prepared to condition its right to fight and strike at any moment regardless of contracts that had been entered into? If they continued in that way disaster would inevitably follow. The important thing was the attitude of mind, and he regarded the Congress as useful in having helped to widen that attitude. They had not so much, in regard to control, to lay down the particular form it should take. The thing to be realised by employers, workmen, trade unionists and organisations was that unless they could find a method by which force could be replaced by constitutionalism in industry the resulting disaster to the industry of the country would be as great as the result of the war upon the areas of Central Europe. Co-partnership was certainly one of the means of securing peace and progress. (Cheers).

The resolution having been carried unanimously, the Congress adjourned until the following day.

Thursday, October 28th, 1920.

The Congress re-assembled for the third and last session on Thursday, October 28th, when Dr. J. Bonar (Chairman of the Executive Committee of the Association) presided, with the exception of a short time during the morning when Mr. W. A. Appleton (Joint President of the Association) took the Chair.

Mr. CUTHBERT PLAISTOWE (Joint Hon. Secretary) read letters from the Council of the Norwegian Legation, Mr. Neville Priestly (of the South India Railway Company), and from Mr. W. E. Webber (Station Master on the Great Eastern Railway at Lee Bridge), expressing interest in the movement.

The subject for discussion was :—

“The Place of Co-partnership in the World of Transport.”

Sir GEORGE GIBB (Late Chairman of the Road Board ; formerly General Manager of the N.E.R.), in opening the debate, said :—

The aspect of Co-partnership that we are now to discuss is its relation to the world of transport. Except in regard to railways, which have some special features of their own, the circumstances of transport industry are essentially the same as those of any other of the great productive industries. The principles of Co-partnership are equally applicable and there are no special difficulties in their practical application.

Grave Industrial Situation.

We are surrounded by industrial troubles and perils which all men recognise to be very grave. These, fortunately, do not spring from any natural or technical obstacles to the production of wealth. On the contrary, the world was never so well-equipped with the knowledge and the technical means required for providing all its wants. But we must recognise that our capital, our science, and our machinery are quite powerless unless there is full co-operation between capital and labour. The most urgent of the many problems which confront us is to find how that co-operation can be secured.

Industrial forces are not now working in harmony. A new policy must be found which will develop and strengthen the sense of common aim and moderate the antagonism of conflicting interests. In our search for this we must explore, with genuine sympathy, the mind of labour and try to reach a clear understanding of its needs and aims. The urgency and the danger of the existing situation are largely due to the fact that the community has failed, for too long, to realise the gravity of many of the evils of the capitalist system and are now suffering for not having more earnestly sought to find remedies for them.

Rise in standard of life and increase in production.

There does without doubt exist a deep, and to a considerable extent well founded, dissatisfaction amongst the wage earning classes with their standard of living in the midst of great accumulated wealth. There is also a widespread belief that the standard could be raised if there were a better distribution of the products of industry, and that this result can be secured, if not wholly, at least partially, by changes which can safely be made and which ought to be made in the structure of our industrial system.

It is not sufficient to meet this belief by the assertion that no changes can result in any material improvement in the standard of living unless the ratio of production to population is increased. That is, doubtless, a fundamental economic truth. There can be no question about its soundness, and there is no way of escaping from its consequences. But one often sees it stated, somewhat aggressively, as if it were not only indisputable, which it is, but were also a condition which must necessarily precede any improvement in the organisation of industry, which it is not. I am inclined to regard it as almost a truism about which there is little serious controversy. Leaders of Labour acknowledge it and I have heard many of them say that there is very little illusion or misconception about the matter in the minds of the rank-and-file of labour. Indeed labour regards it, erroneously I think, as a point of vantage in their position. No increase in production until our claims

are satisfied is their attitude. If their claims were wholly impossible to satisfy that would be an utterly foolish and unreasonable attitude. But it would be equally wrong for capital to say that production must be increased before the reasonable claims of labour are considered and means of satisfying them devised and assured. Improvements in industrial organisation and increased production can and should proceed concurrently.

I think that the attitude of labour towards increased production arises mainly from two grave defects in our industrial organisation. We are concerned here with one of these and not with the other. My belief is that the workers will not change their attitude towards production until the question of unemployment is thoroughly and comprehensively dealt with so that neither individuals nor groups nor sections of labour can feel any doubt that they will not suffer, either permanently or temporarily, from any consequences of unrestricted production in the direction of creating unemployment. This must I think be secured by placing the duty of providing the means of coping with unemployment upon industry as a whole, through the machinery of Trade Unions, in co-operation with Employers' Federations, with the least possible interference by Government and possibly to some extent by some new methods of industrial regulations or direction of production.

Two defects in present industrial organisation.

But the other great defect in our industrial organisation does concern this Congress. It is the exclusion of workers from any share in the control or any direct share in the profits of industry. If production were increased at once, labour would undoubtedly benefit, but the benefit is not assured, or sufficiently direct. The benefit to capital is immediate and clear. Moreover, the important question of share in control would be left untouched. Hence labour is shy, suspicious and reluctant to move. But we think that we see in co-partnership one way, if not the only way, of reconciling the interests, so far as they conflict, and removing the fears of capital and labour in this vital matter.

Now what is co-partnership ? It is essentially a principle not a scheme. The Labour Co-partnership Association in the official statement of its objects claims that workers should receive a share of profits, that the workers' share or part of it should be left to accumulate in the capital of the business, and that the workers should acquire some share in the control of the business either by becoming shareholders or by the formation of a Co-partnership Committee of workers having a voice in internal management. That is a statement of the full extent to which partnership arrangements might be carried. It does not imply, as I understand it, that every co-partnership plan must possess all the features of the general scheme indicated. Labour Co-partnership is an ideal, growing, with the diversity of life, in the minds of men, rather than a conception capable at the present time of precise definition. It is something more than co-operation, and something less than full partnership between individuals in business. Its social aim is harmony in industrial life ; its economic aim is to secure co-operation between capital and labour without which adequate production, the foundation of economic and consequently of social welfare, cannot be attained.

Co-partnership is a Principle not a Scheme.

Consider for a moment what are the essential elements of the principle as applied in business to partnership between individuals. There must be a common interest ; not necessarily an exclusive interest. There must be joint responsibility ; and acceptance of responsibility for mistakes and misfortunes as well as for successes, and a loyal effort to promote the interests of the partnership. There must be a voice in the conduct of the partnership, but not necessarily an active share in the direction or management of each and every department of the business. There may be an arrangement for sharing profits but that is not essential. It is quite common to have partnerships in which the remuneration of some of the partners takes the shape of a fixed salary.

Essential Elements.

It is obvious that in extending co-partnership to the relations between capital and labour some modifications in the customary organisation of partnership in business would be necessary. A body of representatives of workmen could not perform the functions of an individual partner and on the other hand labour would not desire to have merely some right of voting at general meetings of shareholders.

What then should be the practical form of labour co-partnership—the form which is most likely to secure adoption by Owners of Capital, Leaders of Industry, Trade Unions and their leaders and the rank-and-file of labour. The general aim must cover the sharing of control and the sharing of profits. The former has more essential and permanent importance, though the latter has, perhaps, more immediate importance, because it directly affects the obstacles which are standing in the way of increased production.

Some groups in the labour world are attacking the whole principle of private profit. They advocate nationalisation of mines and railways as a first step in a more extensive programme which they desire to carry out. They do not, however, deny that capital is

Effects of Nationalisation. required for State conducted industry just as much as for private industry, or that interest on capital would have to be paid by the State. The difference, therefore, is more nominal than real and merely affects the relative surplus over cost of production payable as interest or profit for the use of capital. The Government, if it embarked in speculative industry, could not induce people to invest their savings at low fixed rates of interest unless the State guaranteed investors against losses, and any such guarantee would, in State managed industries, bring any State to bankruptcy. And as regards sharing control, advocates of nationalisation must practically abandon any idea of that sort. Private employers will, I think, agree to share control and responsibility within reasonable and safe limits with their workers, but the State never. It is inconsistent both with the habits and the nature of Governments. I cannot discuss the other aspects of the nationalisation controversy which are irrelevant to our subject; nor will I do more than merely refer to the suggestion that a profit motive should be replaced by a public service motive in all industry. That seems to me an artificial and temporary outburst of idealism, hopelessly impracticable whilst human nature is what we know it to be, and as we must believe it will continue to be, involving the adoption of universal industrial conscription which would be the worst kind of tyranny that the world has ever known. The advocates of nationalisation are now hastening to disclaim any kind of bureaucratic management of industry, and no wonder. Since our war experiences and the more disastrous results of Government control and interference in industry, the idea of bureaucratic management of any industry may, I suggest without undue optimism, be regarded as dead, and no scheme for national ownership of an industry, without bureaucratic management has been devised or probably can be devised. Some better plan for curing the evils which have grown up under the capitalistic system must be found, and when it is found none will I suspect be more relieved than those who, in despair of other remedy, looked in the direction of nationalisation.

Loss of personal relation between employer and worker. We must remember that in the world of transport, as in the wider world of business, significant developments have taken place which emphasise the need for a new labour policy. In old days the industrial unit was comparatively small. The workers were personally known to their employers. Their mutual relations were humanised by constant personal intercourse. That condition of things has disappeared, owing to many causes. Industrial production in modern times requires immense capital and necessitates operation in large business units, in the administration of which the head management, fully occupied with the performance of its own functions, on which the successful conduct of the business depends is necessarily separated, to a great extent, from any personal contact with the workers. The mere number of those workers destroys the possibility of personal acquaintance, and the barrier thus created is intensified by the conditions of machine production, and by the separation of the workers into many crafts, each one of which is jealously guarded by its craft union. Trade Unionism, with all the great benefits which it has brought to organised labour, is itself responsible for a further weakening of the personal relations between employer and workman. Then there is the growth of large Trusts and Combinations. Though these have been viewed with justified suspicion, I think the movement is on the whole beneficial. It tends to control reckless and wasteful competition, to reduce cost of production, thereby providing a source from which both increased profits and increased wages can be derived without detriment to consumers, and, more important than anything else, to promote increased production through improved organisation. These are great benefits provided that we are careful to see that manufacturers do not absorb the savings which should be fairly distributed amongst all concerned.

The inevitable result of the causes to which I have referred, is to draw employers out of personal touch with the workers, and it is now, I think, generally recognised by wise employers that sufficient care has not been taken to devise special means for dealing with this evil.

Obstacles to Profit-sharing from employers and from workers. What are the obstacles which prevent the general adoption of profit-sharing? It seems *prima facie* to be such a reasonable and just plan. Do the main objections come from the side of capital or labour? I think they come from both, but at the moment, owing partly to the existence of conditions, which are I believe temporary, and partly to misconceptions as to the essential principles of profit-sharing, the objections from labour are stronger and more difficult to overcome than the objections from capital. If we regard the distribution amongst workmen of a share in profits as a mere gift, unsupported by any valuable consideration, or as a payment, the acceptance of which implies a liability to share losses, except to the extent of losing the payment itself when no profit has been earned, then the objection to profit-sharing is intelligible. But I do not think that profit-sharing schemes should be so regarded. Labour could not, except to a very limited extent, share losses unless wages were made wholly dependent on profit and were adjusted periodically,

without regard to any other considerations, by reference to the profits ascertained to have been earned in the period of accounting. That is obviously impracticable. Labour could not agree to it. The establishment of profit-sharing must be on the assumption that wages will be fixed as they are now by bargaining and that labour will always secure the highest fixed wage that employers in any industry can pay, having regard to the prices at which they can sell their products. Does that leave any surplus available for profit-sharing? I think it does. The results of trading are always uncertain. They depend not only on differences in the skill, enterprise, organisation and more or less favourable circumstances of each employer, but on the movement of prices and other factors which are beyond the reach either of foresight or control. No employer will continue in business unless he believes that in some average period he will earn an average profit, the amount of which must depend on prevailing economic conditions. That figure will necessarily be the basis of any profit-sharing scheme. The employer must not seek to fix wages below their economic limit, so as to keep back something from wages to be shared as profit. The worker, on the other hand, cannot expect to share profits unless they rise beyond a reasonable average which is high enough to keep the employer in business. What then is the inducement to an employer to share surplus profits with workers? If he can keep them to himself why should he not do so? I think the inducements are (1) Security. The risks consequent on perpetual industrial unrest and antagonism are great. (2) The hope of extra profit. Division of profit does not mean that capital would get less profit, even though the worker gets more and the community do not pay more in higher prices. We must realise that industrial peace creates a fund which does not exist when there is no peace. It is not something created out of nothing. It is the wealth that is now running to waste, the waste of industrial war. (3) The moral satisfaction that comes from fair and just dealing. Do not let us rate this too lightly. Are we sure that the new industrial revolution which we are witnessing does not arise to some extent from causes outside the economic field, from the irresistible influence of a moral standard—being instinctively adopted by the masses of an educated and intelligent community—higher than had previously been reached by those who have hitherto framed and fixed the customary moral standards to which the majority of people do try to make their conduct conform more or less.

As regards sharing control, the claim of Labour is, I think, not so much for more power as for a different kind of power and for more responsibility. In these days the power of organised labour is already great, so great indeed that, whilst it remains divorced from responsibility, it will be a constant menace to the stability and security which are essential to prosperity. It is vital to our national welfare that this power should take a co-operative and not a destructive direction. Mr. Asquith, in one of his Paisley speeches, put the matter as well and concisely as it can be put. "The claim of labour," he said, "to a share in the control of industry, which is essentially a great partnership to the conjoint result of which it contributes in many cases the larger share, is irresistible."

I do not think that the rights of property which must be safeguarded are at stake in this matter. They are not challenged. What is challenged is the existence of an exclusive right on the part of capital to control the management of associated enterprise, the enterprise which needs for its successful conduct the joint efforts of capital and labour.

Now I must say a few words about transport. The value of the spirit of partnership is as great in railway affairs as in those of any other section of our industrial life, and the benefits which the community at large would derive from the secure existence of industrial peace on railways could hardly be overstated. So far as transport by sea, canal or road is concerned I do not think, as I have already said, that the circumstances or conditions can be differentiated from those which prevail in all productive industry. The elements of business organisation are the same. The essential functions of capital and labour are the same, and the applicability of the principles of co-partnership, and the feasibility of practically applying these principles do not substantially differ. But the great industry of railway transport, the predominance of which is so great that it is what most people have in their minds when they speak of transport, has some special features which involve both advantages and disadvantages in their relation to co-partnership organisation.

1. The capital expenditure in the case of railways is exceptionally large. The figure for the United Kingdom is £1,200,000,000. The gross receipts for the year 1913 amounted to £136,000,000, so that the capital represents nine times the annual turnover. In no other industry does the relation of capital to turnover represent anything approaching to these figures.

2. Constant supplies of additional capital for improvements and extensions of the railway system are absolutely necessary in the interest of the community and in the in-

terest of labour more than in the interest of railway proprietors themselves, to whom extensions are very often a source of loss. Anything which created difficulties in the way of raising fresh capital, on reasonable terms, would react most seriously on the progressive prosperity of all trade and industry. The railway system is the throttle valve of the machine.

3. The surplus on railway working yields a return on capital invested, which though it was remarkably steady until the failure to maintain financial equilibrium which occurred during Government control in the years of war, and which still continues, was always exceptionally low. Dividends on railway ordinary stocks were probably not more than one-third of the average dividends on the ordinary stocks of industrial undertakings.

4. Railways, for sound reasons which I need not enumerate, must always be subject to more Government control than other industries.

5. Capital invested in railways is in a superlative sense of the word fixed. A large part of railway property has a long physical life, but the capital cannot be written off out of revenue surpluses, as for example, a shipowner writes down the book values of his ships, because there is no margin or surplus of revenue available for shortening the economic life of the capital by which the expenditure on construction is represented.

6. The stoppage of railway services owing to industrial disputes is a public injury, carrying such disastrous and widespread consequences that the community could not conceivably permit a really long general stoppage.

7. As a necessary consequence of these special features the bargaining power of organised railway workers is exceptionally great, and it must, I think, be admitted that they are fully entitled to claim the position and privileges of recognised partnership.

Benefit of Partnership even without Profit-sharing.

The efficiency of railway working is raised or lowered enormously by the existence or absence of a high spirit of contentment with their conditions and zeal for their work amongst all grades of the staff, but, except in the manufacturing shops, the number of men employed on railways is not large whose work is of such a character as to be directly affected by their having a share of very meagre profits. I do not believe that there would be much objection to profit-sharing schemes from railway proprietors if any real desire were manifested by the staff. I doubt whether any general system of profit-sharing would be attractive to railway workers, and it would only lead to disappointments if attempts were made to develop on railways that element of the idea of co-partnership unless the desire for it emanated from the workers. But there is no industry in which partnership in management would have more beneficial effects or be more easy to arrange. Every man in railway employment should be encouraged and assisted to feel that he has some recognised share of responsibility for the soundness and prosperity of the undertaking and the efficiency of the public services which it exists to render. This can best be secured by adopting and giving practical effect in the organisation to the principles of co-partnership. But great care must be taken to avoid introducing any insincere or ineffective schemes. I am afraid that some harm has already been done by the temporary or provisional scheme for an Advisory Committee, on which labour was to be represented, introduced by the Transport Ministry towards the end of last year. The scheme for the Committee on which there were to be 12 General Managers of railways and 4 representatives of the workers was limited to matters in connection with the control exercised under the Ministry of Transport Act, but it appears from the criticisms published from the labour side in the newspapers that no use has been made of the Committee which has only met once since its constitution.

Advisory Committee under Ministry of Transport.

Any scheme would be worse than useless unless it gave representatives of the workers positions in which they would have full access to information in regard to the business of the undertaking, a recognised status and a real share in discussions and decisions in regard to all questions affecting the welfare of the workers. Experience would show in what way the duties of the representatives would best be allocated, but an essential condition of any scheme must be that under it the workers should be able to feel that their representatives had a real share in management in regard to everything directly affecting their interest and were fully recognised as responsible partners.

The organisation which I would favour would be the constitution of a Committee as part of the regular organisation consisting of representatives of the Directors, the General Manager, the heads of departments and representatives of the workers. On this Committee the workers' representatives would have access to and would acquire knowledge and experience of all the business details of railway management, and I believe that they would be most useful members. No doubt the duties to which they would specially devote themselves would be concerned with matters affecting the conditions and welfare of the staff.

Such an organisation would, I think, be a genuine partnership which would give the workers' representatives the fullest possible share in management.

The Ministry of Transport have propounded another scheme in the proposals for the grouping of railways which were made in skeleton outline in the White Paper recently issued. In that scheme it is suggested that each of the grouped railways should have a Board of Management consisting of 21 members, of whom 12 members should represent shareholders, 3 should be co-opted to represent officials, and 6 should be elected by the workers as their representatives. It is not clear whether this Board of Management is suggested in substitution for the Board of Directors. That is the interpretation which has been given to it in many quarters, but I cannot believe that to be the intention. It seems to me inconceivable that shareholders should be deprived of the right to have a Board of Directors to whom they entrust all their powers as owners and their interest as proprietors. If shareholders were not able to do this, it seems very unlikely that anyone would care to become a shareholder or to invest capital in a railway undertaking. I doubt also whether the workers would desire that their representatives should be members of the Board of Directors, whose function is the general supervision of the undertaking on behalf of the proprietors. The workers, as I understand their aims, would have no use for, nor would their representatives have the necessary training and experience for, the guidance and direction of general policy and finance. What they want is a share in the affairs of actual management, and anything else would not, and should not, satisfy them.

Objections to Grouping Scheme of Ministry of Transport.

Sir GEORGE PAISH thought it obvious that if railways were taken from the plan, the amount of co-partnership remaining, so far as transport was concerned, would be comparatively small; nevertheless, it was quite clear that co-partnership in railways was practically impossible. Hitherto the return upon railway capital had been on the average only 4½ per cent.—a very low rate. The question which had now to be faced was not how to create a partnership for the division of profits between the shareholders and the workers, but how to create a partnership between the railways and the workers for the purpose of overcoming the losses. The times when railways could raise capital at an extraordinarily low rate were not likely to return, at any rate for many years. In the first place, because the war had had an extraordinary effect upon the capital situation of the world, and, secondly, because labour was demanding a share in the conduct of industry, and also asking that the interests of labour should be considered in a much greater measure than had hitherto been the case. That fact alone was already creating lack of confidence. It seemed obvious, therefore, that if the railway industry was regarded as typical of others, lack of confidence meant the demand for a high return upon capital. When, therefore, labour showed by its actions that it was disposed to act fairly and reasonably and to give security to capital, then the rate of interest would again go down; but it was of the greatest importance that labour should appreciate that the rate of interest upon capital would rise just in proportion as there was that lack of confidence.

Difficulties of Profit-sharing in Railway Companies.

That, however, did not mean that Labour should not, in future, get a much bigger share in the management. It could obtain that in two ways. The big increase in wages would give the workers a very much larger amount of surplus than they had had in the past, and, if the country was to accumulate the capital necessary in the future, a very large part of it must come from the working classes who had a surplus. Clearly if Labour itself provided capital it would have a right not only to share in management on a managerial committee, but a right to share in direction. When Labour understood how to conduct industry and what it meant, he felt sure it would be quite willing to provide not only loan capital but share capital also. So far as the railways were concerned it seemed that there would be a serious deficiency for many years to come, and the question would not be how railways could give a greater share of the profits to the working people, but how they would be able to pay the increased rates of wages. The gross earnings would, of course, be substantially increased by the higher rates and fares, but if they were increased beyond a certain point a reduced income would in all probability result. It was quite clear, therefore, that not only the railways, but the country as a whole would have to be extraordinarily economical for many years to come if the results of the war were to be overcome.

Labour's share in management.

How was it possible, even on railways, for the workpeople to have co-partnership? In order to prevent the great waste there had been in the past, railways would have to be carried on much more skilfully, and it was apparent that the men themselves would have to assist in the necessary economies, otherwise the high rates of wages could not be continued. The men must understand the problem. To the general principle of co-partnership all must subscribe. It was not only the hope, but the

The co-operation of Labour must be secured.

certainty of the future. One of the things he hoped the Labour Co-partnership Association would do was to educate the great masses of the people to the advantages of putting something by for a rainy day, and so, through their individual interest, promote the general interest which lay in the accumulation of capital. The country could only progress to the extent to which it accumulated the capital necessary for that purpose. Our progress had come in very large measure from the fact that we had promoted the industries of the world, and if that was to continue it was necessary that the workpeople should, out of their higher wages, help for the benefit of their own families, as well as of the community at large, to accumulate the capital which would enable this country to assist the world in increasing supplies of food, raw materials and other essentials.

Co-partnership in Merchant Shipping.

So far as shipping was concerned, this was in an entirely different position to that of the railways, and there it seemed that Labour should participate in much greater measure than hitherto. One of the scandals of the war was that the Labour which worked our ships and was exposed to danger received only a moderate wage, whilst the owners of the ships, who ran no risk whatever and incurred no possibility of a loss, made enormous fortunes. There was no wonder that Labour was dissatisfied, and it was essential that some way should be found whereby Labour should, in future, participate in the profits and management of shipping companies. Such a plan ought not to be difficult to work out; but no scheme would work unless those who shared the profits also shared the losses. That again, should not be a very difficult matter. They could not get Labour unless they were willing to pay a certain rate of wage; and unless they paid a certain rate of dividend capital would not be forthcoming. If, therefore, Labour was to get capital and Capital labour, Labour must agree that Capital should receive a minimum return, and Capital would have to agree that Labour should do likewise. If an arrangement of that kind were come to, it would be found that in profitable years there would be very large profits to be divided. A portion of those profits should, in the first place, be set aside to a reserve fund, which should be the joint property of both Labour and Capital, so that when lean years came there would be a fund out of which to make good losses. If the reserve fund became exhausted and the bad years still continued, it would be for Labour to decide whether its rate of wages should be reduced, or for Capital to decide whether its minimum return should be reduced or the business closed. The latter course would seldom be necessary if the procedure he had outlined was adopted.

The necessities of the immediate future.

In conclusion, it was necessary that all should remember that the years of war had been abnormal years from every point of view. It was quite clear that the country was now entering upon a period of very great difficulty when not only would it be difficult to maintain the return upon capital but difficult also to maintain the rate of wages. If, however, the difficulties were faced and overcome it might be possible to prevent the rate of wages and the return on capital from falling unduly, but great statesmanship would be required, statesmanship that would embrace not merely this country but the world organisation of which it formed part. In some way or other the world-machine must be put into smooth working order, otherwise the losses that would result to Capital would be great, and the condition of Labour in this and other countries of Europe worse than it had been for many a long year. In such circumstances it was desirable that the two parties should come together and frankly face the situation, and do their best to devise some plan to meet the difficulties. It was of the greatest importance that a spirit of compromise and reasonableness should be abroad, that Capital and Labour should recognise that the past few years had been exceptional, and that it was necessary new measures should be taken to meet a condition not of great profits and high wages, but of privation such as we had rarely seen before. (Cheers).

Co-partnership for all Clerical Workers.

Mr. RAFFETY said he was aware that where workpeople were comprised in a scheme of co-partnership an opportunity would be given to the clerical staff employed by the same firm to enjoy the benefits, but he was also anxious that the benefits of co-partnership should be extended to clerks generally, and that in the smallest professional offices there should be some inducement other than the mere cash payment. His experience during the war had convinced him that more than half the difficulties arising between employers and employed could be solved by meeting together and helping one another round a common table. There was, however, one practical difficulty; when they met and discussed generalities they wanted something further to go on. He thought the Association was to be congratulated on having created a sort of public spirit in industry by which both Capital and Labour had been able, to some extent, to recognise their duty and answerability to the public at large. He differed with Lord Emmott's remarks with

regard to Joint Stock Companies. It seemed to him that the principle of Co-partnership had been assisted and accelerated by the joint stock principle itself. The recognition that business could not be successfully carried on by hereditary means had in itself created opportunities in the commercial world which had never previously existed. The greater publicity of company reports and balance sheets and the knowledge that a business was being carried on in a regular manner and a certain dividend being earned was surely of great assistance to a mutual understanding of the conditions in which the business was conducted. That state of affairs must make it far more easy for a new principle, such as co-partnership, to be successful.

Opportunities through the Joint Stock principle.

Mr. W. A. APPLETON (Joint President of the Association) then took the Chair, and, in doing so, expressed regret that he had been unable to be present during the early part of the Congress, owing to the many calls upon his time. The country was in such a serious state that we could not long continue under present conditions without grave disaster resulting. They might disagree as to methods, but he thought there was no disagreement as to the need for doing something quickly. Personally he thought the way of salvation went parallel with the way of understanding and the way of duty. But what was meant by understanding and duty could only be evolved if they met together and thrashed things out, deciding how far they could step to-day and how far they could lay the foundations for further steps to-morrow. It was not an easy matter to introduce co-partnership; there were so many things to be thought out. He was satisfied, however, that they could take hold of the subject if they could get all classes to realise that the interests of the whole were greater than the interests of any part; that they must come together in the spirit of understanding; in the spirit of Co-partnership, while there was yet a way out of the difficulties, no matter how great they were. (Cheers).

Way out of present difficulties lies in duty, understanding, & Co-partnership.

Mr. W. A. JUKES moved:—

“That the Congress declares:—

That the principle of Co-partnership should be adopted by our Railway and Steamship lines and other large transport concerns, so that the workers gain a share of Profits, Capital and Control;

That the adoption of this principle of Co-partnership would be the means of securing greater efficiency in service, economy of costs and a method of fostering in the employer and the workers a broader outlook in their vocation;

That only by the co-operation of all engaged can the interests of the community be promoted and safeguarded.”

It seemed to him that the upheavals in the industrial world were really to be regarded as a proof of the vigour and vitality of the grand old British race. We were only witnessing what had been happening throughout the ages, and the consciousness of power was working in those classes that had hitherto been denied it. It was quite true that it was not altogether taking the course one would like, but they must remember that Labour was growing up, and some of its troubles might be likened to growing pains. Nevertheless, there were a great many quacks about trying to prescribe for those growing pains, and it was up to the educated people of the country to provide the right medicine. The proletariat, as it was the fashion to call it, was bound to make mistakes, but in that reaching out to power was the finest insurance for the future of the race. By the extension of the franchise the destinies of the Empire had largely come under the power of the ordinary man. Were they to say that he was a fit subject to have a voice and share in the control of the destinies of the Empire, and yet to say he was not fit to have a voice in the election of a director on the board of a company which held in its hands his destiny? Profit-sharing by itself would not prove any panacea for the ills from which we suffered; it was control of their destinies that the workmen themselves were out for.

Unrest in industry a sign of the vitality of the British race.

Franchise in political and industrial worlds.

Dealing with the question from the point of view of transport, and as applying to railways in particular, Mr. Jukes recapitulated the arguments appearing in an article which he had written for the November (1919) number of the *Co-partnership Journal*. He thought everybody realised that the old system under which railways had been run would not work in the future; unified control in some form must be adopted, and that could be done without nationalisation or the evils of over centralisation. A way should be found by which all the existing various authorities of share capital invested in railways should be reduced to one common unit, and that the State should guarantee on that capital a dividend of 5 per cent. Any profits earned above what was necessary to pay that 5 per cent. interest should be divided into three parts, one part to go to the shareholders to increase their dividend, one-third to the workers as bonus on

Co-partnership in Railways.

their wages, and one-third to be used as a fund for reducing the rate of fares to the public. The one-third share allotted to the workers should be given in shares in the railway stock, thus making them co-partners in the full sense of the term. Whether a man who owned £10 or £20 worth of stock should after that have the option of taking his bonus in cash was a matter for discussion.

Boards of Directors and Workers' share of control.

With regard to control, he proposed there should be a central board of directors consisting of highly remunerated men who would be prepared to devote the greater part of their time, the board to be elected as to one-third by the shareholders, one-third by the workers, and one-third appointed by Parliament as representing the State, which, in that case, would be a third partner in the industry. The board would define the general policy of the railways of the whole kingdom, and be responsible for the appointment of the higher officials. Then the Kingdom should be divided into seven areas, and in each of those areas there should be a board of directors elected as to one-third by the shareholders resident in the area, one-third by the workers, and one-third by the County or Borough Councils of the area. That body would not be of such importance as the central board of directors, but they would be there to watch over and protect the interests of the public, the shareholders and the workers of any particular area.

Whitley Councils at Railway Centres.

Then Whitley Councils should be formed in all the important railway centres, together with railway workshops, so that there would be the Whitley Councils managed half by workers, half by officials appointed by the Area Boards. Such a scheme as he had outlined would avoid the perils of nationalisation, the evils of over-centralisation, and would enlist the interest of all concerned—Capital, Labour and the Public, without which no real progress could be made.

The Principle of Service.

Mr. CHARLES PARKER, in seconding the resolution, said he thought both masters and men were beginning to realise that, after all, their share in industry was not only for their own benefit, but that they were, to a large extent, servants of all.

Small effect on workers of sharing in management.

Mr. HADLEY thought the arguments put forward by Mr. Jukes tended to show that co-partnership on the railways would not bring to the worker a share of profits or a share of capital, but the only benefit the worker could look for would be some share in management. If the co-partnership scheme had to be resolved down to just that one point what effect would it have on the mind of the worker? Would it induce him to do any better? If half a dozen people participated in the management of a railway what effect would that have on the minds of the workers? Sir George Paish had said that if the high rate of wages was to be maintained and waste avoided the workers must understand the position of matters. To his mind, the high rate of wages tended largely to increase the waste. He did not quite agree with the wording of the resolution. If the proposal was that the railway companies should consider the scheme, it would be right; but it was hardly fitting that they should put on record that the principle of co-partnership should be adopted by the railways. Personally, he was convinced that such a scheme was not applicable to the railways, and, on the whole, he had several objections to the proposal.

Evils from Joint Stock system countered by Co-partnership.

Mr. WARWICK DRAPER did not agree with Mr. Raffety's remarks in regard to joint stock companies. Speaking as a lawyer who had had experience in the matter he was confident that a great deal of mistrust on the part of Labour with regard to profit-sharing schemes came from the absenteeism of employers, which was really the root principle of joint stock companies. It seemed to him they could only replace the evil by giving the workers a share in the control. He thought it all-important that the Association should get those who had the responsible task as lawyers to see that the old forms of the joint stock company were not being applied. He would like to see Christian maxims applied to every day work and business, and, though he knew laymen were somewhat shy of the topic, it seemed to him enormously important that such an Association should rather specially emphasise that principle as—he would not say one of the panaceas—but certainly one of the remedies for the industrial jealousy and strife from which the country was suffering.

Applicability of broad principle of Co-partnership.

Mr. ANEURIN WILLIAMS, M.P., said that they were grateful to Sir George Gibb and to Sir George Paish, and they were not going to be easily discouraged in their belief that the co-partnership principle in its broad lines was as applicable to the great industry of railways and steamships as it was to the other great industries, though not necessarily in the same form. They believed that a common interest in the financial results of the business ought to exist for all concerned, and it was perfectly possible, in spite of difficulties, that that should be the case in railways also.

They believed, too, that all interested should have a common voice in the control and direction of the business, and that the owning of capital ought not to be the special matter of a very limited class, but that all concerned should take their part in providing and in owning the capital.

If one form of Co-partnership was not applicable it was not difficult to find another that would be suitable, and under which they could carry out the great principle that all concerned ought to have a direct interest in the avoidance of waste and in the economic success of the business. Profit-sharing in quite the ordinary form had already been applied to certain railways, including some South American Railways. If the men employed in the industry only had a voice in the management and direction and no financial interest in the capital they would only be setting up the bad system by which the ownership of capital became a matter of the few and the great masses would be divorced from taking any share of that capital. It was one of the objects of the movement to break down that class system, and it seemed to him also that the joint stock companies had caused the ownership of capital to be very largely extended, but even then only among a minority of the people.

Effect of sharing ownership and control.

Co-partnership should succeed in doing what had been done in the South Metropolitan Gas Company and in other great industries in which the whole mass of the people had been brought in as owners of capital. If the principle of Profit-sharing, in some form or other, could be extended to all the great industries of the country there would, in a generation or two, be a state of affairs in which every family of character and industry would own capital in the various industries in which its members were engaged, thus have something to fall back upon in the case of illness, misfortune or old age. Until they had found some way of applying the principles of Co-partnership and Profit-sharing to each industry they could only regard each industry from the point of view of the prosperity of the people and the harmony of the country as a whole as a failure, whatever success it might be from the material point of view. (Cheers).

Wide extension of the ownership of capital.

This concluded the morning session, and, on the Congress re-assembling, Dr. J. Bonar took the Chair.

Mr. A. E. PARNACOTT, continuing the discussion, urged the importance of something constructive resulting from the Congress. Modern civilisation was such that all should be co-partners, not only from the industrial but the national point of view. Dealing with the second paragraph of the resolution, he did not see how the adoption of the principle of Co-partnership would secure greater efficiency in service; that could only be done by encouraging invention and utilising the product of research. They had heard a great deal about Capital and Labour, but to his mind the hope of the country lay in protecting the brain-man and assuring to him some reward and encouragement for the risks he took.

Efficiency and position of the brain worker.

Mr. E. O. GREENING thought the question before the Congress should be: What ground had they for hoping that, if they could apply to the railways some system of harmonising the interests and sentiments of everybody concerned in running the system, it would be possible by the concentrated energies and enthusiasm of the whole people to lift the railways on to a new footing? If they had people all pulling in different directions, as in so many of the great enterprises, they naturally had a large amount of influence being exerted to impede progress, and that had to be overcome before any real progress could be made. If only that impediment could be removed, and all would wish to go in one direction, progress would advance at a rate beyond the possibility of conception under more adverse circumstances. The power lying latent in the working people of this country had never been fully realised. If it could only be given a chance, millions who to-day were acting and thinking "ca'canny"—some without knowing it—would be using their energies to the full in helping the common progress.

Real question: How to secure Unity.

He did not agree with Mr. Jukes that the Government should be made a partner in any industrial enterprise. The profits belonged to the factors producing the results, and those factors must have the profits if they were to get the best out of those concerned in doing the work. In his opinion the factors concerned were the workers, the customers and the capitalists. The Government represented a spending interest, and if they gave the Government an interest in business enterprises they made the spending departments of the Government interested in obtaining money for the control of Parliament, with the result that they would take out of the hearts of the people all incentive to do their best.

Who should be the partners that share in the profits?

Illustrations
from the
Post Office.

If the Post Office could be separated from the Government—not necessarily so far as having to give an account of its work was concerned—but if it could be made into a Co-partnership in which the workers and all parties interested were represented upon the control and the profits fairly divided, and other departments paid fairly for what the Post Office carried for them, what would happen? He understood the result would be postage throughout the British Isles at $\frac{1}{2}$ d., international penny postage, and all the reforms asked for as regards the Post Office. If that were possible for the Post Office, was it not possible that the same thing would apply to the railway system? Was there no waste in it, no leakage, nothing that could be stopped if the men who had every detail before them in their daily work had their hearts in the task? It was, of course, contrary to all the laws of human nature to suppose that under such circumstances results would not be better. Therefore, they had solid ground for their faith that the principle they advocated which had been triumphant in so many fields would also be successful if applied to the greatest and most important of the national industries. (Cheers).

Scheme for
simple
Profit-sharing.

Mr. B. CAHUSAC, speaking as one who had adopted a profit-sharing scheme said he would like to give the reasons for his faith in profit-sharing rather than Co-partnership, for if Profit-sharing was a step towards Co-partnership it should be stressed rather more than it seemed to be. His theory of the whole matter was that the worker was just as much entitled to his portion of the profits as the shareholders; the worker should be given capital value, and that capital value would be his remuneration during the year in which the profits were made, say, to the amount of £100. He would really hold Deferred Stock, and would take six per cent. less than the Ordinary Shareholder under the scheme he was advocating, and for every one per cent. above six per cent. paid to the shareholders the workers would have a further one per cent. on their remuneration. That was a very simple scheme which had been previously mentioned, but he did not think it was really grasped that it meant capitalising a man who had a wage value and consequently a capital value.

Sharing in
Management
through a House
Committee.

How were such men to have a share in the management? He thought at present the demand was not so much for a share in the financial part of the management as in the more domestic arrangements of the works, and that could easily be done by a House Committee consisting of representatives of each department not in authority and elected by people not in authority. The Chairman of that House Committee might, in course of time, be elected to the Board of Directors. He thought a lot of the suspicion on the part of the workers with regard to Profit-sharing and Co-partnership was that in so many cases the money went back into the employer's business. Then the Trade Unions in England, owing to their efforts to conserve their unemployment funds, devoted too much time to keeping the lame dogs in situations. That had a great effect on restricting output. He thought it would be well worth the whole of the employers and the employed in every trade to teach those lame dogs their trade or to put them into other occupations rather than let the energies of the best workers be restricted by their limited output.

Helping
inefficient
workers.

The Public as
Third Partner.

Mr. JUKES, in replying, said he wished to take the opportunity of putting Mr. Greening right. He did not suggest that the Government should touch one penny piece of net profits that the railway companies might earn; the third share should go to the public in the form of reduction of rates and fares, bringing the public in as the third partner—certainly not the Government.

Mr. JUKES suggested the omission of the last paragraph and accepted one or two slight amendments, and the resolution was then unanimously carried in the following form:—

“That the Congress declares:—

That to supply a human touch in industry and to lift the worker socially, the principle of Co-partnership should be considered by our Railways and the Steamship lines and other large transport concerns, and the workers gain a share of Profits, Capital and Control;

And that this meeting considers that the adoption of this principle of Co-partnership would be the means of securing greater efficiency in service, economy of costs and a method of fostering in the worker a broader outlook in his vocation from boyhood onwards.”

Discussion on Labour Co-partnership in Industry N20

WITH SPECIAL REFERENCE TO SUGGESTED DIFFICULTIES.

(There was only a short time left for this discussion, which could not be fully carried out. The following is a short summary).

Mr. WALLACE (Messrs. Rowntree and Co.) analysed the figures given by the Ministry of Labour in its Report (Cmd. 544) and argued that in only 26 per cent. did the schemes appear to be failures, and even then a large proportion of the cases had been really systems of payment by results. Mr. Wallace made suggestions with regard to the figures to be taken to represent capital in the division of profit, the methods of dealing with reserves, with salaries of management and with voting power, the position of the worker in his Trade Union, and the possibility of assigning part of the profit and of the voting power to the Trade Union itself.

Causes of failure
and suggestions
for success.

Mr. MUNDY (Secretary of the Association) dealt with some of the practical difficulties in arranging a scheme to fit the financial details of particular businesses and the creation of reserves. In concluding, he drew attention to the fact that the work of the Association was greatly hampered by lack of funds, and he appealed to those present to help financially towards the propaganda of the ideals of Co-partnership.

Construction of
Schemes of
Co-partnership.

Mr. JORDAN (Messrs. Jordan and Sons) did not favour the suggestion that any of the workers' share of profit should come under the control of the Trade Union. He referred to the scheme of profit-sharing which he had worked out in his pamphlet called “A National Scheme of Profit-sharing.”

Lt.-Col. EDWARDS drew attention to the spiritual side of Co-partnership and thought that more attention should be paid to this rather than to the material side.

Ethical or
Material.

Mr. H. CROTHERS (Messrs. J., T. and J. Taylor) made an appeal for the encouragement of profit-sharing as a beginning, even if the capital-holding did not carry voting power. He instanced the cordial and harmonious relations between the workers and the management which had grown up in their business through such a scheme. He strongly urged employers to make a beginning with profit-sharing, and if they desired to go further later on—well and good.

Introductory
Profit-sharing.

Mr. CUTHBERT PLAISTOWE (Joint Honorary Secretary) proposed a vote of thanks to the various speakers who had been so good as to spare some of their valuable time to address the Congress. He asked those present to remember that the Association was always willing to send speakers to meetings, but that they were very hampered in many directions for want of funds. A Committee Meeting would shortly consider the resolutions passed and decide what could be done to put them into operation as soon as possible. That Committee would be much helped in its deliberations by the discussion which had taken place during the Congress.

Vote of Thanks
to Speakers.
Need for Funds.

The CHAIRMAN, in seconding the motion, wished to include all those who had, from time to time, spoken from the body of the hall and made very valuable suggestions and contributions to the discussions.

The vote of thanks having been unanimously accorded,

Lieut.-Col. EDWARDS proposed a vote of thanks to the Chairman.

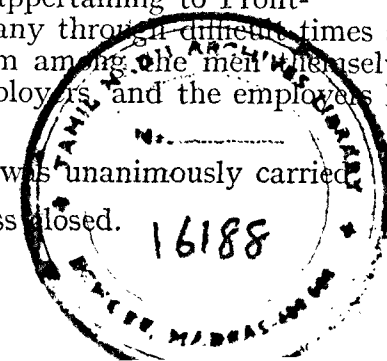
Vote of Thanks
to Chairman.

Alderman WHITEHEAD, in seconding the proposition, said he had not found during his twenty-seven years with the South Metropolitan Gas Company that the workers were in any way behind in regard to matters appertaining to Profit-sharing or Co-partnership. They had supported the Company through difficult times and much good had been done by the Committee elected from among the men themselves. They had succeeded in winning the confidence of their employers, and the employers had the full confidence of the employees.

Experience of the
South Metropolitan
Gas Co.

Mr. E. O. GREENING supported the motion, and it was unanimously carried.

The CHAIRMAN having returned thanks, the Congress closed.



APPEAL FOR MEMBERS & FUNDS

Quotation from Speech of Hon. Sec.,
Mr. ANEURIN WILLIAMS, M.P., 1919.

We ask this numerous and influential audience, those who are and those who are not yet members of the Association, to give us their earnest support in this matter, both with their thought, with their time, and, if I may venture, Mr. Chariman, to mention such a thing, with their money. The resources of the Association have always been very small in money . . . I hope that all those here who can will help us, both with their zeal, with their work, and with their good word whenever an opportunity occurs, and also **with some contribution in money to our Society, so that we may be able a little to enlarge the means we have, that the number of our staff, the amount of our publications, the number of journeys we take to visit this man and the other to give them information may be a little increased.** That is what I wanted to say from the point of view of the propagandist, and I hope you will all take it in the spirit in which it is intended.

In 1920 the Association finds itself with its reserve funds entirely used up. Last year the income was nearly £300 less than the expenditure. We appeal, therefore, for increased help, to enable the work to be carried on in these days of high prices.

To Mr. ANEURIN WILLIAMS, M.P., 192
and Mr. CUTHBERT PLAISTOWE,

Joint Hon. Secs. Labour Co-partnership Association,
6, Bloomsbury Square, W.C.1.

Sirs,

I have pleasure in contributing.....to the
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Subscription renewable for { three
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five } years.

Signed.....

Address.....

Cheques and Postal Orders should be made payable to "Labour Co-partnership Association" and crossed "London County, Westminster and Parr's Bank, Covent Garden Branch."

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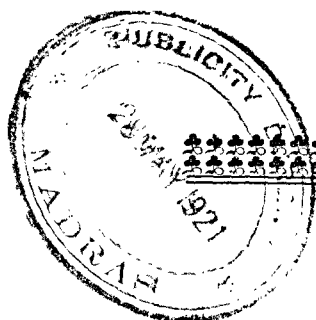
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No. 4.—South Metropolitan Gas Co. ...	By Dr. C. Carpenter, M.I.C.E.

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INDUSTRIAL AND PROVIDENT SOCIETIES,
EMPLOYERS' ASSOCIATIONS, AND TRADE
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