

THRIFT  
AND INDEPENDENCE



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THRIFT AND INDEPENDENCE.

*A WORD FOR WORKING MEN.*

BY THE REV.

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# THRIFT AND INDEPENDENCE.



## PART I.

*HELPS TO THRIFT AND INDEPENDENCE.*



### I.—INTRODUCTION.

**G**LADLY avail myself of the opportunity afforded me of putting forward, in the following pages, views which much thought and study have led me to adopt and hold very firmly, not only as to the importance of English Thrift and Providence and the difficulties which beset them, but also as to means for removing some terrible obstructions which now hinder the progress of the thrifty, while doing no true good and bringing no true blessing to the wasteful.

I will spend no time in enlarging on the enormous sums of money worse than wasted by our people year by year, nor on the amount

of misery directly or indirectly due to such waste; it may be (alas! it must be) admitted that in a general sense we are improvident, self-indulgent, and dependent beyond the people of other countries; and that in spite of means and opportunities, in the way of wealth and wages, which other nations do not possess we have an immense amount of misery and wretchedness to show. And this in face of the fact that, however great the difficulties arising from circumstances and surroundings, a vast number of our working classes really do make efforts of the noblest sort at securing their own independence, and the education, advancement, and prosperity of their families.

In the following pages I shall hope to point out, in view of the fact that an exceptional misery exists in the face of our exceptional wealth, what seem to me to be its natural correlates—exceptional facilities for thrift, which may be greatly extended; exceptional hindrances to progress in thrift, which may be removed; and exceptional hopes for a national advance in prosperity and independence, which may be—and, with God's blessing, must be—realized when once the nation, as a nation, recognizes its duties and its possibilities in so wide and interesting a field as the elevation of the English character and the comfort of the English home.

Some readers, doubtless, of the following chapters will here and there recognize a few phrases, and perhaps now and then a few

paragraphs, on this subject with which they may be familiar in various writings of mine already before the public. As a rule, these phrases or paragraphs are only used here because their first forms, as the best and shortest terms in which to place my meaning, have crystallized in my mind into commonplaces. They might have been rewritten without difficulty in modified or altered language had I not thought it better, in the interest of my readers and of my subject, to place clearness before freshness of expression.

## II.—PROVIDENCE DEPENDENT ON THRIFT.

IT may be admitted as an axiom that to lay up in store for the future is, generally speaking, a strong impulse of human nature, which, if not checked by some exceptional interference, may be expected to influence the conduct of the vast average of mankind. The truth of this axiom is proved by the simple fact of the human race remaining alive from year to year. The duty of following this impulse, by laying up in store for a future when means of procuring sustenance may be less easy than at present, is taught us in most impressive language by the very succession of the seasons. At one season of the year only, out of four, nature supplies the food of man, and more food than he can possibly consume in that season. It is plain

that if harvest-time only produced enough food to support man during its ingathering, the human race could not flourish. Therefore, to carry out the broad lesson thus taught by nature, we must see that, in order to *provide* for the future, man must *thrive* or prosper in the present, since it is plainly out of what can be done without to-day that we make provision for to-morrow. Or, in a word, all providence depends on thrift; since, as a general rule, to secure independence for the future a man must not only have sufficient for the present, but something more, not needed in the present, which he may reserve for future use.

### III.—INDIVIDUAL PROVIDENCE GENERALLY POSSIBLE.

I HAVE said that providence depends upon thrift, and in setting forth the duty of every man to provide for himself, I have to show the possibility of every man thriving, at least sufficiently to enable him to be provident.

For I am met on the threshold of this subject by the objection that there are many people always who can earn nothing more than barely sufficient to keep them alive from day to day, and that therefore providence for them is impossible; and if impossible, cannot be a duty at all.

If we leave out of consideration all persons who have never had health or strength to earn

their own living, and who, in a Christian country, have for this reason a claim, never ignored, not upon taxation, but upon Christian charity, it is easy to answer the objection made above by saying that most of those who cannot provide for themselves beyond their daily needs now, might have done so, had they chosen, before now; and that their unprovided state results not from impossibility to provide at all times, but from unwillingness to provide at the right time.

I was talking lately to a woodman on this subject. He said, "Sir, I went to my old uncle yesterday, to talk with him, and see whether we could not manage to agitate for higher wages. You know, sir, he's a great one for having men combine to that end. Well, sir, what do you think he said to me? 'William,' he says, 'you've got nothing to say; your time's past!' 'What do you mean, uncle?' I said; 'I'm only thirty years old.' 'Why,' he answered, 'you have a wife and children to feed now, and it takes all your money, and you can't better yourself. You had money enough when you were young and unburdened, and you wasted it; and now you're too late.' And I see, sir, my uncle was right."

Yes, the uncle was right. The earnings in any country, however low they may be, must be really enough, *if well managed*, not only to keep men in their strength from day to day, but to provide for their support also from the cradle to

the grave. For, if the earnings of man be not sufficient to support the whole life of man, men cease to have a living; they die off, or they emigrate, and the population must diminish. But the population of England, instead of diminishing, increases at an amazing rate, which proves not only that the earnings of England are enough to support her people, but really, *if well managed*, to supply them with comforts as well as necessities, and to raise them all into a state of well-being, to which (*just because resources are not well managed*) millions of our fellow-men are total strangers.

#### IV.—INDIVIDUAL THRIFT AND PROVIDENCE A PERSONAL, SOCIAL, AND NATIONAL DUTY.

ADMITTING, then, the general possibility for every man at some time (if not of all men at all times) to earn a provision for his future, which, by the way, is a very different thing from the securing of the provision made, I have a few words to say as to the setting apart of such a provision being a personal, social, and national duty.

A man owes it to himself to be provided against want. The duty for to-day is made plain by the feeling of hunger or cold, which impels a man to work that he may have bread to live on and clothes to cover him. The duty for to-morrow is quite as clear in theory, but

not so pressing in fact, for the simple reason that no one can feel hunger or cold in advance. But the fear of to-morrow's hunger or cold can be felt in advance, and this fear may be aggravated, by the certainty of the want and the uncertainty of the supply, into a strong inducement to the man to spare to-day some of his superfluity in order to relieve his mind from the fear of being destitute to-morrow. And just because an easy mind is the first essential to any true enjoyment of life, it becomes the duty of each man to himself to banish fear and anxiety for to-morrow from his mind by making timely safe provision for his continued existence.

Next, such provision is every man's social duty. He owes it to his kindred to relieve them from the burden of supporting his existence. In proportion as the man who might be independent hangs upon the aid and efforts of others, he degrades himself and injures them; he is a social nuisance, and he does a social wrong.

And, thirdly, such provision is his national duty. If a man owe to himself a mind easy for the future, to his friends security against bearing the burden of his dependence, he owes also to his nation a citizen's example of duty-doing, a citizen's share in the growth of its prosperity, in the brightening of its glory, the justice of its laws; the loving work of a living man to sustain and further the progress of the State, instead of the cold burden of a cumbrous corpse to pollute and weigh it down.

### V.—THE NEGLECT OF THRIFT AND PROVIDENCE IN ENGLAND.

Now, for people who agree in the view that every man should do his share towards upholding the honour of our nation, and who feel that, considering all our great opportunities for promoting the blessing of the human race, England ought to be one of the happiest countries on the face of the earth, it must be a dreadfully depressing and humiliating thing to know that, mainly through the general neglect of the personal, social, national, and indeed religious duty of providence, our country has to show to the world a very sad example of multitudinous misery.

Wages are high for labour, and very high for skill; and the hours of work in England are generally fewer than anywhere in Europe; while, on the other hand, it cannot be said that the necessaries of life are generally more costly amongst us than elsewhere. And, more than this, as compared with other nations, men have three more years of life under the most favourable conditions for making provision for the future than other nations; for these latter require no less than three years of each citizen's life (say from eighteen to twenty-one) to be devoted, in compulsory military service, either to fighting or to getting ready to fight the enemies or the possible enemies of their country

—a terrible burden, from which Englishmen are happily exempt. And yet, in spite of all our immense advantages, the recorded deaths from sheer starvation are vastly higher in England than elsewhere. Indeed, our annual returns, showing as they do the fact, established by the verdicts of coroners' juries, that in London alone 101 human beings starved to death in the year 1880, produced a general cry of horror from the European press, which it would have been slow to utter were such a death-rate in proportion to population equally common abroad as here.

And besides this, we have continually before our eyes the fact that vast numbers of persons, earning for the moment sums far greater than necessary to support existence, in practice totally neglect the duty of providence, even to the small extent of providing for a single month, or even a single week.

I suppose there is not a town in England wherein the experience is not perfectly common, that a fall of snow which covers the ground to the depth of three or four inches, will bring as claimants, either of suddenly collected charity or of aid from compulsory poor-rates (which are no charity at all), not merely the actual agricultural labourers who for the nonce are really deprived of work, but, under the name of "frozen-out gardeners," a multitude ten times the number of the actual gardeners in England, a large proportion of that beggarly

multitude consisting of men for months previous in receipt of quite abundant wages, not one sovereign of which they have ever been willing to lay by.

There are sufficient reasons, which we shall come to by-and-by, to account in some degree for this dishonouring prominence of England amongst other nations in the sin and shame of improvidence. For the present I am only concerned in drawing my reader's attention to the fact, which any one may verify only too easily at the cost of a little thought and observation.

#### VI.—THE MEANING OF THE WORD "SAVINGS."

"YES," it will be said, "it is perfectly true. A vast number of our people who earn or own an income above their immediate means become miserable and destitute at last, because they never save a farthing!"

Now would I stop my reader a few moments to reflect on the meaning of the term he has used; for it is a very wonderful thing in the history of languages to find how much of altogether unsuspected teaching the use of a common term may have. "They will never save a farthing!" Suppose we translate the phrase into French. If we say, "Ils ne sauveront jamais rien!" we shall be talking nonsense, though we exactly translate the word *save* by

*sauver*. Suppose we translate it into German—"Sie wollen nie Etwas retten"—we shall be talking nonsense once more, though we exactly translate the word *save* by *retten*. In other languages we must use the word equivalent to *sparing*, not to *saving*, in order to be understood. So for our word "Savings Bank" the Germans say "*Spar-Kasse*," and the French say "*Caisse d'Epargne*." And we look back through our old English literature and find that the word *saving*, in the sense of "laying by money," is not there; it is newly come into our language. Take a book of English so modern as our Bible translation, the Authorized Version. We find the *thing* spoken of, but not by any such word as *save*. We read, "Thou shalt *lay up* gold as dust and stones;" "*Lay not up* for yourselves treasures on earth . . . but *lay up* treasures in heaven;" "Let every one *lay by* him in store against the first day of the week," etc.; but *saving*, or *saving up*, in this sense, has no place whatever in the Bible.

What, then, does this singular new use of the word in the English language imply? "Perhaps," some one may suggest, "it implies that the English habit of improvidence became so common that anything not laid by was sure to be squandered and lost, and therefore anything laid by was considered as something, so to speak, *saved* from otherwise predestined waste."

And probably there is much truth in the conjecture; but then something must have happened

in late times to make that new use of the word appropriate now which was unknown three centuries ago.

And this also is true. Something, nearly three centuries ago, was introduced into England—and into no other country—which really taught our dreadful national improvidence, and made all that men could spare subject to utter loss. While nature teaches all men, through all history, in all countries, that they must provide for themselves, we established, about the year 1602, a law (we call it the Poor Law, and the legislation was as poor as the law) which, at least in its development, seems to say, "Nature's law is all very well for those who choose to follow it. But we can improve upon nature. Henceforth any person who breaks or resists nature's law, by not providing for himself, shall have a provision made for him by our Poor Law, from the pockets of all other people, rich or poor alike, who lay something by for themselves, and do not choose to be dependent."

Of course the most inexperienced, the most ignorant, and the most idle, are the people most likely to lay that bad, false lesson to heart. Most of them do it when young, and in youth, that is, in the only part of their life when the poorest have a fair chance of "saving" anything at all, spend every farthing they might save. We shall come again upon this subject. I have only touched it here to set my readers thinking how very much is contained in

the common word "savings," and what a commentary on our English national improvidence, its temptations and its perils, is found in the linguistic fact that such unspent earnings as other nations call "sparing" from present enjoyment, we have learned to call *savings* from the very furnace of waste.

#### VII.—NEED OF SECURITY FOR SAVINGS.

THRIFT, with the providence it makes possible, does not originate in mere spasms of saving. It is the child of systematic self-denial, and habit is its foster-mother.

Of course it may be said that if a poor man be left a thousand pounds unexpectedly, he will for the moment be thriving; and if he *secure* thereby a future weekly payment for all his life of, say, fifteen shillings, by placing the whole capital out of his own reach for possible waste, and spending only the interest, he will be *provided*. (But to *thrive* and be *provided* are, after all, not quite the same thing as to be *thrifty* and *provident*. The former terms refer to a man's condition, the latter to his character. The one pair describe a state, the other imply a habit.)

And the thousand pounds left him was, some time and in somebody's hands, the fruit of such a habit of thrift and providence as I have indicated. Comparatively, very few

receive these sudden windfalls—so wonderfully few, that to trust one's future independence to the chance of doing so would be utter madness. So any one of common sense must see that, instead of expecting a provision from the thrift of other people, his best hope of securing it lies in cultivating a habit of thrift of his own.

We will suppose, therefore, that he does so—that he wants to be really independent as well as provided, and sets about to secure that noble object by self-denial and thrift. He ceases to spend his whole income; he establishes a systematic surplus fund, however little. He wishes to make this safe and profitable. How is it to be done?

This opens the whole question of credit. The man has his daily work to do, and though skilled in that work, though he can plough or delve, though he can follow a trade, manage a machine, handle his familiar tools, the dealing with money to make it more is entirely out of his way; he must trust that hardly earned and hardly spared capital to some one else who understands its handling.

Poor thrifty men in every age have suffered great loss by mistakes in this direction. While understanding that money used grows into more, as grain sown multiplies grain, many, in trying to make their savings profitable, have failed to make them safe. And the poor man's risk, just from his inexperience of such matters, has been always greater than the rich man's,

who, having much more money to deal with, and more experience, is less likely to be deceived and robbed.

#### VIII.—THE POST-OFFICE SAVINGS BANK.

So the State has now provided a perfectly sound credit for the poor man's thrift. At almost every post-office in the kingdom the poor man's money (up to £30 in any one year) will be kept safe for him by the State, and allowed to grow by slow degrees. So long as he is willing to leave his money in the nation's charge, it is as perfectly and completely *safe* as any investment in the world.

Till lately, however, the Post-office Savings Bank, though a safe and excellent method of securing savings, was very inconvenient for two reasons: firstly, not less than one shilling at a time would be received by the Post-office; secondly, the waste of time in going to the post-office in order to make the deposit was too much for poor people whose "time was money."

The effect of these two difficulties was to prevent a great deal of small savings, for, especially among the poor, spare shillings are not nearly so often possessed as spare pence, and the spare pence are too often spent, either as being too small a sum to put in the bank, or because the time spent in going to deposit them might be of more value than the pence themselves.

For this reason a new and admirable "Aid to Thrift" was offered by the Post-office. It could not lower the amount of the deposit below a shilling, as the cost of such very small transactions would be too great; but it invited the people to save their spare pennies themselves till they amounted to a shilling, and then to pay them in.

This is done by the "Savings Slip"—a piece of paper (to be got *gratis* at any post-office), on which any one who has a spare penny may stick a penny stamp, and repeat the process till the shilling's worth be made up. The Post-office then acknowledges the filled slip as a shilling deposit to the owner's account. Any number of these slips may be filled up and retained till it be the owner's convenience to pay them in at the post-office. Thus the thrifty person's time is economized, and he relieves the Post-office authorities from the too costly work of registering a multitude of very small transactions. This new method has been of great use in cases where means for payment into Penny Banks were not at hand.

### IX.—SCHOOL PENNY BANKS.

In the last chapter, among the aids to Thrift, we spoke first of the Post-office scheme. The slip-saving method, to which we last alluded, fully meets the necessities of all persons desirous

to lay up small sums. But more than this is needed very often, and the importance of constant reminders of the power of saving to forgetful and thoughtless people is met, at all events as regards the young, by the admirable "School Penny Bank" system.

In a great number of our National Schools—and well would it be could we say in all—means have been provided, even before the introduction of the "Savings Slip," for systematically putting before the children a knowledge and an example of the benefits of saving. At a certain hour in the week two persons—generally responsible parishioners—who have been accepted as trustees by the Post-office authorities, attend the school to receive even the smallest savings children or adults may be willing to make, as little as a penny being received. Each depositor makes his or her payment to one of the managers, who marks the amount which he receives on the depositor's pass-book; this he then passes on to his fellow-manager, who copies the entry into the general book, and returns the marked pass-book to the depositor. As soon as the money amounts to ten shillings—or, if desired, to a pound—it is transferred to the depositor's account from the Penny Bank to the Post-office, and entered in a new Post-office pass-book which the depositor receives.

The great use of this school facility for thrift lies in the fact that it familiarizes children from their youngest days with the method of laying

by, and doing so safely. } Seeing a number from week to week come forward with their deposits induces children, who otherwise would spend every halfpenny they got in sweets, to try the system of saving up a little week by week; and such creatures of habit are we, that the instances are comparatively rare in which children, having learned to save a little in their school-days, abandon the practice altogether in after-time.

#### X.—TRUSTEE SAVINGS BANKS.

THE Trustee Savings Banks were established long before the Post-office Savings Banks, and have done a very great work for the thrifty poor. In some respects they have an advantage over the Post-office Banks; chiefly that they are able to offer a slightly larger interest, and they may be called uniformly safe; but though the Government has done much to encourage and promote them, they cannot give what the Post-office Savings Bank can, *an absolute and indefeasible national security* for the funds. Nor is it possible for them to offer the same facilities for lodgment and withdrawal in every district in the country as the Post-office, existing in nearly every village, can do. For this reason, excellent though the Trustee Savings Banks may be, and extended as they also have been in their usefulness by the Voluntary Penny Bank system of collecting deposits, it seems, in

the nature of things, that the Post-office system, especially in its extension by means of the saving slips, must absorb at last the business of the Trustee Savings Banks. At the same time it is well to notice that they hold more money now than the Post-office Bank—about forty-three millions, as against thirty-two millions; on the other hand, the amount they hold cannot be said to increase, as they held thirty-eight millions in 1865, while the Post-office, which at that date held only six millions, has now reached thirty-two, and continues to increase its deposited capital at the rate of nearly two millions every year.

#### XI.—THE PRINCIPLE OF INSURANCE.

IN a general way, when once we have provided the nation with a National Savings Bank like the Post-office, which not only gives perfect security for the money entrusted to it, but also makes the collection of that money as convenient as possible to the depositor, the question is answered, "If a man be willing to make a reserve fund, and provide for his feeble future out of his vigorous present, how shall he set about it?"

But it is easy to perceive that this cannot be sufficient to secure from future want every one who acts on this plan; because health and strength are such uncertain things, and the

“vigorous present” of one man may last for many years, while that of another may, for all he or any one else knows beforehand, be limited by days.

And this utter uncertainty, which lies in the nature of things, would prove a great discouragement to the habit of providence but for that ingenious and simple combination, which is called the system of Insurance.

Though it be impossible to tell when any one man may be incapacitated by sickness from labour, earning, and saving, it is possible, as a result of careful observation, to estimate how many in a hundred, on an average, are likely to be disabled in a year, and for about how many days at a time. The calculation, as is plain, becomes more exact and reliable in proportion to the number of cases observed. A thousand cases give a more certain average than a hundred, a million a vastly more certain average than either.

Now, if the average duration of incapacity for work from sickness be ascertained to be, we will say, one week for each person in each year, it is plain that if each person put into a common fund one week's wages during the year, there would be enough money to provide the wages of each person incapacitated from work by sickness during the twelvemonth, and that each man would have only paid his fair share to insure his own risk of loss by sickness, even though those who had most sickness would

receive most of the money, and those who had no sickness would receive none.

This is one illustration of the whole great and beneficent system of insurance—the division in small proportions amongst many of the necessary costs of risks which would utterly ruin a few.

And this is the principle of the benefit society, the friendly society or the sick club.

As the vast majority of men depend for existence on their labour, and their power to labour depends on their health, it is manifest that, without some such provision as a sick benefit society, a thrifty man, when overtaken by sickness, might be obliged to reduce his reserve in the savings bank, and thus to jeopardize the provision he has been making for old age; and, if the sickness continued long, he would probably expend every farthing of his deposit. From this risk the sick club, providing him means of existence while unable to earn it himself, will set him free.

I have illustrated the insurance principle in the case of sickness. The very same principle regulates insurances by means of life policies, pension funds, provident dispensaries, etc., against a great number of different risks, which no one man can with any certainty obviate by his own uncertain efforts, though they may be effectually obviated by the combined efforts of many men.

## XII.—SICK BENEFIT SOCIETIES.

THE fact that amongst the labouring classes the life from day to day depends on the earning of wages, and the earning of wages upon bodily health, makes it perfectly plain that the mere act of a working man laying by systematically a portion of his wages in a good savings bank, or any other investment, does not suffice to secure him from all possible want; for though it might enable him to find support from his savings during a shorter or longer time in sickness, it can only supply him with such support on condition that the sickness shall not last long enough to exhaust the fund. To meet this difficulty the insurance principle comes in with the greatest usefulness; for it is manifest that if the true average sickness can be ascertained, and a number of persons whose individual sickness cannot be foreknown, pay each their share of the general sickness, which can be foreknown, the difficulty of securing oneself by a few months' or years' savings against sickness which may even prove to be permanent, can be overcome.

This is the origin of all Sick Benefit Societies, which, beginning in a very rough-and-ready form, have been, and are being, made day by day more popular, more practical, and more beneficent.

These sick benefit societies are so general

as to have only too commonly usurped the title of "friendly societies," a term which, my readers should most carefully bear in mind, includes a very large range indeed of other societies, which, beyond the use, more or less, of the principle of insurance, have little in common with the sick club or sick benefit society proper.

For there are many burial societies, with practically no funds at all in hand, existing only by levies from every surviving member when one dies; and many annuity clubs, insurance societies against want of work, building, and loan societies, which also are friendly societies in a legal sense, as coming under the Friendly Societies Acts, and entitled quite as much to the name as the sick societies, and yet whose operations and circumstances are often, in conversation and argument, entirely confounded with those of sick benefit clubs.

The first and roughest sick benefit societies were formed only for a year at a time. A certain number of men, say one hundred, paid in eighteen-pence each a month, or thereabouts, which went to provide, during the year of contract, some eight shillings a week to each member incapacitated by sickness from earning wages. Where there was much sickness during the year the contributions were all spent, and, in that case, "the box was closed," as the phrase is, and the sick persons received no further benefit; unless a rule existed, which was not uncommon, for meeting the exceptional

sickness claims by exceptional levy from all members. Where, on the other hand, a sick club had an average year, they generally had some money to divide upon the annual feast-day (very generally Whit-Monday), on which the members assembled to settle accounts and hold a feast.

### XIII.—EXTRAVAGANCE OF THE SHARING CLUB.

It is not to be wondered at if this method proved extravagant. I remember myself a village club of 300 members "sharing out" fifteen shillings each on their feast-day, and on my asking one of them on the following evening, "How much of that £225 do you think the members have in their possession now?" he replied, "I dare say, sir, not five pounds. To judge by myself, not a single penny, for mine is all gone!" Extravagant, in the sense of waste, as this method was (and is, for though diminishing in number there are still thousands of such clubs in existence), the poor fellows were not so much to blame. The money shared came to them as a sort of unexpected Godsend. They had parted with it long before for a true thrifty purpose; it came back to them as part of the tangible blessing of the year's good health they had been vouchsafed; they received it on their one annual feast-day, when wives and children and sweet-

hearts came, after the men's dinner, to make the rest of their day merry, and to help in spending the bonus. The money had done its first work, of prudence, and they felt it not unreasonable that it should do a second work—of pleasure.

To class these poor fellows, who kept themselves independent of pauperism in time of sickness, and then spent freely only the balance of the fund they had successfully devoted to that purpose, reckless extravagant spendthrifts, would leave no English words to describe in proper terms those who wasted every day of every year, and made no effort at honest independence at all.

But, if not spendthrift, they were certainly thoughtless. Had they paid at once half the next year's club money (say nine shillings) in advance, they would have had still something to spend, and would have been relieved for six months from the call for contributions. But this they did not care for, having made that contribution a habit. Or, had they put it into the Savings Bank, it might have come in usefully at Christmas. But Christmas was very far off, and no Savings Bank at hand. Had they used it as a reserve, they might have cheapened their cost of sick-pay insurance; but that would have made their club dangerously permanent, instead of being limited to the responsibilities of a single year.

And in this lay, and lies, the fundamental

error of the sharing club. While men are young or middle-aged, and their health average, they could annually re-enter their club; but when they became old, and their health failed, when they had most sickness and infirmity, and least means of earning, they were turned out, and left unprovided; or, if this were not actually done, the younger members seceded in a body and formed a new club, doomed, as they in turn grew older, to fall to pieces in exactly the same way, and leave its members to the workhouse dole in their old age.

And this fault in principle ran, so to speak, in double harness with another fault of practice. Nearly all sharing clubs required the members to meet and pay their contributions at a public-house, where a certain allowance of beer was paid for from the fund of each member on the club, and consumed by such members as were present! A good way of bringing every member most fond of beer to quaff at other folks' expense, and many not fond of beer to drink their share of what they supposed a good thing, rather than leave it for others to drink instead of them; and thus, by setting down every one who appeared to a drinking bout, leading many, when once they had begun, to drink, and pay for, far more than their club allowance, and only too often to double and treble, in a wasteful way, the true cost of their sick provision.

The error of this method of inducing all

members of a Friendly Society to spend money in drink on every occasion of paying in their sick-pay contributions was too patent to be permitted to exist without ostensible reason; and so we find the practice commonly explained, if not justified, by the statement that the money thus spent on club nights "for the good of the house" was another and cheaper form of paying rent for a lodge-room.

A little examination of this statement will show how expensive to a club such rent-paying was.

Supposing a club to number two hundred members, so that on each club night six hundred pence was necessarily spent "for the good of the house" or for the use of the room; this would amount to £2 10s. per night, even though not one drop was called for by any member beyond the club allowance; and this rate of payment applied to week-days only would represent a sum of no less than £750 a year by way of rent for a room in which to hold their meetings.

#### XIV.—FRIENDLY SOCIETIES FOR OBJECTS OTHER THAN SICK PAY.

I HAVE stated that the common idea of a "Friendly Society" implies an insurance against want caused by sickness, but that the same term is often confusingly, but not wrongly, applied to societies securing different objects

from this. Thus the Friendly Societies Acts, passed for the purpose (as far as hitherto possible) of facilitating and protecting the honest efforts of the lower classes at securing themselves from pauperism and destitution, affect a great number of associations of working people besides sick-pay societies. A number of the latter extend their operations to several branches of poor men's providence, instead of limiting it to one; and for a very practical reason, namely, that once the rate of contribution for each benefit contracted for is fixed and known, it becomes far more convenient for the insurer to pay in periodically the aggregate amount for all these objects in one sum, than to have the trouble, at every transaction, of making a number of small separate payments. Thus a vast number of sick-pay societies undertake to receive payments for medical attendance, payments for pensions, and payments for burial, although members, if they choose, may subscribe separately to a Provident Dispensary for the first, and may secure pension and funeral money in the Post-office without belonging to any sick-pay club at all. As a fact, however, most working people, at the present time, in joining a friendly society for sick pay, prefer to contribute for pension (if wise enough to secure one) and for a life insurance (practically funeral pay) through the same machinery as they use in contracting for sick pay. And this is why so great confusion is caused by con-

demning the whole Friendly Society system for faults, mistakes, and extravagances, which really are limited to one or another branch of the societies' operations, and do not necessarily affect the generally beneficent principle of co-operative self-help on which the whole system is founded. I will touch separately the different branches of the Friendly Society system.

#### XV.—GENERAL DESIRE TO PROVIDE FOR DECENT BURIAL.

It seems a very wonderful thing that multitudes of people in England, who never think of laying by one single penny for future food, rent, or clothing, should be very zealous in laying by for their funeral expenses. That really independent-minded working men, who steadily deny themselves in order to provide for various contingencies of their lifetime, and thus secure themselves (at what is a very great cost to them) against being paupers in time of sickness and old age, should carry their forethought further, and insure as much money, payable at their death, as will prevent their being buried at other people's expense, is entirely natural and laudable. But surely it is a very strange thing that so many of the wasteful class, who are always willing to be paupers in their lifetime, should fancy themselves likely to be ashamed of pauperism after they are dead.

If we look for a reason (and there must be one for so strange an inconsistency), I think we shall find it to be of a very touching sort; it is the only little fraction of independence which the poor wastrel has now the slightest hope of securing. He has paid into no sick club, he has paid in for no pension, he has often contracted habits of utter waste which he cannot break through, and has nearly always a mountain of miserable debts, from which he never expects to be free. It is too late to begin a course of frugality and thrift when a man's strength is failing, his wages diminishing, and his necessities multiplying day by day. But this one thing lies within his power: he may manage a penny or two a week, with a prospect, at the last, that a sum for his funeral may be secured, and his relations not be ashamed amongst their fellows by "the parish" undertaking his shabby obsequies. This is why many a poor creature, when driven at last by want to the workhouse, transfers to a relative his poor little insurance policy, that it may be kept up till he dies, may bury him "independent" of the parish, and perhaps leave a little margin to repay the relative's advance.

I will give a striking illustration of how earnestly the poor will cling to any means of escaping pauper funeral.

On the death, some years ago, of a decent old labourer in my parish, his widow, with whom I was condoling, said, "Sir, will you have the

kindness to tell me what this ring is worth?" And she handed me an oldish gold ring, set with three small diamonds, and having a name and a date of some fifty years ago engraved on the inside. It was worth, as it proved, about thirty-five shillings. She said, "My David found that ring one day in clearing out a field-ditch. We knew nobody of the name, which we had never heard; so he bid me put it by and keep it to bury him with, and now that he's gone, sir, perhaps you would ask a jeweller to buy the ring." "How long is it," I asked, "since he found it?" "More than twenty years ago," was her reply. Now, I knew those poor people, during the last ten years of the time at least, had often been pinched for want of a few shillings, but they evidently had preferred to suffer pinching rather than dissipate poor David's "funeral money."

But apart from this feeling on the part of the middle-aged and old, there is a wonderfully general sympathy with the notion of an impressive funeral. I remember hearing a gentleman at a public meeting state, as a fact within his knowledge, that very many of the young girls who enter factories at Hull, when about fourteen or fifteen years of age, undertake, even from their very first earnings, to contribute as much as sixpence weekly, to secure themselves a fine funeral, which can never afford them personally the slightest ray of gratification. By the Post-office tables that money (paid as two shillings

monthly instead of sixpence weekly) would secure no less an amount at death than £65, sufficient for a vast deal more than the handsomest funeral they could contract for would cost.

#### XVI.—“FUNERAL MONEY” IN BENEFIT CLUBS.

APART from the operations of either such great organizations as the Prudential—which, in its industrial branch, some may consider a Funeral Insurance Company, and not a Friendly Society at all—or of the so-called “Collecting Burial Societies,” which, like the Prudential, transact business by sending collectors round to canvass for members, most friendly societies of the sick-benefit class—to which these do not belong—will undertake insurance of a member or a member’s wife for a sum payable at death, generally of, say £10 for the one, and of £5 for the other, though why it should be considered twice as costly to bury a man as a woman has never been clear to my mind. Of course, a widow is left more destitute than a widower in cases where the man is the bread-earner, which would explain the anomaly, were it not understood that, at all events, the main part of the insurance money paid at death must be expended on the actual funeral. In fact, in many societies, members and officers superintend the funeral personally, and pay the bills themselves, instead of handing the money over to

the widow and leaving its expenditure to her discretion, so that it is quite out of the question to regard the ordinary death pay, insured in any ordinary friendly sick-benefit society, as intended to form a provision, however temporary, for the widow of a working man.

#### XVII.—MEDICAL AID IN BENEFIT CLUBS.

ANOTHER branch of the benefits secured in an ordinary sick-pay benefit society is that of medical aid, by a similar sort of contract to that which we shall consider further on under the head of “Provident Dispensaries,” which are not necessarily connected with any society for other than medical purposes.

The “paying-in for a doctor” (as the insuring by an annual payment—generally of from four to five shillings yearly—of medical attendance and physic during sickness is called) is under ordinary circumstances a simple corollary upon the fact of making a sick-pay contract with a benefit society; for that contract limits the receipt of sick pay to those only who, for each week of sickness, are able to show a medical man’s certificate that they are prevented by sickness from earning their usual wages. It is manifest, under these conditions, that unless a member contracts for “doctor” by the year, he may have more to pay for an occasional visit or two from the doctor, than he will be entitled

to draw from the sick fund in case of illness; and of course the worse the sickness, and the more frequently the doctor's visits take place, the more sick pay will be absorbed by his necessary remuneration. So here, again, the insurance system comes in with great advantage; all the members of the club who choose contract with a doctor to attend them in sickness for a small annual payment, each pays the value of his average *chance* of requiring the doctor's visits, and the latter gets a fair remuneration for the actual work he undertakes to do.

The few individuals who do not "pay in for doctor" through their club, are those who live out of his reach. These, of course, he can make no contract with. On the other hand, wherever they reside, these individuals will find a medical man contracting to attend the members of some other club, or managing a provident dispensary of his own, who will be quite willing, under the circumstances, to contract with him at the ordinary rate.

Payment of the medical man, especially in benefit clubs with many branches, is generally made through the local agent. The central society has nothing to do with it, beyond seeing the local agent's receipt from the doctor certifying the satisfaction of his annual claim by the members of the local branch. And yet it is strange to see what misconceptions on this point will sometimes arise. A few years ago a medical man disposed of his practice in a Hampshire

village. His successor, at the new year, raised his contract charge for yearly attendance on sick members of the friendly society from four shillings a year to five. The immediate result was that twenty members actually left the society itself rather than, as they imagined, be defrauded by it of a shilling a year. Several of these men had been members of the club, which is an excellent and solvent one, for as many as ten years. The estimated share of each one in its property was about £8 10s., and this the poor fellows literally threw away—of course, in utter ignorance of their folly—rather than submit to pay the doctor's reasonable price for his work, with which the society itself, beyond acting as a collecting agent between the members and the doctor, had never anything on earth to do!

#### XVIII.—OUT-OF-WORK PAY.

SOME societies—chiefly composed of artisans, whose wages, when employed, are high, but who, from unavoidable fluctuation in the demand for their specially skilled labour, are liable to be frequently out of work—undertake contracts for what is commonly called "walking pay"—that is, a certain allowance sufficient to maintain the member while "walking" about in search of employment. In the best of these societies this allowance is paid by occasional

levies, it being quite impossible for actuaries to make any trustworthy estimate of the precise amount which could be needed, either in any year or any period of years, for paying any definite sum to an indefinable number of persons who may be temporarily deprived of wages by fluctuations in trade.

It would, of course, be entirely impossible to frame any calculations whatever as a basis for providing "walking pay" in the lower labour market. Among the artisan classes, especially in special branches where the work and the number of workers is always limited, comparatively little deception is possible, and the "walking pay" must be so much less than full wages, that it would be worth no member's while to defraud the funds. But any such system in the ordinary labourer's market could never be thus safeguarded. The margin, between full wages and the "walking pay" necessary to sustain a man, is too little to place the dissolute and idle above the temptation to get money without trouble; and, when once the contracts were made, it would soon appear that a class by no means specially industrious, respectable, or worthy, would rarely find work, just from unwillingness to look for it; would never be in employment, and always be claiming "walking pay." In other words, the best would be always bound to support the worst.

### XIX.—TRADES UNION AND SICK FUNDS COMBINED.

It is not so very long ago since most people were ready to assume that a trades union was equivalent to a conspiracy against employers, and members of trades unions were, by ill-informed or hasty talkers, regarded as very dangerous characters indeed. People are better informed nowadays, and have learned to see that working men, as well as any others, are quite justified in associating themselves together in any lawful way for any lawful object. Trades unionism, in a word, has changed from a question of legality into a question of expediency; from "May we or may we not associate for trade objects?" into, "Will our association for trade objects do us good?" That is a question which every man can study and settle best for himself, and I need not enter on it here. But the combination of a sick-benefit club with a trades union lies within the proper scope of this little book, and requires a word or two from me. Ostensibly, members of a trades union pay different sums for each purpose to the same treasurer and the same society at the same period, and, so far, they save themselves a great deal of trouble and some degree of management expense. There is not one word to be said against it, if one point be always kept

clearly in view, namely, that the funds must remain absolutely and entirely distinct and separate; otherwise a contributor more or less limits his own liberty and—theoretically, at least—imperils his provision for sickness and pension.

And this for a very simple reason. The sickness and pension are calculable; the amount to be expended at any or at all times in promoting trade interest is incalculable. A man may agree with the majority of his trades union for ten years, and after that time may disapprove of some of their measures, but he will not be free to leave it without forfeiting, not merely his share of the trades union money, but *his whole provision for sickness and old age*, so that, practically, he may be bound for years, in order to avoid pauperism, to continue to support an organization with whose action he no longer agrees. This, of course, is a great limiting of his liberty. On the other hand, the union, if lumping together the sick fund with the trades union fund, may, when the majority think proper, expend for supposed trade interests the money contributed for sick pay and pension, and so leave the members destitute at last in time of need.

Therefore all who join a trades union in combination with a benefit society should take care to ascertain that, by the very constitution of the society, the money paid in for sickness and pensions be kept entirely and totally distinct from that contributed for trades union purposes.

## XX.—BURIAL FRIENDLY SOCIETIES.

I HAVE treated the case of contracts for small burial sums in connection with sick funds, and also referred to the fact that a vast number of burial societies exist, with no accumulated funds whatever—returning, in fact, a nominal sum of five shillings as representing their capital. This is intelligible when we remember that such societies simply require each member, on the occurrence of a death, to pay a levy, commonly of one shilling, so that the larger the membership the grander the funeral; though, of course, in the same ratio, the greater number of times levies are made, and the greater number of shillings are called for in the course of the year, the larger must be the average insurance cost. I point this out here simply as a warning, only too often needed, against persons interested, but not instructed, in questions of thrift and providence, hastily assuming the truth of what interested officials of some bad friendly societies are so fond of asserting; namely, that the number of persons belonging to friendly societies is so large as to prove that the working classes need no further legislation or safeguarding in this most important direction. To make up this large number they include hundreds of thousands, possibly millions, of persons belonging, indeed, to levying burial societies

which are registered as "friendly societies," but whose members are not individually provided, in the way of savings laid by with such a society, to the extent of a single sixpence each.

But there is yet another sort of friendly burial society, uncombined, or if not, only combined nominally and ostensibly (to use the words of the Friendly Societies Commissioners, "as mere shadows or blinds") with sick-benefit clubs. There are the "Collecting Burial Societies," some of which attain an extraordinary success, accumulate enormous funds, and provide a burial pay, indeed, for a vast number of persons (chiefly women and young children), but at a relatively extravagant and unreasonable cost to the poor.

These societies employ collectors in great numbers, who canvass for and obtain contracts from house to house, chiefly amongst the very poorest of the population, with a zeal, energy, and success which, if applied, as it might be, not so much for the benefit of the collectors and the society as for the members themselves, would prove of inestimable benefit to the thrifty poor.

The collectors are paid by a large commission on the premiums received, as well as by a special commission upon all new business. They are pushing, active men, and very many of them, as I can testify from personal knowledge, altogether respectable; but this does not

do away with the disadvantage caused to the poor, invited to join these burial societies, by the enormous relative collection and management cost which they are called upon to pay. The character of this we may judge from the fact brought out in evidence before the Friendly Societies Commission, that in some cases collectors have been enabled, on resigning their post, or, rather, disposing of it to another collector, to receive for their "book," as it is called (or the privilege of collecting from the members), sums as large as £700, and even £1000.

Yet, it may be admitted that, under present conditions (a means of greatly modifying which I shall try to show when we come to examine the "Hopes of English Thrift and Providence"), this vast collection-cost for poor men's small burial insurance is unavoidable. I must, however, touch another of the fearful disadvantages under which the members of such societies are laid, and that is in the matter of lapses from membership; that is, in the way in which the insurance money paid in by a large percentage of members (chiefly of the poorest classes in the community) is lost entirely to the contributors by forfeiture on their ceasing to subscribe. The following sentences from the Friendly Societies Commission Report need not one word of comment:—

"The general burial societies in many cases absolutely maintain themselves by their lapses."

“The collector and the society may be alike interested in getting rid of the member.” The secretary of one large London society testifies before the committee in these terms: “I always calculate that *at least two-thirds* of the people who become insured in offices like ours allow their policies to lapse.” And the secretary of another went further still. In answer to the question, “How many policies lapse *in the course of a year?*” he replied, “*I should think two-thirds or three-fourths of them!*”

#### XXI.—DEPOSIT FRIENDLY SOCIETIES.

ANOTHER sort of Friendly Society, distinct from the ordinary Sick Benefit and Funeral Clubs, but in which, notwithstanding, money may be laid by for sickness, pension, and funeral purposes, is the “Deposit Friendly Society.”

Its name implies its difference from the ordinary *insuring* societies. The member of the Deposit Friendly Society is a *depositor*, not an *insurer*. He pays what he chooses into what is practically a savings bank, stating at the same time the amount of sick pay for which he desires to contribute, fixing the sum (say) at eight, ten, twelve, or any other number of shillings per week. According to his age and state of health at entry he is classed by the committee of the society, and received, we will

say, as entering class A, B, C, or D. The member of the first class, young and in perfect health, is entitled, in case of sickness during the year, to receive three-fourths of his sick pay from the fund, his own deposit paying the remaining fourth. If his health be indifferent or his age greater, the fund pays only half, say sixpence in each shilling, and his own deposit the other half; and if his age or health be still more unsatisfactory, the fund pays only threepence and his own deposit ninepence in each shilling.

He cannot, while receiving benefit, add to the amount of his deposit, and whenever that deposit is exhausted, he ceases to be a member of the society.

This method has its advantages. The necessity of reducing his own deposit while receiving aid from the general fund makes the member far more reluctant to claim sick pay, which consequently reaches a far less annual amount than in a Sick Benefit Insurance Society, where a member will naturally draw all he can from the fund as a right.

Again, if a person has been for a long series of years a contributor without being a claimant, his deposit will have reached a sum which hardly any sickness will exhaust, as it will only diminish by from one to three quarters of his weekly expenditure; and on the same principle as for sick pay, a more or less sum as pension in old age may be provided for.

The Deposit Society is also to some extent advantageous, as affording assistance to persons whose health prevents their reception into ordinary societies.

These are the advantages of the system. But its drawbacks are also great. The member, on any emergency, may, and often does, withdraw his whole deposit, and ceases to have any provision.

Or he may have only contributed for a short time, and having but a small deposit accumulated, may exhaust it in a few weeks' sickness, and then have no provision.

Such a society may be quite safe from failure of investment, but cannot be safe against the members' own uncertainty of contribution.

Not more than about eight persons in every hundred who join deposit societies continue their membership till their death; about ninety-two in every hundred leaving the societies either by lapse or by withdrawal of their deposits.

I cannot myself but think it best that men should first *sink* small contributions in a good club that *insures* them the receipt of continuous sick pay and pension, and afterwards *deposit* as much as they can for other undefined purposes in savings banks of one sort or another.

## XXII.—COLLECTING ASSURANCE COMPANIES.

THE next branch of life assurance for small sums, practically for little more than a sufficiency to provide an independent burial for the insurer, is very similar to the Burial Insurance Collecting Society, though not strictly belonging to the Friendly Society system at all. It is the "Burial" (or "Industrial Assurance") Company.

Its operations are in principle almost entirely similar to those we have last considered—the Burial Friendly Societies.

As a matter of convenience we may treat the well-known "Prudential" as a type (and the most fully developed one in existence) of this class. A great many advocates of thrift and providence are in the habit of falling foul of this society, either stating or insinuating its character to be fraudulent. I think they make a great mistake. The Prudential Assurance is an enormous organization, deriving colossal profits from the small thrift of the poor. By its own showing, in its reports, and in the evidence given on public occasions by its officials, a very large proportion, nearly or quite half, of its premium income is spent in collection and management; a terrible number of persons lapse, from not keeping up their contributions; and the profits made, instead of belonging to the

contributors, are distributed partly to shareholders in the company and partly to insurers in a distinct and separate branch of the business. When we come a little further on to discuss the Hindrances to Thrift and Providence we shall see more on this side of the question. But all these facts, which are undisputed, afford no proof whatever that the society is either insolvent, fraudulent, or dishonest. It is founded on business principles for business purposes; it makes no disguise of its methods, asserting that the cost of its insurances cannot be diminished, and that the lapses arise from the fault of insurers themselves, and not of the company. Failing disproof of their statements, it is both more reasonable and more prudent to avoid denunciations, which can benefit nobody, of companies of this sort. The better course is to open poor men's eyes to the enormous relative cost and the infinitesimal advantages of such assurances, and even this should not be rashly done until some better, cheaper, and safer means be placed within reach of our thriftily disposed poor for attaining the objects they have in view in effecting any insurances at all.

### XXIII.—POST-OFFICE LIFE ASSURANCE.

SUCH an easier, safer, and surer way of effecting life assurances for small sums, already exists in our Post-office system. But, unfortunately, the

sums it will secure are not small enough to meet the means and circumstances of those poorest classes of the thrifty from whom the collecting societies draw their annual millions of profit, with so little beneficial result to the contributors of premiums.

To people who wish to assure a sum payable at death, of from £20 to £100, the Post-office gives a national security, and at a far cheaper rate than any of the collecting societies can offer. It is quite incredible that, in the face of these advantages, such a company as the Prudential should number the life-policies it issues by actual millions, while the Post-office can only number its contracts during as long a period as sixteen years by a pitiful 6000 or so (an average of only 400 each year), were there not some fundamental difference in the conditions on either side. That difference lies in the fact that the Post-office insurance, which was established to aid the thrift of the poorest, really only aids that of the upper class of working men instead. The Post-office will insure for no less sum than £20,\* a limit quite prohibitive to the poor wage-earner; and, indeed, as a fact, between the limits of £20 and £100, we find the average Post-office contracts made to be for a sum of £80, while the average sum contracted for by millions in the Prudential Company is only £8. Thus we see that the Post-office will only do business for persons ten times as rich in power, and will for providence,

\* See note, p. 147.

as the class for whom it was intended, and therefore we need not wonder at its signal and shameful failure. Till it be made better for the poor by reducing the *minimum* to £5, and winning the confidence while securing the providence of the poor, our vaunted Post-office Life Insurance is a mere cumbering of the ground, and a silent justification of the costly and uncertain method by which poor thrifty men are tempted to risk, in the hands of self-interested and costly companies, their always slender chance of independence.

Yet, it may be asked, though our Post-office Life Assurance be too high for the poorer industrials, why should it not remain for the richer of them? The answer is very plain. Though it can offer, or, as I shall show hereafter, may be made to offer, vastly cheaper assurances *for small amounts* than the industrial companies, it cannot offer the same advantages for *larger amounts* in competition with the ordinary insurance companies, since the Government interest cannot, or should not, exceed that of the Funds; while the ordinary insurance companies can invest their money, and so accumulate their reserves, at a much higher rate, the bulk of all the life-insurance money in England earning four and a half per cent. interest instead of three.

#### XXIV.—PENSIONS, OR SUPERANNUATIONS, IN FRIENDLY SOCIETIES AND IN THE POST-OFFICE.

THE working man generally dislikes the name of pension, which conveys to his mind an idea of charity. Philologically he is wrong, for the word really means a "payment" only, and when we talk of military or civil servants being in receipt of a pension, we do not associate anything degrading with the notion. But as, for the most part, the word "superannuation" suits the working man's notion better, he is quite right to prefer the term. Most Friendly Societies, in calculating the necessary payments for sick pay and burial pay for their members, offer also a list of rates on which members can contract for a superannuation of so many shillings a week, to be claimed on reaching a certain age. It is quite deplorable, however, to note in how very few cases, comparatively, members of Friendly Societies avail themselves of these opportunities.

The men who are independent enough to pay in, every month of their lives, for sick pay and funeral pay, for the most part leave provision against the wants of old age entirely out of sight. They may be sick to-morrow, therefore they provide sick pay. They may die to-morrow, or may live for thirty or forty years; but die they must some time or other; and so they make a provision for funeral expenses. But there is no sort of certainty that any one of

them will live to be old, and the contingency is, besides, so distant, that they make no provision against it at all.

It is a melancholy thing to reflect how great a number of these worthy fellows, who can hold up their heads and say, "If I fall sick I have provided support for myself and family while the sickness lasts; if I die, I have provided for burial; I am an independent man," must hang their heads down as they say further, "but when I am old, I have no prospect but the workhouse, where I shall have to be dependent upon poor-rates till I die."

The Post-office issues contracts for pensions or superannuations, but, partly for the reason I have given as to the low rate at which the funds must be invested, and partly because it is no official's business or interest ever even to suggest the advantage of securing a pension, while in every other insurance organization it is everybody's business to press the subject, the Post-office Deferred Annuity system is as melancholy a failure as its Life Insurance. In the year 1879 (I quote from the Post-office Report for 1880) only 49 superannuation, or deferred annuity contracts, were made through our 14,000 post-offices, and only 682, or an annual average of 45, in the fifteen years since the Post-office Savings Banks were established. In face of this fact I need hardly delay longer on the Post-office Annuity system as an existing aid to thrift at all.

## XXV.—CO-OPERATIVE TRADING AS A MEANS OF THRIFT.

WE have heard a great deal, in late years, of Co-operative Societies, and the question of their advantages and disadvantages has been very widely and very hotly discussed.

They affect the question of thrift and providence in a very important way, and a little space may well be devoted to their study.

We must remember that there are two forms of co-operative trading, or distribution, to be considered, besides that of co-operative production, with which I have nothing to do at present.

Co-operative trading originated in that which influences all ideas of exchange whatever—the desire which everybody naturally feels to get the best value obtainable for his goods or money, as the case may be.

A knowledge that to buy a quantity of goods wholesale was cheaper (supposing the goods to be wanted) than to buy the same amount by many transactions and in small quantities, combined with the knowledge that a great deal of our general business being transacted on credit required ready-money buyers to contribute a portion of the interest on debts contracted by other people who took credit, set many persons a-thinking of means to save to the consumer

that large enhancement in the price of goods which the middleman or distributor was able to add to the price he paid to the manufacturer.

And this was altogether reasonable. No man can be blamed for getting what he wants at as cheap a price as he can; in other words, no man is bound to buy dear when he can buy cheap. But the poorest persons of all who buy in the smallest quantities, are, for that very reason, generally obliged to pay by a great deal the highest prices; for the relative cost of distributing in small quantities is a great deal higher than that of distributing in large. The root idea, then, of co-operation was this, that buyers, by combining their small funds, might, as far as possible, dispense with the large costs of distribution, by supplying their united requirements at a low rate in the wholesale market, and undertaking the distribution for themselves. Now, to buy in the wholesale market at the lowest rate requires ready money, and, therefore, to carry out the co-operative idea practically amounted to introducing the safe, clear, and thrifty system of ready-money dealing into all transactions. In every aspect of economy, political and domestic alike, the co-operative principle is, for the consumer at least, both sound and advantageous.

## XXVI.—THE TWO KINDS OF CO-OPERATIVE TRADING.

THE benefits of the co-operative system are applied in two distinct ways, which, for the sake of simplicity, I will class as the "Stores system" and the "Rochdale system;" and I just touch upon them here to show how the one tends specially to thrift and the other to providence, though generally each contributes to both results. The Stores system gives to the buyer the goods he wants for their prime cost *plus* the actual cost of distribution, but relieves him from the *profits* of distribution which he has been accustomed to pay to the retail dealer. Thus, obtaining his requirements for a smaller sum than before, he has a larger proportion of his means left for other uses. In a word, he is better off by the method, and thrives, or is thrifty, to a proportionate degree, apart from the great advantage he derives by neither incurring debt himself nor paying any longer a portion of the bad debts of others.

The Rochdale system, on the other hand, gives its members equal, and in some respects greater, advantages in a different form. It charges the same rates for its goods as the ordinary dealers in the retail market, and only transacts business for ready money. But every member's transactions are registered and noted.

The Co-operative Society buys at wholesale price, sells at retail price, and makes all the intermediate profits. These profits, at the end of each half-year, are divided among the members in exact proportion to the expenditure each has contributed to the society, and by this amount—and it is often a very large one—the members are better off, thrive more, are thriftier than before.

But the fact that in every transaction they complete they are *laying by* a percentage (at all events, till the next half-yearly settlement), is not merely an act of thrift, but an act of providence as well, and tends immensely to aid and encourage the feeling of self-reliance and independence among our people.

No one truly interested in the welfare of our working classes can read the reports, for instance, of the "Rochdale Pioneers," and see the number of well-intended and prosperous institutions for education, social advancement, and mutual aid these working men have originated and still support, cheerfully and nobly, out of their profits, without rejoicing in heart at its establishment, and wishing it long and great prosperity as a true and powerful aid to working men's self-help and thrift and providence, and to the general elevation and happiness of our people.

## XXVII.—BUILDING SOCIETIES.

ANOTHER aid to thrift and providence is the Building Society—at least, so far as it enables the working man to buy his own house, and almost imperceptibly to pay its cost in small instalments. We will suppose a man paying £10 a year rent for a small house, in a neighbourhood where he is likely, at least, to reside all his life. That house, or as good a one, will probably be purchasable for £150. He knows that if he occupies it fifty years he will have to pay £500 in rent, and the house will still belong to the landlord. But if, by an effort, he save up a fifth part of the value—£30—he brings this to a building society and asks it to advance the remaining £120 on mortgage of the house, to be paid off by instalments, with interest. This buys him the house, subject to a debt of £120; he continues his payment of £10 a year—but to the building society, not to the landlord. Of this £10, £6 pays the interest, at 5 per cent., on £120, and £4 diminishes the debt. The second year his £10 will be differently apportioned. Only £114 being owed, he has only to pay that number of shillings, or £5 14s.—instead of £6—as interest, and the remaining £4 6s. goes to diminish the debt. Thus each year the debt and the interest on it diminish, leaving a larger part of the £10

to pay the instalments; and, as a matter of fact, the whole will have been paid off in eighteen years and three months, the investor will own the house, live in it all his life rent free, and have it at his own disposal to sell or leave to his family when he dies.

Another vast advantage this method gives. Giving the buyer an immediate sense of ownership, it makes him eager to clear his home from all charges at the earliest possible moment, and induces him to pay off larger instalments in order to be sooner free from his debt and the interest upon it. So the man thrives day by day in his property, while, at the same time, he is not only providing well for the future at an actual money advantage in the present, but he is really his own banker, investing all he chooses at an excellent and secure rate of five per cent. on freehold property always held in his own hands.

It may be asked, however, what would the condition of things be should the purchaser of a dwelling in this way prove unable or unwilling to continue his payments, or how would his representatives stand in case of his death before the whole loan was paid off? The answer is simple and satisfactory. Supposing this occurred after five years; the home purchased for £150, would only be chargeable with £95 instead of £120; if after ten years, the charge would be only £66; if after fifteen years, only £30. The borrower, or his estate, at each of those periods,

would be the better off by the difference between these sums and the original loan, and that without the added cost of a single shilling to that of the rent he would otherwise have had to pay.

With regard to another side of the building society subject, the lending of members' money out at interest (in any other form than on freehold property), I have little to say; it does not touch my present subject closer than any other trusting of poor men's saving in other people's hands for speculative purposes. Unless the lenders have good reason for exceptional confidence in the persons managing their funds, it can scarcely be said, in a general way, that these operations tend to effectual thrift and providence at all.

#### XXVIII.—QUINQUENNIAL VALUATIONS OF FRIENDLY SOCIETIES.

A GREAT help to the success of Thrift and Providence has been given by the enactment of a law (the Friendly Societies Act, 1875), which requires every Friendly Society to have a valuation made every five years of its assets and liabilities, and a copy of it to be sent to the office of the Chief Registrar of Friendly Societies. How necessary this is has been quite recently shown by the official report on the valuations, published in December, 1883, to

which I shall refer further on. It may suffice to state that it shows nearly five out of every six Friendly Societies to have larger liabilities than assets, and I trust the fact of its publication may induce most working men, before entering a society, to inquire of the Registrar of Friendly Societies, 28, Abingdon Street, Westminster, London, S.W., what was the financial state at the last valuation of whatever society is seeking for his subscriptions.

**XXIX.—THE MEANING OF VALUATIONS OF FRIENDLY SOCIETIES, OFFICIALLY EXPLAINED.\***

THE valuation of a Friendly Society is the taking stock of its engagements, and of the means it has for meeting them. Without it a society cannot tell whether it can afford to go on paying the benefits it has promised, or whether it is on the way sooner or later to break up, and leave its members helpless.

When a society by its rules offers benefits in exchange for certain fixed contributions, it is to be supposed that it looks upon those contributions as being enough to provide for the benefits; otherwise it would be dishonestly holding out promises which it cannot keep.

Now, in dealing with the benefits assured to

\* This and the next four sections are taken from the official "Memorandum on Valuations of Friendly Societies," published by the Registrar, 28, Abingdon Street, Westminster.

members of Friendly Societies, there is an important fact to be borne in mind. Taking any number of men or women together, it is beyond all doubt or question that the rate of sickness becomes greater with age, and death more frequent. Accordingly, members of Friendly Societies should in common fairness be charged either an increasing contribution from year to year, as they become more liable to sickness, or, which in practice is found more suitable, a fixed contribution throughout life, such contribution being somewhat above the amount required to meet the probable claims of the early years of membership, and in the later years sufficient with the surplus of the earlier ones, properly invested at interest, to meet the claims as they increase with age.

**XXX.—SOLVENCY OF A SOCIETY NOT PROVED BY ITS HAVING SOME FUNDS IN HAND, BUT ON THE SUFFICIENCY OF THOSE FUNDS TO SATISFY ITS CONTRACTS.**

It is too often supposed that a society which has funds in hand is solvent. If the funds at the end of one year are larger than they were the year before, it is too often supposed that the society must be prosperous. But it is not so. A trader is not necessarily able to pay all he owes, because he has a few pounds in his till. He is not necessarily prosperous because

he has more pounds there this year than last. The question is, whether his stock-in-trade, his good debts, and other property cover all he may have to pay. He may have twice as much cash in hand this year as last, and yet have become insolvent in the mean time, by loss of stock, by increase of debts and liabilities.

Just so, the solvency of a Friendly Society depends not upon the money it has in hand, but upon whether its existing funds, together with the future contributions for benefits which the members are bound to pay, are enough to balance the benefits which those members have the right to receive under the rules, together with any other expenses and liabilities. The main object of a valuation is the proper answering of this question, and what can be more important to the members of Friendly Societies than that it should be properly answered? If the money a man is paying is not enough to secure him the benefits which he relies on, what is the use of paying it? And how often does it happen, when a man has been paying money for many years to his society, that, just when he most needs its help, he finds out that it cannot keep to its contract with him!

### XXXI.—HOW VALUATIONS SHOULD BE MADE.

To make a proper valuation, much knowledge and experience are required, and since the

results obtained are so important, great care should be taken by societies in choosing their valuers. It would be impossible here to enter into the details of the work, but the following short explanation may be of service.

As above pointed out, in order to know whether a society is likely or not to meet all the engagements it has entered into, it is necessary to make an estimate of what the future claims of the members are likely to be, and of what their future contributions are likely to amount to. In other words, having regard to the ages of the members at the time of valuation, we have to try to find out how much sickness they are likely to be subject to, and when they are likely to die, or, as they are termed, their rates of sickness and mortality.

These are matters which have been the subject of much observation and calculation. It has been ascertained that in any large number of persons of the same age, and whose trade or calling is carried on under the same or like circumstances, there will be an average or probable number of days' sickness as well as an average or probable rate of deaths for every year of their after-life. Starting from this fact, there have been calculated what are called tables of sickness and mortality, which show how many days' sickness and how many deaths are to be expected for each year of life. Moreover, since no prudent society keeps all its money idle in a box, but puts out what is not

required for immediate use on some security yielding interest, some rate of interest must be determined upon which the funds may be safely expected to yield in the future, to be added to the value of the future contributions, when these are reckoned in a lump sum. Then, the choice of the rates of mortality, sickness, and interest to be expected having been made, the results of the necessary calculations may be cast into the form of a balance sheet, as follows:—

Valuation balance sheet of ——— Friendly Society as at (any given date).

Liabilities.	£	Assets	£
To estimated present value of future benefits to existing members -	-	By estimated present value of future contributions of existing members	-
To other liabilities -	-	By funds invested and in hand -	-
Balance (being surplus) -	-	or, Balance (being deficiency)-	-

### XXXII.—WHAT IS AN ACTUARY?

THE above is, of course, but the merest outline of the process of valuation, which, in order to be as correct as possible, must take account of various other matters, as the occupations of members (since some trades and callings are well known to be more unhealthy than others), the proportion of members who from one cause or another may cease to continue paying their contributions, etc. Suffice it to say that, in

addition to the most important point of choosing the tables most suitable to a particular society, calculations of a more or less complex nature have to be made, which until education in this country is carried much farther than it is now among the working class, and especially until the officers and members of Friendly Societies gain a better view of the advantage it must be to them thoroughly to understand the principles upon which their societies should be managed in order to be permanently successful, must be beyond the capacity or the leisure of such officers or members in most Friendly Societies. Persons called actuaries devote themselves professionally to the construction of tables for the purposes of valuations and to the valuation of particular societies, and a certain number of these actuaries, who have been appointed "public valuers" under the Friendly Societies Acts, are bound to value societies at a fixed scale of fees. Besides these, since the Act of 1875 has come into operation, a number of persons, with more or less skill and experience, have found it worth their while to act as valuers without being appointed "public valuers," and so long as the valuation returns signed by them in the forms issued by the central office substantially comply with the Act, their valuations are accepted.

## XXXIII.—VALUATIONS NOW COMPULSORY.

As already stated (p. 59), the Friendly Societies Act, 1875, requires all Societies to return a valuation "once at least in the five years next after the commencement of the Act" (that is, the 1st January, 1876) or "the registry of the society," and so again every five years. The obligation is one entirely for the benefit of societies, which, without such periodical stock-taking, are in fact working in the dark, and are often on the road to ruin when they fancy themselves in full prosperity. Bearing in mind the extreme importance of a properly made valuation to the members of a Friendly Society, its cost must be money well spent; and although such cost may often seem considerable when paid for in one sum without previous provision being made for it, it is almost unfelt when duly provided for beforehand, by adding the merest trifle to the yearly contribution for management. The total cost of valuation will always be least in proportion for the best-managed societies—those which keep a correct record of the ages of their members, of the dates of their admission, and of the cost and duration of sickness, and whose accounts are properly kept and audited. If such a society has regularly made correct annual returns, and also every five years the returns required by law of its sickness and

mortality, it ought to be able without difficulty to supply its valuer with the particulars which he may require; and such particulars in the hands of a competent valuer should produce a really trustworthy valuation.

The form of valuation is supplied gratis on the application of Friendly Societies or branches by the actuary to the Central Office, and at a cost of 2*d.* each (including postage), by Messrs. Shaw and Sons, Fetter Lane, E.C.

Unless a society can show grounds why the valuation should be dispensed with in its case, it should, if it has not done so already, at once take steps for having itself valued.

## XXXIV.—CONCLUSION OF FIRST PART OF SUBJECT.

I HAVE thus gone over most of the existing *Helps to Thrift and Providence*, in the hope of giving a clear and simple idea of their tendencies and effects. The remarkable prominence which these subjects have assumed in the public mind of late years, and more particularly during the last two or three, proves the importance of a little general elementary knowledge about them to people whose desire for the public good and the individual happiness of Englishmen leads them to take part in discussions of such subjects.

But before passing on to consider the

Hindrances to English Thrift and Providence, I would most earnestly impress upon my readers one very important consideration; namely, that all our public and private aids to thrift, great, growing, and valuable though they be, are offered as yet to *only one class of people*, and for the rest are as utterly ineffective as if they were absolutely non-existent. They are only aids to thrift and providence, and, excellent though they be as far as they go, they are no correctives to unthrift and improvidence; they may help the self-denial of the best class of our people, but they do not touch the misery of the worst. They further much, but originate little; they foster the thrift of the thrifty, but they do not hinder the waste of the wasteful. Education, information, machinery, security—all these will tend, and must tend, to improve the circumstances of the provident, but they have neither initiative nor influence upon the wastrels who need their help the most. We shall see this point more clearly in studying next the "Hindrances to English Thrift."



## PART II.

### HINDRANCES TO THRIFT.

#### I.—CLASSIFICATION OF THE HINDRANCES.

**N** considering the existing hindrances to English thrift, a very clear fact must present itself to our minds; namely, that the hindrances fall naturally into one or other of two classes, according as they originate in the ordinary nature of things, or as they are due to any deliberate and demonstrable interference with ordinary economic laws. In simple words, we may divide our consideration into two parts: firstly, of the obvious hindrances which beset all thrift everywhere; and secondly, of the exceptional hindrances to it which can be shown to arise from our social arrangements. And I will examine first the more obvious hindrances.

## II.—INSECURITY OF POSSESSION.

THE deadliest foe to Thrift and Providence is insecurity; as, on the other hand, its contrary, security, is the strongest protection and incentive to healthy self-denial and prudence. The lavish extravagance and reckless waste of soldiers in a campaign is proverbial. We look back through history and learn how, in old times, whole cities were often given up to pillage, and victorious troops were apparently placed in a position to enrich themselves for life. Even where no sack has been permitted, the prize-money shared amongst soldiers has sometimes been quite enormous; and yet a vast proportion of those who received it have never been bettered by its possession. Often and often every farthing of it has been flung away and squandered in a few hours or days; and yet we shall seldom find an old soldier ready to admit that there could be any blame due to him for this extravagance. And this impression is quite reasonable. A soldier on campaign carries so constantly his life in his hand, as well as his rifle on his shoulder, that, in the very nature of things, he sees very little advantage in trying to carry anything else. He reasons thus: "To-day I am safe and rich, because we have been victorious; if all our work were over and I were going home on discharge to-morrow, I might reasonably expect to derive a lifelong

benefit from the spoil which I have won. But such will not be my to-morrow; we may have to fight again, and though I have escaped to-day, I may fall at the next volley; or we may be beaten and driven to retreat, too glad in escaping with life to burden ourselves with plunder; in either case I should have hoarded for others and uselessly denied myself all that enjoyment which my plunder could procure me now." The fact of his possession being utterly insecure makes him, in the nature of things, lavish and reckless of his wealth during the short time he has it at his disposal.

We see by this extreme case how naturally the sense of insecurity acts in producing extravagance. These soldiers, if at home they received sums equally large with their plunder, and could invest them securely, would certainly, on the average, be less likely to fling them away; for, in truth, the nature of man is by no means so extravagant as we suppose, and a vast deal more of the wastefulness people are so ready to exclaim against among the poor is caused by their circumstances than by their character.

We may then, without any unreasonableness, lay down as a maxim that insecurity for savings tends to waste, and *vice versâ*.

And as the insecurity for investment of savings is really by far the greatest in the case of the poorest people, it is not too much to say that a large amount of what we call improvi-

dence and waste among the poor would be corrected, could they be given any perfect security for the little sums they may be able to put away.

### III.—INSECURITY OF CONTRIBUTING POWER.

WE will now examine separately the different causes of the exceptional insecurity of poor men's providence. And, firstly, the absolute insecurity of their having anything to lay by.

A man of assured income, if he desire to save, has only to deny himself luxuries; to be content with simpler living; to keep his expenses at any desired point within his ascertained income. If his will to save be fixed, there is no other difficulty about it. This is because he *has* an income, the expenditure of which he can limit as he pleases. But the labouring man's uncertainties of saving begin, not with the amount of income he leaves unspent, but with the income itself, which is uncertain and not fixed. All the poor man can save depends, not on what he can leave, but on what he can get; and this is rendered precarious by a number of contingencies, such as slackness of work, want of work, sickness, or accidental incapacity.

If in the soldier, enriched with plunder, the thought of provident self-denial be discouraged by the uncertainty of his being able to keep the store he has gained, discouragement to the

ordinary wage-earner, manifestly by far greater, is caused by the uncertainty of his gaining anything at all beyond his daily requirements; and the apparent hopelessness of such efforts at providence as he can make, lies at the root of much of what we call the wage-earners' wastefulness, so far as it is unaffected by the operation of any human laws.

The worker whose employment next week is not assured, has some reason on his side when, reproached with improvidence, he is able to ask, "Why need I be called on to provide butter for next year, if I be not certain of bread for next week?" And the only answer we can give him must be based on the showing that, if properly managed, his means, which give him bread and butter to-day, may be also made to assure him bread at least in time to come.

The insecurity of contributing power is the poor man's sternest rock ahead. It lies at the root of nearly all the lapses from nearly all the societies for self-help and insurance which we have examined further back in these papers; and the fact, which should not be concealed, that under present conditions more than half the provision working men make against destitution is, through lapse, as utterly lost to them as if it were thrown into the sea, must either tempt them to throw up in despair all efforts at providence, or teach them to make their efforts henceforth on a basis of membership on which no cessation of contribution can vitiate

their claim to future benefits ; in other words, to complete their payment at an early and comparatively unburdened age, instead of undertaking to make them, throughout all life, from wages, the constant receipt of which neither is, nor can be, perfectly assured.

#### IV.—IGNORANT MANAGEMENT OF FRIENDLY SOCIETIES.

By ignorant management of Friendly Societies a very great discouragement is given to thrifty efforts. Many of the good people who are always urging wage-earners to join a Friendly Society, and to make efforts at independence, are quite satisfied with giving general advice on the subject, without ever taking the trouble to accompany the general advice with any particular warning. If a blind man asked one of us, at the Mansion House, how he had best get to Islington, we should tell him, no doubt, very sound truth in saying, "You must go by an omnibus ;" but, for all that, we should be doing him a terrible disservice if we let him ignorantly clamber into one whose destination was Blackwall. And this is the sort of injury often done to the poor by rashly given counsel. "Join a Friendly Society" is extremely easy to say; and "Join a *sound* one" is just as easy; but nine-tenths of my readers will find it a very hard thing to point out to the poor man a sound society to join.

And here I am not speaking of societies founded in fraud ; I shall turn to them presently. I speak of societies founded, supported, and managed in ignorance ; and of which, once established, the managers, however well knowing the unsoundness, will still enrol new members without proposing any amendment of their rules, or hinting at the necessity for such amendment. For these managers are placed in a position wherein, if they would be just to outsiders, they must be destructive of their own interests. If they warn new-comers against joining, they cut off the supply of new subscribers, and so, in a short time, extinguish the society ; for, in the present state of general ignorance among the working class with regard to such matters, the fact of a club falling off in numbers makes new members shun it as they would the plague : an effect which, if combined, as it very often is, with its abandonment by old members, may really very often rehabilitate its credit, by reducing the number of persons having claims upon its invested property.

It is quite manifest, however, that if managers continue to enrol members uninformed of the unsound position of their society, and thus make contracts with them that no reasonable hope exists of their being able to fulfil, they are passing from errors of ignorance to acts of fraud. To this, as I have hinted, the temptation is extremely strong, and is one great cause of the unsoundness of many societies, and of

the discouragement given to thrift by the too common experience of their failure.

I will give an instance or two (which have come under my own notice) of how, in the management of a Friendly Society, the ignorance of yesterday becomes the fraud of to-day and the ruin of to-morrow.

#### V.—INSTANCES OF ERROR CHANGING TO FRAUD IN FRIENDLY SOCIETY MANAGEMENT.

I HAVE in my hands particulars concerning a large Friendly Society (we will call it the A. B. C.) valued by an actuary in the year 1878, and again, after two years, in 1880. Of course this was done by the society's own actuary, at their own request and expense. The following, in rough round numbers (for I do not wish to give particulars which may indentify any one special society), are the comparative results of the two valuations :—

	1878.	1880.
Membership ... ..	7500	8000
Liabilities ... ..	£460,000	£500,000
Assets ... ..	£290,000	£300,000
Deficiency ... ..	£170,000	£200,000
Deficiency per Member	£22½	£25

Now, what I desire to be specially noted from these startling figures is this : assuming that, at and up to the time of the first valuation, the managers of this society had felt satisfied of its solvency, and granting that its great deficiency

had arisen through misapprehension or ignorance, as it most probably had ; and admitting, further, that once they were made aware, by their own skilled officer, of the condition in which their affairs stood, they felt their organization might be gravely injured if all the then members were made acquainted with the result ; admitting all these extenuating circumstances, what name but fraud can we help giving to their act in recommending the society from that period to any intending contributor, and enrolling him as a member ? It cannot even be pleaded that the addition of these new members has done *the least good* to the general prospects of the society. It has increased the membership by five hundred persons, and has increased the assets by £10,000 in two years ; but it has increased the liabilities at the same time by £40,000, and consequently the deficiency by £30,000, or at the enormous rate of £15,000 a year !

In cases such as this it only too often happens that the members generally (and the poor friends whom they urge to join them) are only told the two former facts—namely, increase of membership and of assets—from which (setting their total membership at eight thousand, and their increase of assets at £10,000) they ignorantly gather that the society is better off by £1 5s. a member than it was before. They are not told of the increase of liability and deficiency, and have no idea of the vastly

accumulating speed with which their organization is rushing to destruction.

In the particular case before us the actuary warned them in 1878 that their rate of contribution could not support their rate of benefit offered; but, notwithstanding that recorded warning, *no change was made.*

I will now give an example, with details well known to myself, of similar action by the committee of a rural Friendly Society. We will call it the C. D. E. Club, for distinction sake.

It has been managed for many years by labouring men, with a paid secretary. I have for a long time seen every year their balance-sheet and accounts. It showed always fair care, good balancing, and a very strict keeping down of expense. I believe the management to have been entirely honest up to the time of its valuation.

It is quite probable that, but for the new Friendly Societies Act, they would never have valued their funds. For several years I had urged them to spend £5 in a valuation; but they never would do so till they were compelled, and late in the year 1880, they sent in to the Registrar of Friendly Societies their valuation as on December 31st, 1879.

They asked me to dine with them on their feast-day in 1881, I having been their guest on that day for many years. I asked the committee man who invited me whether he had seen the valuation. He said he had not; that

the secretary had it, and had sent in the statement required by law.

"How much was paid for the valuation?" I asked.

"Five pounds."

"Has that item passed your committee accounts?"

"Yes, sir."

"Is it possible, then," I inquired, "that not one of your committee asked to see the valuation itself for which they were paying?"

"No, sir, we did not. I know," he added, "it is against us; but then we don't see why it should be."

"Shall I tell you," I asked, "how much it is against you? I have a copy of your valuation from the registrar's office. Here it is. It ought, by law, to be hung up in your lodge-room. Your own actuary tells your society that with only £850 of property realized in your little club you are in an estimated deficiency of £2700! Are you going to tell that to your committee or not? Will you print it on your balance-sheet? Will you, who are trusted to manage the affairs of your brethren, tell this to even your present members? And will you let a hint of it come to the knowledge of the young men whose entrance money you will hold out your hands for on the feast-day? If you will do these things I will dine with you with pleasure, and give you the best advice and help I can. But if not, I can be no party, even

as a guest, to your proceedings, and shall stay away from your feast."

And they let me stay away; and I believe that, from that hour to this, the members remain in a fool's paradise, and that some, if not all, who form their committee, have been afraid to ask their secretary to produce the valuation!

When these two societies which I have used for illustration actually collapse, *as they must one day do*, there will be thousands of poor men in the one case and hundreds in the other, whose provision against pauperism will fail. The public will hear nothing about it; their bankruptcy will fill no line in the newspapers; but it will discourage many and many a poor man from joining any society whatever, if he have seen so many of his neighbours, who have done so, left no better off in the end than the most wasteful and worthless in the land.

#### VI.—FRAUDULENT MANAGEMENT.

WE have seen illustrations of how even well-intentioned, but ignorant men, who have undertaken to manage Friendly Societies, may find them to their surprise in great deficiency, and from sheer bewilderment and desperation become fraudulent by concealing their knowledge, without any idea whatever of appropriating the funds. But there is a very large class indeed of so-called Friendly Societies,

Building Societies, and other organizations, founded, fostered, and carried on by systematic and deliberate villainy, to the terrible discouragement of thrift, and the eventual misery and pauperization of thrifty people. There is really no law at the present time to prevent any rogue, who can pay for a little paper and printing, from putting out a specious prospectus, promising a number of impossible benefits to any persons ignorant enough to trust in him. And hundreds of such swindlers earn a large income by this means. The very smallness of the sums they gather, and the poverty of those the sums are gathered from, make the security of their plunderers. The robbed and disappointed dupe feels, once the villainy is discovered, that "'tis no use to throw good money after bad," even if, as very rarely happens in such cases, he have any money, good or bad, to spend in unremunerative vengeance. Or, if he do contrive some means for prosecuting, the office is found empty, and the manager not found at all. As a rule, societies so founded continue to exist just as long as, and no longer than, the contributions exceed the outgoings. The moment this ceases to be the case follows the grand outgoing of all—of secretary, chairman, auditor, collector, treasurer (very often all in one person), and the outgoing, too, of all the hopes of independence which the poor and swindled dupes have entertained.

VII.—DANGER TO THRIFT CAUSED BY IGNORANCE OF THE EFFECT OF FRIENDLY SOCIETIES' RULES.

VERY many members of Friendly Societies not only know practically nothing about the laws affecting them, but even nothing about some of the most vital rules of their own societies.

I will give an illustration. There is a very common rule in Friendly Societies, providing that any dispute as to the management of the funds shall be referred for final decision to the council of the society. This provision (commonly called the "arbitration rule") sounds admirable, and I dare say seems so, at first, to many, as tending to save the expense and injury to members and to the society from frequent going to law. Now, when a society is *registered*, and its rules, with this amongst them, are declared not contrary to law, it is plain that every member who joins the club and accepts its rules, really deprives himself of a right to sue for his claim, should any dispute arise with regard to its payment.

If all the members and managers of a club were, what I will gladly hope most of them to be, honest men, their decision might be always accepted, without calling on a magistrate for a decision. But we must remember that all men are not perfectly disinterested, and it may

very well happen that the managers or council of a society may sometimes feel tempted to stop, if they can, the benefits drawn by a member who seems likely, by burdening their funds very heavily, to endanger their own security. It is quite plain that, in such a case, the judges of a dispute may be largely interested to decide *against* the member claiming, where an ordinary magistrate would have no interest whatever either way, and might be depended upon to give an unbiased judgment.

Suppose such a case as this to occur, the member plainly will have accepted a rule which debars him from asserting his rights, and which may actually deprive him of his payments or even expel him from the club.

But, it will be said, no council or committee of a club would be so dishonest or cruel as to take advantage of such a rule, in order to deprive a member of his just right without possibility of redress.

Well, I do not say—nay, I do not think—that such cases are common, but I will cite a couple of unquestionable instances, one many years old, and another as recent as the month of December, 1883, to show what managers of societies can do, and to suggest to members of societies the danger they may run of possible entire forfeiture of rights by entering societies with such a rule as this.

### VIII.—INSTANCES OF INJUSTICE UNDER THE ARBITRATION RULE.

IN an "enrolled" or registered Surrey agricultural club, with whose doings I was familiar many years ago, an aged member, eighty-one years old, who had contributed for nearly sixty years, being "on the box," or drawing sick pay, had a present of a donkey-load of fagots laid at his door by his son; another son stored them in the wood-house on his return from work; but, before he did so, it being wintry weather, the old man lifted one fagot for his fire across the threshold, an act which was made the excuse for expelling him altogether from the club and its benefits, under pretence that he was doing work, and carrying a burden, while in receipt of sick pay! I consulted one of the most eminent lawyers of the day as to his chances of reinstatement, but found that the fact of the club rules being registered, one of which left decision of all disputes to the club committee, deprived the poor old man of all possibility of legal redress.

The next case is contained in the report which I here abridge from the *Times* of December, 1883; and will show how the claimant only saved a claim he had paid for during thirty-five years, by the fact that his society happened not to be a registered one.

### "Knowles v. Booth.

"This was a Friendly Society case, Booth being a member of the Amalgamated Society of Engineers, Machinists, etc., who had applied to the magistrates for relief, and had a decision in his favour, and the appellant, Knowles, being the secretary of the society, appealing on their behalf against the magistrates' decision. The rules provided that disputes with members should be referred to the local council, but that only binds where the society is registered. The society had not been registered, and the Act provides that in such a case the magistrates shall exercise jurisdiction. The rules provided that superannuation allowances should be payable to members, from the time the claimant had established his claim, at the rate of 7s. a week, or after twenty-five years 8s., and after thirty years 9s., a week. In 1880 the plaintiff Booth applied for and had such an allowance at the rate of 9s. a week. In May, 1883, it was stopped, and on application he was told that the council had disallowed his claim, as when he came on the sick list he was in arrear (sixpence, it was said), and that all sums he had since received must be returned before he could be entitled to any further benefit. He appealed to the magistrates, who decided in his favour, and the society appealed.

"Lord Coleridge, in giving judgment, said the society was not registered, and so, notwith-

standing the rules, the magistrates had jurisdiction; and as the claimant had not appealed to the council, their determination was not binding on him. The magistrates having jurisdiction, their decision was binding on the society; and as it appeared that the man had paid regularly for a great number of years, and had actually received the allowance since 1880, and the society had stopped it only on an allegation of his having been in arrear sixpence when he first applied for the allowance, he was not surprised that the magistrates had decided in his favour, probably with some indignation. It did not appear that the society had any merits, but had relied on a technical objection, which had failed. There was no ground for the appeal, and the decision must be affirmed.

“The other judges concurred.

“Decision of the magistrates affirmed accordingly.”

Now, what I specially wish my readers to note in this, which I must call a disgraceful case, is, that (1) on the allegation of his having owed sixpence three years before, an effort was made to deprive this old member of his life-pension of nine shillings weekly, or at least till he had paid them back a sum of £70; whereas the right course would have been to have deducted the sixpence from his first week's pension of nine shillings three years before, and given him only 8s. 6d. on that one occasion. (2) That this was no stupid error, but was

actually carried by the society from the magistrates to the Court of Appeal; and (3) that *if the society had been registered*, this poor man *must have lost his money*, as the arbitration rule would have operated to debar the magistrates from jurisdiction in the matter. The moral I draw from these two cases is, not that benefit clubs should not have the advantages of being registered, but that working men should refuse to join any registered one with a rule capable of working so gross and cruel an injustice.

#### IX.—DANGER OF ENTERING A SOCIETY WITHOUT CAREFULLY READING ITS RULES.

BUT many a man enters a society because his father, or brother, or comrade is in it before him, and accepts its rules without ever taking the trouble to read them through. The following case may be a warning to all such. A member of a society which I need not name, as it has now come to an end, on suing the secretary for a sum of £6, to which he was admittedly entitled on the death of his wife, had a rule of the society put in to bar his claim, which he had never read or known anything about. The rule was in these words: “If at any time the Life Assurance Funds shall become reduced by any epidemic *or other cause*, the Board shall be empowered to pay claim by such instalments and at such times as the funds will admit.” It

is quite plain that such a rule as this would always leave the amount and time of any or all life-assurance claims, no matter what sum had been contributed for them, at the absolute choice and discretion of the Board.

#### X.—ENORMOUS RELATIVE EXPENSE OF POOR MEN'S PROVIDENCE.

AMONG the many disadvantages of the poor, there is none more evident than the fact that, for almost everything he buys, he is compelled, by the smallness of the transaction, to pay a higher relative cost than richer men. I have touched this point already in considering the principles of co-operative distribution, and I recur to it here, in order to show how the same general rule largely increases the price the poor man has to pay for his providence, as well as the price he has to pay for his tea or his cheese. For instance, the little life insurance which a poor labouring man makes to secure a decent funeral for himself or his children, or to provide a few weeks' support for his dear ones when he dies, costs, for mere collection, an immensely larger sum in proportion than life insurance for higher amounts contracted for by richer people. If a professional man of thirty years of age insure his life for £2000, at an annual cost of £50, he can send his yearly premium to the office at a cost of one single penny for

the postage stamp. The poor working man, who has no means of paying in his little insurance except through the weekly collector, has to pay him *at least* threepence out of every shilling for his trouble. If, to save £4 at death, his premium contribution be a penny a week, and its yearly amount 4s. 4d., he has to pay 1s. 1d. for getting it to the office, where the professional man only pays one penny, and (when the sums assured in each case are compared) the relative cost to the labouring man, for collection alone, is  $500 \times 13$ , or 6500 times as much as the professional man has to pay.

#### XI.—UNCERTAINTY OF PROVISION BY PERIODICAL PAYMENT THROUGH LIFE.

HOWEVER admirable and deserving of extension present facilities for thrift may be, it is obvious that though they supply, in many cases, a presumption, they can give no *perfect guarantee*, that the person availing himself of their advantages can never come to destitution.

A poor widow, who in her time had lived in good services, was asked the other day whether she had ever laid anything by. "Laid by, sir?" she replied, "that I have; three times in my life I saved between fifty and a hundred pounds, and I never mean to save another shilling!" "Dear me!" said her astonished questioner,

“why should *you* think of leaving off, who know the value and have learned the habit of making provision for old age?” “Sir,” was her answer, “I will tell you the plain truth. I have tried at it all my life in vain; I shall have to go to the workhouse at last, in spite of all. There’s no use in saving, as far as I can see; it makes no difference in the end, though one have slaved at it for forty years. I was twenty years in service; I paid my poor mother’s rent all the time, and helped my sisters often out of my wages, for one of them was sickly, and the other had bad luck in her situations. When I left service to marry, at thirty-three years old, I had £90 laid by. And my husband was as good and hardworking a man as ever earned bread. My money just paid off to his building society the remainder of the cost of our house. But he only lived three years, and left me with two children. I slaved and drudged for them all I could, but times were bad and work uncertain, and I had to raise money on the house, till its value was all spent. That was the end of my first savings. Then I took my furniture and rented a bigger house, and took in lodgers, clerks and shopwomen, and such. They were quiet and honest, and I got on well, thank God, and managed again to save nearly £70, to apprentice my boy and girl. And that was the end of my second savings, and left me with nothing in the bank. My boy (he was a fine dashing lad, but thoughtless) was nearly out

of his time, when he got into some bad idle company and ran off for a soldier; I bought him out for £10, and his master took him back again to finish his time. I never had to complain of him after that; but it was only for six months I had him: he was drowned in the Regent’s Park when the ice broke some years ago. My daughter is the dearest girl in the world, and my heart was glad when she married a managing clerk in a merchant’s office. He had nearly £200 a year, and I thought it a great rise in life for my child. He came to live in my house, and, as you see, they have four little children to feed. I set myself to save up for my own old age, and I hoped to leave something behind me for my little grandchildren; they wouldn’t want it, I thought, but still it was my fancy, and laying by was my habit. Well, sir, a year ago, when that baby was only a fortnight old, my son-in-law was taken up for embezzling £100 of his employer’s money. He had been tempted by a speculation; it failed; he was distracted; he did not know I had a farthing; he took his master’s money, and was detected. It nearly killed my poor girl. I went to his master. I had no excuse to make, for the case was plain; I begged and prayed him not to prosecute; at last he yielded, on condition of the embezzled money being repaid. I had £103 laid by; I took it out and paid the money. My daughter’s husband got off, but his character was gone. He is slaving now for

£40 a year, and his heart is broken. I believe he is in a consumption and won't live long. What we shall all do when he dies I can't tell; but that's the end of my last savings, and I'll never try to lay by any more."

Of course, this is an exceptional case; but the principle it illustrates, that a great deal of money may be *saved* which, not being *sunk* at the same time for provident purposes, is liable to vanish without permanently benefiting the saver, is important to be kept in view, as tending in a very unexpected way to hinder thrift. All is not done in a way of secure providence by placing a certain sum in the savings bank. We know this from the fact that of vast numbers of soldiers who regularly make deposits in their regimental banks, a large proportion, periodically and systematically, draw out their so-called savings as soon as they reach a certain sum, and spend the whole amount upon a "spree."

## XII.—INSUFFICIENCY OF PRESENT PROVIDENT SOCIETIES TO MAKE THEIR MEMBERS FULLY SECURE AGAINST PAUPERISM WITHOUT OLD-AGE PENSIONS.

EVEN our best Friendly Societies, as generally worked, do not *profess* to make eventual pauperism impossible to their members; and in saying this I only say what their own rules

practically state for themselves. I do not myself know of a single existing society which *requires* every member to insure a pension for old age as well as a weekly provision for times of sickness. Many, indeed, offer *facilities* for such pension assurance, but, so far as I know, they all are willing to accept members without it.

A great many persons, chiefly officials, interested in preventing a proper examination of the state of the society which they manage, and influenced either by consciousness of the society's rottenness or doubt of its soundness, meet all such statements as this with a general appeal to the practice of *some* Friendly Societies, in order to turn attention away from any close examination of their own.

When I say that very few Friendly Societies require every member to provide for a pension, they exclaim, "Why, this society and that have pension-tables and rates for their member!" which of course is a different matter. But, in order to prevent any working man who reads this book being misled by such a statement, I would advise him seriously to ask the first twenty fellow-workmen he meets, whom he knows to be in Friendly Societies for sick pay, whether or not they are provided, or are providing themselves, with any pension (or, as it is more commonly called, superannuation) at all? My own impression is that a very small proportion of voluntary contributors for sick pay is making any provision or insurance

whatever for the needs of old age. And it is no answer whatever to this objection to present methods to tell me that some societies are ready to insure pensions, if it be perfectly clear that the vast majority of their members do not, and will not, pay in for them. In fact, *permitting* members to insure for pension, is not *requiring* them to do so in the sense in which, for instance, insurance for burial pay is made a necessary part of the contribution in most of our benefit societies.

Now, until a man be secured against destitution in old age, as really as he is secured in a sound Friendly Society against destitution in sickness, whatever men may say, it will be impossible for him to believe that his efforts at providence, however self-denying and honourable, are really making him independent of poor rate and pauperism after all.

### XIII.—FURTHER RISK OF PRESENT FRIENDLY SOCIETIES FROM INSECURITY OF THE MEMBER'S OWN POWER TO CONTRIBUTE.

BUT we will suppose the strongest case, that every existing society *required* every member to be insured for a pension in old age, say from his seventieth year, what security would exist for such a member being able to continue his periodical payments till so late a period? With very many the monthly or quarterly payment,

which was easily spared in youth when they had neither wives nor families to support, becomes more difficult to save when expenses have increased; when, from failing strength, earnings have fallen and comforts become more necessary; and there is always the melancholy possibility that a long spell of want of work may terminate their club membership altogether, and leave to those who are better off, and able to continue their contributions, all the poor lapsers have been laying by, perhaps for many years. The possibility of thus losing their membership and all their provision must be a fearful discouragement to many, who might otherwise be self-provided, but who feel that the great uncertainty attending their efforts makes the task of provision too difficult for them to undertake with reasonable hopes of success.

This is the reason why so very few pay in for pensions out of the vast number who join Friendly Societies for sick pay; their best efforts are paralyzed by uncertainty of success.

### XIV.—AMOUNT OF PAUPERISM PROVED TO OVERTAKE EVEN THRIFTY MEN.

A PARLIAMENTARY return, published, on Lord Lymington's motion, in August, 1881, gives the following lamentable summary of the failure to which the efforts at independence of even thrifty

poor men are liable. According to this return, in 576 of our union workhouses there are to be found adult male paupers who have been members of benefit societies, and the number of these poor men amounts to 11,304!

Leaving out of account from these all who left their benefit societies, either by ceasing to contribute, by withdrawal, or by dismissal, no fewer than 3913 (or, in round numbers, about four thousand men) were driven to the workhouse at last, *by the breaking up of their societies*, not by any improvidence of their own.

And of these men, 2193 had contributed to benefit clubs for more than ten years, of whom 1167 had done so for more than twenty years, and 555 poor, gallant, persevering, but unfortunate old fellows, had fought the hard battle of independence, month by month, for more than thirty years, and lost it in the end!

When some large middle or upper class insurance company collapses, and thousands of insurers are driven wild by the thought that the provision they have been making for their families is utterly lost, the newspapers are full of condolences and lamentation. But just as much misery and sorrow is being suffered every day, by the best and noblest of our poor labouring men, when benefit clubs break down and leave them old and destitute. Unhappily, public sympathy has so much to do in bewailing the people who lose sovereigns, that it cannot occupy itself with those who lose shillings,

though the issue of the loss be just as much a matter of life or death to the honest independence of the one class as of the other.

No one will wonder at my classing among the hindrances of thrift and providence the knowledge of such a state of things as Lord Lymington's return puts before the public. For many and many a poor fellow, desirous enough of independence, may turn away even from good Friendly Societies with distrust, on learning that so many men whose clubs had "stood" for more than thirty years, had been left disappointed paupers at the last.

XV.—IGNORANCE OF MEANS TO REMOVE THIS  
UNCERTAINTY BY PAYMENT IN LUMP SUMS  
AND IN ADVANCE.

It probably never enters the minds of most of these poor men that, once given a perfect security for the money they contributed, they might with comparative ease make this reception of old age pension as certain, humanly speaking, as daily sunrise. A man may at twenty years of age entertain the gravest doubt of being able, when he reaches sixty or sixty-five, to spare monthly sums for providing a pension to begin at seventy. But he can have no doubt whatever that, if he desire, he may exercise enough self-denial to save, in a year or two of youth, the whole sum necessary for such

a purpose ; and that, sinking it with, we will say the Post-office, he may be perfectly certain that nothing can ever deprive him of his pension if he live to the age at which he is entitled to claim it.

For one cash payment of £5, which a young man of twenty can easily save *if he choose*, he can (at that age) be assured a pension of £10 a year (or say four shillings a week) from the day he reaches seventy years, an amount considerably more than he would ever, if a pauper, receive from the poor rates. Moreover, he might secure twice or thrice as much by paying twice or thrice £5.

Of course some will say that, no matter how cheaply this boon be offered, the man may die before seventy, and get nothing for his money. This objection shows an entire ignorance of the principle of insurance. An annuity insurance, like a sick-pay insurance, is made for a contingency or chance, not for a certainty. The lad who buys such a "Deferred Annuity," or claim to pension, as I have described, pays the price, not of a pension absolutely, but only of his own chance of living to draw the pension. If the amount he paid in were to be handed back to his representatives in case of his dying before reaching seventy years, he would have to pay a greatly larger sum of money, since he would be keeping up an insurance on his life as well as paying for his chance of drawing a pension.

#### XVI.—DELUSION OF FLATTERING WORKING MEN BY CALLING THEM GOOD FINANCIERS.

THERE is no more cruel and mischievous hindrance to thrift and providence than that caused either by the thoughtlessness or by the dishonesty of people who exclaim, "Leave the working man alone to make his own provision! He can manage his own affairs a great deal better than other people can manage them for him!" and so forth. A little reflection will show the folly of this assertion. Suppose the working man be a watchmaker, he will surely think it a folly if any one exclaims, "Let every shoemaker make his own watch." The calculation and investment of money, and specially the investment of savings in insurance, is a matter of special and difficult finance, the full theoretical and practical knowledge of which requires the careful study of years. The fact of a man being "a working man" in the sense of an artisan or an agricultural labourer, no more qualifies him to manage his fellow-workmen's savings than it qualifies him to make Gobelin tapestry or to draught Acts of Parliament. On the contrary, the fact of his working every day and all day long, with his hands, at other things, is a strong presumption that he has not had the leisure to make himself familiar with all the points to be considered by any one

who would master this complicated and difficult finance.

And yet this foolish, wicked cry is so common, as to make many people accept the claim it makes without reflecting on the matter for an instant. Let us look for its source. I have called it a foolish cry, so far as it arises from ignorance and self-conceit, and a wicked cry, so far as it proceeds, *as it too often does*, from selfish fraud. The *members* of bad friendly societies generally echo, as parrots might, the phrase their officials put in their mouths; but the *officials* start the cry to prevent their own robbery being brought to light. Here I am speaking, be it remembered, distinctly of *bad* societies, of the very many which never have been able to show an actuary's certificate of soundness for their tables, or a valuation, otherwise than deficient, of their funds. Their cry of "Leave the working man to manage his own friendly societies," amounts in plain English to saying "Leave the working man to be robbed by us as long as he has a shilling." No sound Friendly Society should be afraid of its accounts and management being open to the examination of skilled financiers, but it is the representatives of the unsound ones who, with good reason, dread the examination and exposure of their villainies. Because such societies as, for instance, the Odd Fellows have had the honesty to investigate their financial condition, and the courage to take proper measures for securing

themselves from deficiencies, a multitude of swindlers shelter themselves under their wing, and pretend to regard every word said against bad clubs as being levelled against good ones. The pity is that, either ignorantly or thoughtlessly, *members and managers of good clubs* echo this cry from officials of bad ones, and thus, of their own accord, degrade their good organizations into the class of the bad ones, whose fraudulent managers have the best possible reason, by outcry and impudence, to object to light being let in upon their deeds of darkness, and to the working men whom they delude being warned against their plunderers.

So far I have been speaking of the interest fraudulent club officials have in crying "Leave the working man to manage his own business!" But, apart from all fraud, it is a very melancholy fact that a great number of the clubs which break from day to day do not break from fraud *but from ignorance*, and just *because* they are managed by working men who, though honest as the sun, and incapable of filching a sixpence from the funds, undertake, in the clubs they establish and manage, liabilities which actuaries, who understand the subject, know to be as impossible to meet eventually as it would be for any one to supply the public with half-sovereigns at one shilling apiece.

For instance, the working-man branch secretary of a Friendly Society, which *by its own actuarial valuation* shows a fund of only £7000 and a

deficiency of £147,000, knows so little of the subject, and how deficiencies are estimated, that he writes to me denying the fact, on the ground that the society never had £147,000 to lose!

The friends of the independent "working man" should try to show him that no one who moots these matters wants to touch the money in his clubs, but only to secure him from its loss by either ignorant mismanagement or deliberate and cruel fraud.

And they should also know that the heads of great and prosperous organizations, such as the Odd Fellows, are not, as a rule, mere uneducated artisans, living by daily wages, as designing persons wish them to suppose.

#### XVII.—THE ASSUMPTION THAT ENOUGH IS DONE IN THE WAY OF THRIFT.

"WHY," say some people, "should there be so much noise made about thrift and providence at the present time? There are so many members in friendly societies and burial societies, so many contributors to savings' banks, so many shareholders in building societies; there are so many public aids to thrift provided, and the education, which is now becoming universal, is so certain to make every one independent and provident, that we may be spared all trouble upon this subject, and may quiet our minds about it with the conviction that the

social regeneration of our people, and their elevation above beggary and pauperism, is only a question of time."

This is the cry of the selfish and lazy; of those who do not care to consider the matter far enough to notice that every public aid, every new machinery, every improved opportunity provided for encouraging thrift, is, after all, in its very nature, offered to *only one class*, the class of the thrifty, who understand and do their social duty; and never touches at all the nature or the needs of the class of the wasteful, whom the best of banks, the best of counsel, the best of benefit societies, and other machinery, can never induce to lay a farthing by.

Some people tell us that enough is done when we give our people good organizations and sound security for all the providence they may be desirous of securing. This has not yet been done by very many degrees, and, were it done in the utmost imaginable fulness, it would never avail to render independent the wasteful class whom all our efforts ought to keep in view.

#### XVIII.—THE REGISTRAR OF FRIENDLY SOCIETIES' LAST REPORT (DEC., 1883).

THERE will be persons ready enough to say that the frequent unsoundness of Friendly Societies is a thing of the past; and that the

whole system has been so wonderfully advanced and improved within the last fifty years as to make the number of failures too few to require much consideration.

As a matter of fact, and I state it with great grief, it is only just in this year, 1884, that the public has ever had the opportunity of judging to what extent the Friendly Societies generally are in a financial condition sound enough to carry out their engagements.

Formerly, when the true friends of the thrifty working man ventured to give warning of danger, as was often all too thanklessly done by men who knew perfectly well, at a glance, that the average rates of contributions by most of our Friendly Society men were insufficient to secure the benefits contracted for, they used to be told that they were not only libelling this or that society, but labouring to injure the whole Friendly Society system, by wild conjectures and dispiriting but uninspired prophecies of evil. But the last days of 1883 witnessed the publication of the Registrar of Friendly Societies' Report, giving the actuary's summary of the results of the valuations required by law to be sent in by the end of 1880. This official statement shows that the urgent warnings on this subject repeatedly given by myself and others during the last half-dozen years, so far from being alarmist and groundless, have come very short indeed of describing the generally bad condition of the

Friendly Societies; and that, leaving entirely out of view all that vast number of societies which have never ventured to ask for registration at all, the registered societies alone, presumably the best and most honest that exist, are generally unsoundly based, and with liabilities exceeding their assets in a rapidly growing ratio.

Little more than *one Friendly Society in every six* possesses, as the last valuations show, any surplus at all of assets over liabilities; and nearly five societies out of six are in deficiency; that is, have not, and are not likely to have, sufficient money laid by to carry out their engagements with their members.

In addition to this warning note we have the further statement that "the Chief Registrar regrets to have to report that only a comparatively small number of societies appear to have taken measures to remove the serious deficiencies shown in their valuations."

#### XIX.—CORROBORATION OF THE CHIEF REGISTRAR'S STATEMENTS BY INDEPENDENT TESTIMONY.

A STRIKING corroboration of the Chief Registrar's general conclusions is to be found in a letter published in the *Times*, on Christmas Day, 1883, by Mr. Ansell, an actuary of the highest eminence, and one of the public

valuers appointed under the Friendly Societies Act, who exhibits a significant summary of the state of the two hundred societies which chose to avail themselves of his great skill and experience in making their valuations. He states that of these two hundred societies, only thirty-one (*or little more than one in seven*) are in a sound condition, the remaining 169, with aggregate existing assets of £579,551, showing the enormous deficiency of £267,050!

And Mr. Ansell makes the further ominous statement, that, so far as he is aware, only seventeen of these 169 societies have taken any steps whatever to redress this terrible deficiency!

Now, we must remember that behind these societies, which have for the most part availed themselves of the services of skilled actuaries to make their valuations, there are numbers of registered societies which have employed utterly incompetent men, who have given them favourable reports on false bases; and that behind all these again there are literally numberless other societies, so deliberately and consciously, in the minds of their promoters, fraudulent and rotten, that they have never dared to register them at all, and so are under no consequent compulsion to make valuations, and we shall get an idea of the widespread misery which must result to five-sixths of our provident poor, as, one after another, all these unsound societies collapse, and leave their deluded dupes in the end to the miserable

workhouse dole they struggled all their lives to be independent of, and to a treatment in their disappointed old age in no respect better than is assured, by the scanty compulsory National Insurance of the Poor Law, to the most drunken, undeserving, vicious, and depraved among our population.

XX.—WHY IS ANY OBJECTION MADE TO THE  
LAW REQUIRING THE RATES OF ALL FUTURE  
SOCIETIES TO BE ACTUARIALLY CERTIFIED?

THE answer is rather a sad one. The promoters and officials of unsound and fraudulent societies would lose their gains. At present, when one of their societies breaks, they can start another, just as bad, under some other name. There is one man in prison, while I write, for fraud of this sort, who is shown to be the promoter and secretary of at least ten different bankrupt societies. These men, and such as these, make a great clamour against all protection by law of a working man's earnings, which of course means a cutting off by law of their own cruel profits. They frighten their parliamentary representatives, declaring that any such restriction would touch *the interests of the Friendly Societies*. Now, the interests of the poor provident men are the pre-eminent interests in this question. Friendly Societies only ought to exist in their interests;

and if the interests of the members are to be sacrificed to the interests of the machine, the system had better break down altogether, as it has done to five-sixths of its extent. As a rule, the members of Friendly Societies know little of their working; all the information, all the controversy, all the opposition to salutary reform, comes from interested officials; and public men who want to secure the happiness of the provident-minded working man ought to be bold to speak out on behalf of such a simple measure for their protection from ignorance and fraud as no honest man can reasonably object to.

In short, the members of bad Friendly Societies are nose-led by their interested officials; the officials of good Friendly Societies are flattered by these, and led to echo their outcries against a measure for the restraint of future fraud which could injure no sound society; the poor souls whose providence is plundered are isolated, unorganized, and powerless when their ruin comes, and the statesmen who ought to help them in time are afraid of losing votes at the hustings. As a result the rogues triumph and grow fat, while five-sixths of the honest poor men are left to pauperism; and so the shocking result is brought about that, in spite of all our vaunted "aids to thrift" and our superlative "Friendly Society system," five out of every six provident men are left unprovided for, and the following

ghastly paragraph of Mr. Hoyle's finds part at least of its explanation:—

"In the forty-second annual report of the Registrar-General (page 27), I find that of the total number of deaths in 1879, one out of every fifteen died in a workhouse; while in London, the wealthiest city in the world, one out of nine died in the workhouse. Among the 600,000 outdoor paupers there are doubtless more deaths than among the 190,000 indoor paupers. If this be so . . . one out of about every seven of our population end their days as paupers."

Much of this might be obviated by such a simple measure as I have indicated, and which only the interested or ignorant opposition of Friendly Society officials obstructs. They call on us to leave the working man alone to secure his own provision—too often, in other words, to leave them alone to rob the working man. Now, if it were officially reported that five out of every six banks in England, on their own showing, were financially rotten, would the nation listen as complacently to a general chorus of managers, cashiers, and clerks exclaiming, however harmoniously, "Leave the depositors to put their money in our hands, and us free to rob them," for fear, forsooth, of injury to the banking interest?

## XXI.—THE SUPPOSED SUFFICIENCY OF THE FRIENDLY SOCIETY SYSTEM.

IT would be a grievous error on the part of any of my readers to suppose that, in pointing out to them manifest difficulties and imperfections which cling at the present time to many of their organizations in the directions of Thrift and Providence, I have any other feeling than that of warm sympathy with their efforts, so far as they are honest. I only indicate apparent flaws from an earnest desire, by their correction, to render the condition of our provident fellow-men more happy, more secure, and more prosperous than it can be called at the present time. If, here or there, I find fault with a system, and am consequently very violently assailed by the upholders of such a system, I may simply say that I am more zealous for the good of the men than for the good of the system, while my opponents generally are more zealous for the good of the system than of the men. Which direction is really best for zeal to take in this matter may surely be left to common sense to decide.

This upholding of the present Friendly Society system, not merely in its good points, but in its bad ones, is really a greater obstruction to the good cause of Thrift and Providence than many people suppose. For, because there are some good Friendly Societies in our

country, hasty thinkers (or rather, non-thinkers) immediately assume that nothing remains to be done to make all men safe and provided.

Nothing is commoner, for instance, than to say, "Since the Odd Fellows seem to be such an excellent organization, let every man in the kingdom join the Odd Fellows."

Now, the fact is, the Odd Fellows would not have them, if they all desired it. Deliberate, laborious efforts have been made, and altogether without success, to bring down the benefits and contributions of the Odd Fellows to the requirements of the average agricultural labourer. The efforts abortively made by the Bedfordshire committee, appointed for this purpose, will be in the remembrance of some of my readers, I doubt not.

Nor, if all our population were insured against want in sickness by becoming members of the Odd Fellows organization, would they be secure against destitution and pauperism in old age, since, as I have shown elsewhere in this little book, the Odd Fellows, like the vast majority of all existing societies, do not require their members to make any provision for superannuation or pension.

Again, supposing they even did all this, and that every one joined them, and every one undertook to pay in a monthly contribution for pension as well as sick pay, they could not be secure against pauperism at last, caused by their own inability to keep those contributions

up. For at the present time we find that something like 25,000 Odd Fellows either leave or are expelled from the Society every year, and presumably leave it as unprovided men.

No, it is much wiser to open all men's eyes to a knowledge of how little, instead of how much, the Friendly Society system is doing for any but the thriftiest class, than to tell all classes that enough has been done in the direction of independence, and thus discourage all who would try to obtain more protection and greater comfort for the poor.

I have more than once directed attention to that most common error, of counting all members of Friendly Societies to be provided against pauperism, when the great majority of them are only insured for enough money to bury them, and, if sick or aged, have nothing to trust to but the parish. I do trust that now the official report on the valuations has shown us past all dispute that no less than five out of every six of the Registered Friendly Societies are unsound in the matter of money, we shall have no thoughtless talkers venturing any more to tell us that such few good Friendly Societies as we possess, have done all that can be done, in the way of encouraging and of safeguarding that true independence which so many thousands of our worthiest working men are making constant heavy sacrifices in the vain endeavour to secure.

## XXII.—THE IGNORANCE EVEN OF THE CULTURED CLASSES ON THRIFT SUBJECTS.

THIS is the last of the obvious hindrances to thrift I will touch.

It is no very great wonder that the poor should be, as many of them are, careless and unthinking with regard to providence, and that the best of them should be so often discouraged from prudent courses by the failure which besets so many noble efforts at independence, when we note how wonderfully little the "educated classes" of the community know *individually* on these important topics. Perhaps a good many of my readers, who have so far perused this set of papers (readers who unless caring for the subject would have left them unread altogether), may judge the general ignorance on these subjects by examining themselves as to their own previous knowledge, and by asking themselves how much they knew about them twelve months ago.

In a paper read at the Mansion House Thrift Conference in 1880, I made the following suggestion to my hearers, which I will here repeat; namely, that, to measure the general ignorance of *educated men* on these points, they should each spend a single evening in trying to write down, for their own personal satisfaction, clear statements in answer to such a set of questions as these:

“What is providence? What is thrift? What are savings? What are savings banks? How are they managed? Which sort are best? What security do they give? What is the principle of insurance? What is its practice? What is a benefit club? How is it secured? How can we judge it, so that in telling a servant or workman to join it, we shall know that we are not advising the poor fellow to fling his hardly earned and hardly spared savings into the sea? What are the hindrances in the way of poor men’s providence? Can private efforts remove them? Can philanthropy? Can the nation itself?”

These are all questions which we should earnestly study ourselves, in order to be quite sure what we are about when we presume to censure the wastefulness of the thriftless and poor; and far more, when we endeavour, as we ought, to guide, and counsel, and secure the noble independence of our thrifty fellow-men.

### XXIII.—WHAT IS THE GRAND SOCIAL HINDRANCE TO THRIFT AND PROVIDENCE?

WE have thus touched a great number of the more obvious hindrances to thrift which are to be found in the nature of things. And probably many a one of our readers, who, perhaps, from previous unfamiliarity with the subject, will have noticed for the first time the existence of these

hindrances, will have said to himself something like this: “These difficulties, so plain when closely viewed, so indistinct from a distance, are doubtless many and great; but in their kind and their degree they are difficulties common, more or less, to all men in all places. Their existence and their magnitude does not, after all, solve the question, which so constantly forces itself upon our notice, why the richest nation in the world, which is ours, should have such horrible want and misery to show, and why, in our land, where wages are highest and hours of labour fewest, there should be, as there admittedly is, an exceptional and appalling amount of wastefulness and misery. Individual recklessness may be found anywhere in the world; but why is it so common in England as to have become its national reproach?”

Of course there must be a reason for the existence of this deplorable fact. And it would be a cruel libel on the nature of English men and women to admit that the reason of our national thriftlessness lies in our own moral depravity; that, in a country which owes all its prosperity and greatness to Christianity, people so generally should be found acting contrary to the first social principles that religion lays down (in requiring every man, on pain of being reckoned a denier of the faith, to provide for his own, and, as a necessary preliminary, to provide for himself), would be incredible, were our social circumstances exactly identical with those of

poorer and less religious nations, which do their Christian duty in this respect far more faithfully than we. If this grave fault lay in the nature of the English people as an exceptional moral taint, it would be, however humbling to our pride, less shameful to our character, and we should be objects of compassion rather than of blame. But this is not so. The fault does not lie in the English nature, which is no worse than French or Swiss or German nature; it lies, I think, in the nature of our conditions. And so much the better for our future prospects, since we may change bad conditions, or neutralize their bad effects, as we grow older and grow wiser; but we cannot change our nature, however bad that nature be.

In a word, it is not because our people are naturally a bad, beggarly, thriftless race, that our great national wealth is sadly contrasted with so much individual wretchedness. I cannot help thinking it due rather to the existence in England, *and nowhere else*, of an exceptional Poor Law System, which, as I shall endeavour to show, has a tendency towards making multitudes of our people reckless, improvident, and miserable.

#### XXIV.—IS OUR ENGLISH POOR LAW REALLY EXCEPTIONAL?

A GOOD many people who have not studied the question are always ready to repel this suggestion. They say that as there are Poor Laws in other countries, as well as Poor Laws in England, our Poor Law is not exceptional at all; and in support of this statement they refer to the title of a very interesting (and now scarce) Blue-book, published in 1875, as a Parliamentary paper [C—1255] entitled "Poor Laws in Foreign Countries." The error they fall into is in wrongly supposing that no other nation can have or make any law affecting the poor different from our own.

The answer is to be found in the very book whose title they quote; we find there (p. 7) the following authoritative statement: "*There are only two countries in Europe, England and Denmark, in which the poor are relieved exclusively by a special tax levied for the purpose.*"

We then turn to the special report on the Danish Poor Law, contributed by Mr. Strachey, and find the admitted badness of the system there existing to have led to the initiation of a thorough reform of their method, which is still in progress, though not yet accomplished; and this general reform to have proved indispensable, even though the Danish system be so far from coinciding exactly with the worst

features of our English method (wherewith it is, as it were disgracefully, coupled) that Mr. Strachey is able to say in his report (p. 128, line 6), "*There are in Denmark no poor rates.*" This may be sufficient, for the present at least, to prove the fact that our English Poor Law is exceptional.

XXV.—IS THE EXCEPTIONAL CHARACTER OF OUR ENGLISH POOR LAW JUSTIFIED BY ITS SUCCESS?

THE principle of our Poor Law system, which compels all thrifty and provident people, the poor as well as the rich, to support all wasteful people, seems in itself so very unreasonable, that a vast number of persons volunteer in its defence the statement that its existence renders it impossible for any one in England to die of hunger.

This excuse for a questionable law existing here, which does not exist elsewhere, can only be allowed to pass on the supposition that more persons die of hunger in other civilized countries than in our own. Unhappily there is no ground save that of wild gratuitous conjecture for any statement of the kind. *There is recorded proof the other way.* The official returns drawn from verdicts of coroners' juries, and published in our newspapers, shocked not England only, but all civilized Europe, by the statement that, in

the London district alone, one hundred and one deaths from sheer starvation had taken place in the year 1880! Even granting (what some persons allege without any knowledge) that in other countries such deaths are neither investigated nor recorded, the fact of the universal outcry raised in the European press by our sad record shows, at all events, a general conviction that such deaths are at least rarer in foreign countries than they are here. And herein we find abundant proof that our vaunted system is not by any means a practical success, even so far as making death by hunger either impossible or less rare than in countries which do without any such Poor Law as ours. And this manifest failure in practice weakens the one excuse that can be offered for its very questionable theory.

XXVI.—IS THE POOR LAW CHARITABLE IN THE CHRISTIAN SENSE?

A GREAT many easy-going people would at once take the affirmative side of this question. They would say, in view of our Poor Law system, something like this: "That which, as Christians, we admit to be an individual duty, namely, to benefit and help the poor, has, by the wisdom and benevolence of England, been saved from the risk of failure in the hands of unskilled or injudicious individuals, and raised into a national

exercise of Christian charity so simple, kind, and comprehensive that, no matter what amount of distress may come upon the poorest of our people, no one need ever perish in this happy land for want of clothing, or of shelter, or of food. We have lifted the care of the poor from the sphere of individual conscience to that of national compulsion, and, going further still in our good work, have shifted the burden, borne so long by the Good Samaritan alone, on to the unwilling shoulders of the selfish passers-by. For every one who, by any cause whatever, is brought to destitution, we make a national provision, which that state of destitution gives him a right to claim."

This is the common conception of our national treatment of the poor, as being Christian charity, entertained by people who have never given an hour's serious thought to the subject.

Its error is patent from the fact that not one single penny of our eight millions a year, contributed for poor rate, is ever *given* in the name of Christ for charity, but is *taken* from all the thrifty, poor men as well as rich men, by the direct demand of the tax-collector, under the strong compulsion of the law, and is levied from "Jews, Turks, and infidels," as well as from Christians. No one ever hears or has heard of a ratepayer complaining that the demand made upon him for Christian charity in the way of poor rate was too small, and volunteering to

pay a much larger sum to satisfy his own sense of charitable duty. There are many, thank God, who are nobly generous in the amount of their almsgiving, but by universal consent they keep this Christian work carefully and totally distinct from the communistic levy of poor rate. Charity, to be Christian at all, must be spontaneous; must be given, and given with pleasure; poor rate, on the contrary, is involuntary, never given, but taken, never handed over with pleasure; in every measurable sense it differs from, instead of coinciding with, true Christian charity. And so far from being, or being like, Christian charity, which is good and holy in itself, I cannot help thinking our Poor Law system questionable, if not absolutely wrong, in principle, practice, and policy; a strong enough opinion, no doubt, but one which I shall endeavour to justify.

#### XXVII.—IS OUR POOR LAW SYSTEM FAULTY IN PRINCIPLE?

THE question whether or no our Poor Law system be faulty in principle might be clearly and easily enough discussed in reference to its universally admitted communistic tendency, but that I am entirely unwilling in this little book to touch at all on terms and topics which may seem to awaken any party bias in the minds of my readers. And since there is really no dis-

tinative *Christianity* in the system (as I have indicated in the last section), the arguments offered on its behalf from the mistaken illustration of early Christian practice referred to in the Acts of the Apostles, do not apply to the case in hand.

Nor need any argument for the faultiness of our Poor Law principle be based on its apparent contravention of the scriptural precepts, "If a man will not work, neither let him eat," "If a man provide not for his own" (and so necessarily for himself), "he hath denied the faith," etc., or on the fact that if all qualified themselves for claiming Poor Law relief there would be none left to contribute it and all would starve. A simpler proof of its error may be offered in the incontrovertible statement that it compels not merely the rich to pay for the poor, or the fortunate to pay for the unfortunate, but that it makes all the thrifty, poor as well as rich, pay for all the wasteful, in addition to fulfilling that duty of providing for themselves, which the wasteful have chosen to leave unfulfilled.

#### XXVIII.—IS OUR POOR LAW SYSTEM FAULTY IN PRACTICE ?

THIS would seem to follow naturally from the fact of its faulty principle, but I will endeavour to establish the statement by direct proof

instead of by inference, for it inflicts a daily, distinct injustice upon every class with which it comes in contact. It hurts the ratepayer; it injures the rate-receiver; it corrupts the moral sense of the nation and of the individual. These are three points which are within reach of easy proof.

The injury to the ratepayer lies in this: that our system compels the independent-minded, industrious citizen, who makes his own proper provision—very often by stern and lifelong self-denial—to support the bad, the wasteful, and the self-indulgent citizen, who, trusting to future rate-relief, refuses, all his life long, to lay by a farthing, and dooms himself—and, it may be, a hapless wife and miserable family—to a life of degradation and despair. Of two men, living side by side, earning the same wages, and owning equal opportunities, it takes property from the one who does his duty to his country, his family, and himself, to hand it over to the man who fulfils no social duty and obeys no social law.

We have next to see how our Poor Law system hurts the rate-receiver (or pauper) as well as the ratepayer. In the first place, it *makes* most of the paupers. In the second place, its very tender mercies are cruel; it cannot be otherwise. If pauper relief were given on a luxurious, or even on a plentiful scale, the claimants would multiply, while the contributors would diminish, and the burden would become impossible for the

nation to bear. Therefore Poor Law provision must be kept down just to the lowest modicum of aid which can sustain existence. As a fact, there are many prisons where the dietary for persons undergoing punishment is more liberal and costly than in workhouses, whose guiltless inmates are wrongly supposed to be recipients of a national blessing. There are, besides, in and out of workhouses, multitudes of poor, and not unworthy, folk—victims, no doubt, of our faulty State teaching—who do deserve Christian charity, and yet whose pauper aid must not be, cannot be made, one whit more generous than that which is grudgingly given to the undeserving. The rules under which their pauperdom places them must be stern and strict, and the company they are compelled to keep—for it is impracticable to give them a choice in this—may be, and too often is, of the very lowest type and class. For, to prevent the workhouse being made a comparative paradise to the bad, and thus putting a premium upon vileness, it must become, only too often, a pandemonium to the good, and thus place a penalty upon respectability. And for this and other reasons I hold few will disagree with me in saying that our Poor Law practice, as affects the pauper, is, and must be, however humanely administered, strict to the mass, and severe to the best.

And it seems to me also to corrupt the moral sense of the nation, for every time it gives relief to undeserving men, at the cost of all deserving

men, it enforces a national lesson of base dependence, and gives a national discouragement to honest thrift. In spite of one commandment of God, which says, "Thou shalt not covet thy neighbour's goods," and another which says, "Thou shalt not steal," it tells the spendthrift that if he choose to be wasteful he shall have a claim upon the savings of his thrifty neighbour, and be entitled to come, not as a suppliant to entreat his charity, but as a claimant to draw from his store. It demoralizes the wasteful man, firstly, by weakening his incentive to honest labour; secondly, by strengthening his love of sloth and self-indulgence; and, thirdly, by making and keeping him always too poor for self-respect, and often too poor for honesty. And it demoralizes the thrifty man, not only by killing Christian charity generally, but by making him selfishly neglectful of his particular Christian duty to assist his needy relatives, as the following striking instance, too common in kind if unparalleled in degree, will show. Before the Aberdare bench of magistrates, in November, 1882, a young man named John Hooker was summoned for neglecting to support his mother, who, *though she had borne thirty-two children, was allowed by them to become chargeable to the rates!!*

### XXIX.—IS OUR POOR LAW SYSTEM FAULTY IN POLICY ?

It is plain that a policy is faulty which causes general discontent, and this can be shown to be the case with our Poor Law system. For, as the relief given by rates must be scanty—in fact, the scantiest possible—those who receive it cannot be satisfied.

However willing a person may have been in youth to trust theoretically to the workhouse as a very distant resource, which a thousand chances might hinder his ever needing, no pauper, when that workhouse has become his only resource, and he is driven into it as his last earthly refuge, can feel really satisfied with such a close to his existence. It secures a bare living, indeed, such as it is, but only when all worth living for is gone. As its distant promise in the beginning took away all energy from the youth, so its wretched possession in the end takes away all hope from the greybeard, and gives at last only a miserable ending to an unprofitable life. We cannot reasonably expect the pauper to be contented.

Nor if the pauper, though treated very often better than his deserts, be necessarily discontented, can we expect the ratepayer—especially the poor ratepayer, whose savings are burdened and whose wages are lowered to supply rates for the wasteful—to be contented, for he knows

and feels every day that he is being treated by the nation worse than his deserts. The policy must be faulty policy which produces general discontent.

And, once more, the policy is faulty in creating by law an exceptional pauper class which has no proper place at all among other civilized nations. And this our law does: it makes paupers, encourages waste, creates misery; for the provision it offers really leads poor, inexperienced youths to cultivate destitution by unrestrained recklessness, in order to keep themselves at any moment qualified for claiming aid from other men.

There is no reason why they should not be provided against sickness and infirmity by their own exertions; and they would be, *as they are in other countries*, did not our law practically tell them that such provision is not necessary for them to make. And then these unhappy wretches, truly more sinned against than sinning, who are made paupers all their lives in spirit, living, as they do, from hand to mouth, always, so to speak, with the workhouse within sight and the relieving officer within call, misname themselves "the poor," usurping and soiling the title of the honest, thrifty poor, whose poverty very often, if men knew but all, might prove a very blazon of honour.

It may, however, be asked, what harm that does. The answer is plain: by calling themselves "poor," instead of "paupers," they work

on the sympathy of the good poor men whom they plunder, leading these to confound themselves, their position, and their best interests with those of the very class which shames them and burdens them, and keeps them always down.

The policy must be wrong of a law which thus effects a continual disturbance of our social peace, dividing, as it does, the whole class of the thrifty, the independent, the duty-doing, the provident, into two hostile camps, when, in real truth, whether richer or poorer, these all should be one in spirit, in purpose, and in action, as they are one in character and in interests.

### XXX.—MISCONCEPTIONS AS TO CAUSES OF OUR NATIONAL SINS OF WASTE, WANT, AND DRINK.

THOUGH in the preceding sections I may have seemed to some of my readers to assail our Poor Law with somewhat unreasonable force, and to show but little respect for a measure which has the prescription of three hundred years in its favour, it is important to bear in mind that all who study and think upon this matter have the same opinions to express, though they may not be ready to agree with me in advocating measures calculated to remedy the theoretical and practical evils occasioned

by our faulty system. It is not at all, be it remembered, a question whether this man or that man *speaks* more or less strongly in the matter, if all thoughtful ones *feel* alike; nor is it worth while disputing about the terms we use, if the facts to which we apply the terms are true beyond cavil, and the admitted badness of the system be really beyond description in the strongest terms employed.

And, to show that this is really so, I ask my readers to judge the nature of this social upas tree by the sort of fruit it bears.

In this country of ours, which has an exceptional national Poor Law, we have three exceptional national sins besides, which dishonour the English name over the whole civilized earth; these national sins are English improvidence, English pauperism, and English drunkenness.

It would be strange enough if these exceptional disgraces were among us by mere coincidence and chance. And in that case we would have three fearful social puzzles to explain instead of one. Indeed, some people regard them as unconnected evils, and seek in vain for separate reasons of their being. Others again, according to their bias, always lay the charge of one of these sins upon the other. Thus the total abstainer cries that the pauperism is caused by the drink; the savings bank promoter says the drunkenness is caused by the improvidence; the charity

organizer says the improvidence is due to the pauperism. This is like accounting for the turning of a windmill by saying that each sail drives on the others, instead of seeing that it is one wind which drives them all.

### XXXI. — THESE SINS NOT NATIONAL IN OTHER COUNTRIES.

IN other lands there are, of course, beggars, spendthrifts, and drunkards, but these terms represent individuals only, while with us they represent classes. *Organized voluntary charity* to keep the destitute alive costs, in some other countries, only from three to eight shillings a year for each recipient without the levy of any compulsory poor-rate; in England, besides the enormous sums given in private charity, each pauper costs more than ten pounds in compulsory poor-rate, and yet we have certainly no smaller, probably a far larger, percentage of deaths by starvation than other countries.

And in other countries, the duty of providing for the future not being avowedly undertaken by the State for all who choose to demand it, is done as God and nature and common sense combine to teach, by the vast mass of men, each for himself, without either State aid or starvation.

And in other nations the drunkenness, however great, of individuals, has never been

such as to make their name an universal proverb; or so senseless and extravagant as to absorb for its indulgence, as it does with us, the monstrous proportion of nearly a sixth part\* of all the yearly means of life which God vouchsafes to man.

### XXXII.—CAN THE POOR LAW BE AT ALL RESPONSIBLE FOR THESE THREE GREAT HINDRANCES TO THRIFT, SO FAR AS THEY ARE NATIONAL?

It has been asked countless times, with regard to these three great shames, why (apart from individual instances) these should each and all be national in England and non-existent elsewhere.

We may search, try, and examine as earnestly as we may (and this should be the duty of every good Christian and every good citizen), in order, by finding the true cause, to learn the right remedy for these prevailing national miseries, but no answer yet given to our question fits all the plain facts of the case. And yet I feel that there is an answer. One master-key, I think, there is which, if carefully applied, can unlock all the wards of this terrible

\* Our entire annual income, by three independent calculations, was estimated three or four years ago at 1000 millions; the drink bill at 150 millions, 15 per cent., or three shillings in the pound, or 1·8 of a penny (nearly twopence) in every shilling.

perplexity. May not the source of these appalling national shames of ours be found in the fact that they have followed the establishment of our Poor Law system, not merely in the historic succession of time, but in the logical dependence of consequence on cause?

For a law which teaches men in their early life (the period when to secure self-provision is easiest) that they shall always have a right to be supported by other men, and that starvation shall be impossible for them, must surely weaken the natural incentive to prudence, and deaden the divine instinct of self-preservation; and thus make a vast mass of our people *improvident*.

Again, the use of right conferred by such a law—right only claimable, but readily claimed, by those who, under its sanction, have learned to neglect the natural duty of self-provision—is pauperism, and thus a vast mass of our people has become *pauperized*.

And, thirdly, the apparent wisdom of keeping themselves qualified for pauper relief by being destitute tends to teach the young that self-indulgence is an advantage and self-denial a mistake; that it is better policy to spend money, and be helped by the parish in need, than to save money and get nothing from the rates. And the carrying out of this wrong policy—for which I think the law to blame, and not the lads,—leads them to spend all their earnings in the swiftest way, and the worst—in

drink—establishing thereby in early life that raging, ineradicable, passionate thirst for strong liquor which all the lifetime devoted to it is sometimes unable to satisfy. Does not this supply an explanation, to some extent, of our vast expenditure in drink?

XXXIII.—THE ENGLISH POOR LAW, IN ITS PRESENT CONDITION, THE GREATEST HINDRANCE TO ENGLISH THRIFT AND PROVIDENCE.

It is not to be expected that readers of this long arraignment should agree at once in all it insinuates against our unfortunate and, to my mind, demoralizing Poor Law. But it may be confidently asserted that the longer they really study the subject the less inclined they will be to differ from the conclusions I have ventured to suggest.

Until these conclusions be fairly combated and logically disproved (and there seems, in the present condition of awakened thought upon the subject, no conceivable likelihood of their disproof), it will be hard indeed for any one to deny, that of all the many hindrances to English thrift and providence we have been considering, the present English Poor Law is the strongest and the deepest rooted; a conviction which may naturally induce us, as we next proceed to

inquire into the Hopes of English Thrift, to give a special attention to any means proposed of preventing the perpetuation of evils wrought by a law which, faulty though it be, we see no possibility whatever of abrogating.



## PART III.

### *HOPES FOR THRIFT.*

#### I.—CLASSIFICATION OF THE HOPES.

**T**HE hopes for the future encouragement and development of English thrift which we come now to consider follow naturally a classification such as we have made of its hindrances, and may be divided into those which are founded on an expectation of increasing knowledge and good sense on the part of our people themselves, and those which we have a right to build on the prospect of future legal enactments, tending to stimulate and to secure the independence of classes whose future provision, under present circumstances, must be more or less precarious and uncertain.

It will be well to treat first those hopes for thrift and providence which depend for their fulfilment on individual action, and afterwards those

whose brightest prospect lies in the alteration or supersession of faulty and demoralizing laws.

## II.—NATIONAL EDUCATION IN THRIFT.

THE primary requisite to all stimulation of voluntary thrift is knowledge upon the subject. A general idea of providence is probably present enough to most average minds, even to those of uninstructed men, since, apart from the natural instinct of self-preservation, the precariousness of employment and of ordinary means of living is constantly brought home even to the minds of children. But one of the strongest hopes we can entertain in this direction is that of making the subject of social economy not merely an occasional or optional, but a general and indispensable part of all our teaching in national schools.

So far as this we have not yet come, although many of those most earnestly interested in the cause of national education feel the importance of such a measure. At the present time teaching of this sort is only optional in our schools, and takes its chance as an extra, or special subject, according to the fancy of the managers, the teachers, or both together. It has to compete, for this reason, with a great number of other subjects of study—all, no doubt, very excellent and valuable in their way, even regarded as mere vehicles for information and as mind-expanders generally—but none of which has

any so surpassing claim to general inculcation as this.

More than this, social economy as a "class subject"—that this, a subject to be taught throughout all the upper classes in a school—is unaccountably omitted from the list given in the new education code as entitling to grants; and if so very little, indeed, of the subject be teachable as comes under the name of "Domestic Economy," it is not only limited as a *specific* subject, to be taught to individual children, and not through the classes, but, even in that limited form, appointed to be taught to girls only, and not to boys.

## III.—STRONG CLAIM OF THE THRIFT SUBJECT TO BE UNIVERSALLY TAUGHT IN NATIONAL SCHOOLS.

HOWEVER neglected hitherto, I think it will not be hard to prove the preponderating claim which this subject can advance over all other class and specific subjects to be systematically taught in our schools, and that not in a merely occasional and optional form, but as a part of our whole national *curriculum* of instruction.

At the present time it appears *nowhere* in the schedules put forward by authority. Let us see to what subjects of instruction teachers are now limited in class teaching.

Leaving out English, which is compulsory,

and needlework, which is limited to girls, we find singing by note, geography, elementary science, and history to be the class subjects the teaching of which will gain a grant. This practically amounts to the exclusion of any other subject. Now, there are children (I am glad to think not many) who have no taste for singing, no desire to learn it, no ear to distinguish one air from another; there are multitudes more to whom the power of singing by note, if acquired, will never be likely to prove of the smallest practical utility. As to geography again, as a matter of *practical utility* in after-life (for I have not a word to say against the teaching of these subjects as mind-openers), it will be found altogether unserviceable to the large majority of our school-children. Again, many not undistinguished men get through long lives without acquiring or understanding elementary science; and so much knowledge of history (even if we could ever get it unadulterated) as a sixth-standard child will carry away into working life from our national schools will do little towards keeping him out of political mistakes throughout his career. Without a word in depreciation of the use some knowledge of these subjects may be of to some of our children, the very fact that they are left optional for any proves that they are not indispensable for all. These things, indeed, cultivate the intellect and adorn existence, but they are, after all, non-essentials in comparison with Thrift and

Providence. Some folk can do without singing, some without grammar, some without geography, some without history, some without science. But as every child that we enter in our schools requires to live and thrive, most surely it is our duty to teach every child how to do it. The way to earn their bread, to pay their way, to do their social duty; to become good citizens, good parents, prosperous, contented, independent men and women; this, which is of gravest moment to them all, we leave untaught entirely, while things that can at best prove serviceable to the few we spend our toil in dinning into the mind of all.

[If this be not enough to vindicate for social economics, or, in a word, for "the Art of Thrift and Providence," a claim to be taught to *all* our national school-children, I will offer one further argument in this direction. This art *must* be learned in youth, in early youth, and put in practice from the beginning. A man of thirty may learn to sing, to study mathematics, to make machinery, to write books, to make speeches; but if he wait till then to study thrift he has lost his chance of providence.] He may, as one in a thousand, prosper by luck, but he is too late to prosper by system. The general possibilities of successful thrift lie in the education of childhood and the habit of early self-denial; and the principle of thrift, thus timely instilled, needs the practice of providence applied to the large available springs of

vigorous unincumbered youth, in order to provide the only sound foundation on which a secure and sufficient fund for independence and comfort may be built.

#### IV.—EXTENSION OF SCHOOL PENNY BANKS.

I MENTIONED among existing helps to thrift, the penny banks established in a good many of our national schools. It would be a good "hope for thrift" if their establishment were required in all. To do this, as there are very many places where suitable volunteers for the work are not to be found, it would be necessary to employ the school staff. And considering the claims already made not only on the hours but on the very minutes of our hardworked teachers' time, it would be most unreasonable to require the penny bank business to be attended to *out* of school-time. The work, however, in the largest school would not take more than ten minutes once a week, and those ten minutes might be easily placed in the timetable, shortening some frequent lesson for the purpose. The teacher of each class might mark the pass-books as handed in, and one of the scholars, each week in turn, fill in the ledger, or *vice versa*; and thus, in its school course, every child would be made familiar with the system of saving and of keeping a plain bank-account.

This might just as well be required of school-teachers as the teaching of any other subject. But I would give them an additional inducement to push this particular branch of instruction with zeal. At the present time very few school penny banks pay any interest at all on deposits under ten shillings, it being considered (and rightly) better to encourage the opening of separate Post-office accounts as soon as a child's school deposit reaches that sum.

But the Post-office pays a small interest on the aggregate deposits made by the school penny bank, and that interest (after paying the almost entirely nominal expenses) would prove some little remuneration to the head teacher in a school for undertaking this additional responsibility, and would be relatively large or small in proportion to the work actually done.

#### V.—USE OF NATIONAL SCHOOLS FOR FRIENDLY SOCIETY PURPOSES.

WHILE on the subject of the utilization of schools for Penny Banks, I may say a word relative to their employment for a kindred purpose, namely, for the collection and payment of Friendly Society and Benefit Club contributions.

In my chapter on sharing clubs (p. 28,) I referred to the great cost resulting from their meetings being necessarily held in public-

houses, and showed at how high a rate the members were required to pay, by purchasing beer, for the accommodation of a place wherein to transact their monthly business.

Of course, I indicated the gross rate of cost involved in such a method as only one disadvantage of the system; another disadvantage, far greater than mere money cost, arises from the fact that it sets every member drinking at least once a month. If every member of a Friendly Society was absolutely secure against temptation to alcoholic excess, there might be little to say; but it is altogether obvious that this would not be generally the case.

Now, I see no reason whatever why, in most cases, the members of any well-managed Friendly Society should not be accommodated, on one single evening in each month, with the use of a National Schoolroom for an hour or two to transact their business in. I believe that the vast majority of school managers, whether of board schools or of voluntary ones (the latter class, be it remembered, numbering three-fourths of the whole), would gladly place this simple and inexpensive facility at the disposal of our thriftily disposed working men. The club itself might, of course, be expected to pay the small fractional cost of fire, light, and the little cleaning and arrangement trouble that the use of the room might involve, and both members and officials of all good clubs would be grateful for the accommodation.

But I have said this accommodation should be freely offered to well-managed clubs. And I may be asked to define them. In the sense I use the word here, I mean clubs whose management does not, on the face of it, render people doubtful of their character or solvency; clubs which can show an actuarial certification of the sufficiency of their rates, and do not fear to place before each of their members the exact result of their (now compulsory) quinquennial valuation. School managers have no right to encourage, by the loan of their premises, the existence of any of the too many haphazard, speculative clubs which have no guarantee and give no test whatever of financial soundness, and are wrongly permitted by our laws to compete with soundly organized societies. Subject to this simple precaution, I would recommend school managers to offer either the principal school-room or a class-room for the monthly meeting of any number of decent Friendly Societies to whom the invitation would be of service; and I would caution them against limiting this little service to the one special Club or Friendly Society which they themselves personally may think the best deserving of support.

One special stipulation they should certainly make, in the interests of the men themselves, namely, that no intoxicating liquor shall, under any circumstances whatever, be introduced into the room.

## VI.—FUTURE DEVELOPMENT OF THE POST-OFFICE FOR THRIFT PURPOSES.

THE Post-office organization has already made great efforts towards aiding national thrift and providence, and it is by no means by way of spurring a willing horse that I come to urge here for one object, and I shall do farther on for another, a great extension of its beneficent work.

It is a sheer marvel how hard it seems to the common mind to conceive of developing Post-office thrift facilities without assuming that this cannot be done without overworking Post-office officials. Increase of work will, of course, necessitate increase of workers, but this will result in giving more employment in particular branches of Post-office operations, while making the whole organization more useful to the public. No private concern ever hesitates to extend its business from a fear of overworking its staff; on the contrary, it is quite ready to increase its staff in order to develop its business. And this singular and almost silly tenderness for the Post-office is entirely to be set aside by the consideration that, holding as it does a strong position in every hamlet in the country—being, as it is, the universal medium in communication—the Post-office organization is plainly destined, as a direct consequence of its present work, to take up and carry out, from time to time, numbers of other operations

tending to the convenience and advantage of the nation. For it can do safely, systematically, and at a mere nominal cost, a number of good offices for the people, to organize which, by any other conceivable means, would be costly, uncertain, and insecure.

Of course, it cannot adopt new work and frame new machinery at a moment's notice. I have been informed that the postal "saving slips," though only introduced under the present Postmaster-General, were designed for use several years previously; for the preparation of all such measures takes up time. But that, as time passes on, this great national machine must be put to use for one new public facility after another, with whatever extension of staff and machinery may be found needful, is as self-evident a proposition as that a healthy child must grow.

## VII.—ADDITIONAL ARGUMENT FROM THE ESTABLISHMENT OF A PARCELS POST.

THE newly accomplished establishment of a parcels post, managed by the Post-office, is an overwhelming refutation of the notion that the office cannot undertake a greatly extended national business in the way of savings and insurance generally; for it is perfectly plain that all such Post-office work as this would be done by ordinary clerks, whose numbers can

be and are readily increased according as required. But the parcels post has at once necessitated not only the erection in many places of storehouses and weighing-machines, but the employment of an army of porters and country carriers, and the procuring, either by hire or purchase, of horses and carts in nearly every parish in the country.

In short, in a matter of this sort, the convenience of a department is nothing whatever as compared to the convenience of the nation for which the department works, and by which the department is created, and should be developed.

#### VIII.—INCREASE IN NUMBER OF POST-OFFICE SAVINGS BANKS.

THE new legislation likely to result from the deliberations of the Post-office Annuities Committee, of which Mr. Fawcett was chairman, will provide for a very large increase in the number of post-offices where savings bank and insurance business can be transacted. And this is, indeed, a hopeful step, taken, moreover, in the face of a considerable difficulty.

For the moment a small post-office is required to transact general money business, including savings bank and insurance transactions, the possibility must be faced of the postmaster being occasionally in temporary possession of

considerable sums of money. And this causes two dangers: the one that of exposing the office itself to the attacks of thieves, the other that of subjecting the officials to temptation. The security ordinarily required for the honesty of a village postmaster is £50. It is obvious that, to safeguard the public fund effectually, a larger security will have to be given where at times a much larger sum than this may be, and may be known to be, in the hands of the postmaster.

#### IX.—PROPOSED EXTENSION OF POST-OFFICE LIFE INSURANCE.

READERS of these papers will remember that in Part I, section 23, under the head, "Post-office Life Insurance," I pointed out, as a great impediment in the way of using the cheap and safe machinery of the Post-office for industrial life insurance, that £20 was the smallest sum and £100 the largest for which it would insure a life; \* also that the average insurances hitherto effected were for no less an amount than £80, while it appears from the returns of the Prudential Insurance that the average sum really required by the working class is as small as £8. The new proposals will remedy this great deficiency in a most satisfactory way by very largely reducing the minimum amount

\* The latest legislation has altered these limits, but its actual introduction is delayed by want of new and complete tables.

insurable, and thus enabling the earners of lowest wage, when they can see the relative cheapness and security of the Post-office organization for the investment of their savings, to effect life insurances of the smallest amount within their means and will.

Until the recommendations of the committee pass into law it is useless to criticize their terms or to forecast their success or failure; it must for the present suffice to accept them as an unquestionable boon, and as likely (especially if further developed, as they very easily may be) to prove of great and growing advantage to our thrifty poor. We cannot but regard as a very bright hope for thrift the fact that public opinion in clamouring for, and gaining at last, this extension of Post-office facilities (which was at first opposed and refused in the avowed interest of existing speculative organizations much less important than many now at work), has established the principle that all such organizations should exist for the profit of the people, rather than the people for the profit of the organization.

#### X.—PROBABLE SMALLNESS OF IMMEDIATE RESULT FROM PROPOSED CHANGES.

BUT while we gladly accept, without criticism, the terms of the new proposals and the principle which they affirm, it would be most unwise to

shut our eyes to the fact that these proposals, so far as they go, can only be expected to do a little service, and that their hopefulness for the thrift cause lies, not so much in what they directly effect, as in what they render possible.

There is no question, and we need not mince the matter, that in the lowness of rate, and its national guarantee, the Post-office Industrial Insurance gives the insurer an advantage, in principle, over every other. And people, therefore, will be found to say, "If the working class choose to use other offices than the Post-office, and to their own disadvantage, they have themselves to thank." Yet there must be a reason for such conduct, if they do; and the reason is a good one. However obviously the victory of principle lies with the Post-office in competition with the industrial companies, insurers will not reap the benefits thus offered till it compete with them in practice too. If the collectors for the Prudential or other companies never came to the workmen's doors to ask for their instalments, leaving insurers to make their own periodical visits to a collector's office, industrial insurance generally would come to an end in universal lapse. I do not think I shall be far wrong in saying, that no matter how cheaply and how safely the Post-office may be willing to effect industrial insurance, unless it takes means of bringing it to the Post-office, such insurance, in any national sense, can never even be expected to begin.

## XI.—POPULARIZATION OF POST-OFFICE INSURANCE.

AND yet, every other condition having become favourable, the restrictive limits of insurance hitherto existing having been removed, it would be a deplorable thing to allow the great advantage now offered by the Post-office to be ungrasped by our people, for the want of one single condition; from admitting the hasty assumption that it must be impossible for the Post-office to adopt the method of our great collecting societies without their extravagant cost of collection and their waste of thrift in the way of lapse. "Because," we shall be told, "the societies collect their premiums weekly from door to door, it must be absolutely impossible for the Post-office to collect its premiums without involving the department in unmanageable labour, and burdening the insurance with a prohibitive loading for collection and management." Is there any possibility of getting over this great preliminary difficulty, or, better said, impossibility?

I venture to think there is no sort of impossibility about it, and that the difficulty may be surmounted with much ease. The secret, to my mind, lies in utilizing machinery and methods already at our hand in the Post-office establishment.

## XII.—INSURANCE BY (QUARTERLY OR) ANNUAL PAYMENTS INSTEAD OF BY WEEKLY ONES.

IT is clear that if we could make it the plain interest of all industrial insurers to pay annual (or even quarterly) premiums instead of weekly ones, that we might lessen the number of separate transactions now necessary, and save forty-nine fiftieths of the trouble and cost of management at present incurred.

Again, if we can enable the insurer to pay in his money at the moment or moments of the year when he has most money by him, instead of risking the forfeit of his insurance whenever hard times have brought his little instalment four weeks into arrear, we shall have saved a vast number from the danger of lapsing; while, thirdly, if we give postmasters and letter-carriers a strong money interest in the matter, and that extending alike to origination and keeping up of contracts, the number of lapses will be likely still further to diminish. In this case we shall be pushing insurance business by 35,000 agents instead of by 7000 employed by the Prudential, and our collectors, the letter-carriers, already employed on the spot for other purposes, will be available everywhere every day instead of only once a week. Then we may fairly conclude that the insurance we promote will cost less than two-thirds of present collecting companies' rates, or, in other words, will secure to

the poor, for the money which they now pay, benefits half as high again as they are now able to obtain.

### XIII.—HOW TO GIVE POST-OFFICE OFFICIALS A DIRECT INTEREST IN PUSHING INDUSTRIAL INSURANCE.

I THINK the whole difficulty in the matter will lie in securing to the Post-office functionaries a sufficient money interest in pushing insurance business.

But, it will be said, they have no time for it; they cannot stop at every moment on their rounds to balance penny pass-books; they cannot call at every house and wait for insurers to produce their money; they cannot wait and sign deposits, and transfer these deposits to the office of issue, and the postmaster there cannot correspond with head-quarters on the subject of each weekly payment without occasioning a cost for each transaction far higher than the sum paid in, and involving a waste of public time and convenience impossible to be risked.

I admit all this, but answer that they may carry on the insurance I propose without doing any one of these things.

If the Post-office will simply issue special insurance stamps in all values from a penny upwards, and require postmasters and letter-carriers to have such stamps on sale (as they

do now, as regards postage stamps), receiving a good commission on their sale, the whole of our industrial insurance might come to the Post-office at a cost in labour to the department of booking only one transaction in a year, and with a saving to the poor, *in cost of collection alone*, of at least five shillings in every pound they scrape together for the purpose of assurance.

Say, for instance, that a man of thirty insures his life for £5. In the course of the year, at any most convenient time or times he pleases, he may buy insurance stamps for 2s. 6d. from the letter-carrier, and affix them to a savings slip, as is done now with postage stamps for savings-bank deposits. If he fears that these stamps may be stolen, or that he himself may be induced to sell them again and so jeopardize his policy, he may write his name across them at once, and so make them valueless for any earthly purpose beyond the insuring of his own life. Thus the insurer will be safe from the constant present risk of letting his policy lapse, the letter-carrier will simply account "by cash" for every pound's worth of stamps he sells, receiving a very good commission to make him zealous in pushing sales. The present commission on sale of postage stamps is twopence in the pound, and I do not see why, if eventually necessary, the commission on sale of insurance stamps (of course added to the cost of premium) might not be as high as one shilling in the pound; they would still leave

an enormous saving to the poor. By this means, as I have said, one single annual Post-office transaction will suffice for each insurance, and the desired provision may be made with national security, with great immediate cheapening to the poor, and with the prospect of far greater, since the State will not need to make profits as the companies now do.

#### XIV.—READY-MONEY DEALINGS.

OF hopes for thrift from individual action, the habit and discipline of ready-money dealing is the very foremost. While men wait for laws to be changed and general conditions to be altered, they may be doing something for themselves of immediate advantage which lies outside the domain of law, and reaches further than its widest power can do. It is a deplorable but evident fact that, as a rule, the very poorest have to pay, for what they want, the very highest cost of all. The quantity they purchase of most things, beyond their food, are very small, and the proportionate cost of distributing it greater. It needs sixteen times the trouble and time of the shopkeeper to put up a pound of tea in sixteen packets of an ounce, than to put up the same quantity in one packet of a pound; and the same trouble is equally multiplied in the coming to serve the customer at each transaction, and the entering of it in a book. And

this disadvantage to the poor man, manifestly unavoidable while he is unable to purchase in larger quantities, and therefore at cheaper rates, in advance of his requirements, is complicated by the fact that, wherever credit is given, interest, in one form or another, must be charged. This is commonly done by raising the general cost of commodities to a sum sufficient to pay not only for the use of the capital invested in the supplies, but also for the bad debts of such customers as never clear off their liabilities.

As a consequence, the poor man who pays his shop account most punctually and honourably, has to pay for the deficiencies of the defaulters, and, in a word, the best has to suffer for the worst.

And he can never escape from this as long as he takes credit at all; nor as long as, having taken credit, he remains a pound in debt. If clear of debt and with a pound or two in his pocket, he can buy much more cheaply than before; since, firstly, he may buy in larger quantity, at lower rate, and at less frequent intervals; and secondly, because the distributor, turning his money at once, instead of waiting for it an indefinite time, can easily afford to allow a fair, and sometimes a large, discount to such a buyer from the prices which he charges to his credit-taking customers.

But this, of course, will never act unless the buyer himself will do two things—firstly, deny

himself till he have a little fund of ready-money laid by ; and secondly, when he has, insist upon a proper discount for his cash. And as this last may be difficult to obtain, if only one here or there make the demand, it will also be the thrifty man's interest to press his own views upon his neighbours, and increase the number of those who can justly claim the fair advantage in dealing which their ready-money should command.

#### XV.—PROVIDENT DISPENSARIES AS A HOPE OF THRIFT.

IT may seem a very far-fetched idea to look for much advance in thriftiness among our people from the extension of the provident dispensary system. And yet the justification of the idea will be readily found when we recall the fact, well known to all thinkers on the subject, that to the vast majority of recipients the obtaining of a parish order for medical attendance is the first step into the realm of actual and habitual pauperism. Of course, there is a great deal to be said on the other side ; as, for instance, that such relief is a logical necessity of the establishment of our Poor Law, which I will not dispute, though I do dispute the logical necessity of people's trusting to such relief, which is the point of importance in the matter. Nor, again, do I dispute for a moment the frequent impos-

sibility to our poor labouring classes of paying a heavy doctor's bill, or, supposing them to have managed to pay it, the small hope of their emerging for many a day from the ocean of debt which a long sickness may have entailed. But there are means, gradually becoming universally available, whereby the poor working man may, if he choose, not only free himself from the risk of ruin threatened by a costly doctor's bill, but also from the reproach of pauperism, which must accompany his receipt of the relieving officer's order for the attendance of a parish doctor.

And these means are to be found in the joining as contracting members the provident dispensaries now springing up throughout the country.

By a very small annual subscription, the member who joins in a good state of health can secure for himself and his family not only the attendance, without compliment or charity, of *a* doctor, but that of *the* doctor, whoever he may be, in whom he has the greatest confidence.

And the importance of this becomes very manifest when we consider the necessary conditions of Poor Law medical relief. A medical man undertakes a Poor Law district—certainly not to make his fortune by the salary, which is generally exceedingly low, but firstly in order to keep rivals out, and secondly in the prospect of being called in by paying patients in the Poor Law district which he undertakes to

attend. It is no wonder, therefore, that his pauper patients should often feel, whether with reason or not, that their interests must be postponed to those of people better off, and that, in fact, the mere fag ends of the doctor's time and attention fall to their share. I speak, of course, of what is in the minds of pauper patients; for the zeal and kindness of very many parish doctors is really as far beyond praise as, considering their condition, it often is beyond belief. Another disadvantage of the "parish-doctor" system is that, whether they have confidence in his skill or the reverse, and whether he be kind or cruel, the pauper patient feels he has no choice. Paying patients, if they dislike a doctor's manner, distrust his skill, or despise his character, simply call in another. But the pauper patient must be content with whomsoever the guardians may appoint, and for that very reason are apt to think their doctor incompetent and themselves ill-used.

The provident dispensary system, on the other hand, enables any member, on paying his little monthly subscription, to choose and to change his own doctor at will, and this possibility tends, of course, to secure more sedulous attention from the physician, while at once fostering and rewarding the independent spirit of the patient.

## XVI.—PROFIT-SHARING.

FEW matters of more interest in a social sense have been brought before the public of late years than the details of the system of profit-sharing, established with such remarkable success in France by Leclaire, the head of a great Parisian firm of house painters and decorators. I have no doubt the firm was made specially great by the manner in which its leader won to himself the zealous service of the men in his employ. He proposed to them a system whereby every person working with the firm should have an annual share of its profits, and admitted their delegates also to a share in the management of the accounts. Most of his men ridiculed the proposal; but when at the end of the first year they received an unexpected average sum of £10 each, the doubters and mockers were changed to zealous converts and hearty co-operators. He gained for his work the best workmen, for his customers the most reliable work, for his firm the best character, and for himself a well-merited and universal respect and gratitude.

A few words on Leclaire's history are worth quoting. From the age of ten years to seventeen he worked in the fields, and presumably laid by a little sum, for he then went to Paris and apprenticed himself to a house-painter. At twenty-six years of age he set up for himself,

with a capital of £40 which he had saved (let my readers note how this thrifty lad and thrifty man made a small capital for himself, while thousands with as good opportunities wasted their means and failed of success); two years later he was able to take a contract for a certain job of work for £800. And this thrifty man had a heart to spend well, too. To get work done, he gave his men five francs a day instead of four, but only employed the best workers; and he made his fortune. After fifteen years' work he made his men partners in his business, and, in one particular case, proved the great truth so few can learn to grasp, that labour and capital are father and child, not bitter foes. The moral effect, as well as the financial effect, of this arrangement was most remarkable. A certain elected number of the men were made members of a committee of management (or conciliation, as it is called), and exercised a control over their own body, from which objectionable members could in due form be expelled. Out of nine hundred persons employed, there were, in the eighteen months ended July 31, 1880, six cases of misconduct; of the guilty ones, two were expelled, one suspended for eighteen months, one for fifteen, and one for five days, and the sixth received a warning. *There had been no case of drunkenness for several years.* The returns of the firm in 1880 were £100,000.

### XVII.—WHY PROFIT-SHARING CANNOT BECOME UNIVERSAL.

To read such a story gladdens a philanthropist's heart, and should make us all heartily welcome such a hope for thrift as this. It has been excellently treated by Mr. Sedley Taylor in the *Nineteenth Century*, and lectured upon by Miss Hart. When we think upon "Leclair's Story," we are ready enough to cry, "O, si sic omnes!" And, indeed, it is to be much desired that some of our generous-hearted employers of large labour may see their way to follow the bright example he has set.

But there is one great difficulty in the way of any *general* adoption of such a measure as this. That better work is done by better men under such a system, that business prospers and brotherhood strengthens, has been plainly shown by that great pioneer of progress; and the system of profit-sharing, therefore, commends itself at once, not only to philanthropy, but to prudence, as every act of true philanthropy should do to deserve the name. But the difficulty of making such a system general lies in the very name of the reform. If "profit-sharing" is to become general, *there must be profits to share*, and this cannot be guaranteed. An exceptional firm, doing the best work, in the best way, with the greatest promptitude, bearing the highest character, is pretty sure of work as

long as any work is going; but if all trade were done on the profit-sharing principle, many shops would be losers instead of gainers when work was slack, and the "partners," who were willing enough to share the profits, would prove quite unwilling to share the losses. In a word, the system works well in good times, but carries no warrant of success in bad times. But for this great and obvious difficulty, it would offer a hope for thrift and providence as bright and strong as any we can show.

#### XVIII.—HOW THE LAW SHOULD CORRECT "THRIFTLESS THRIFT."

THE excellent title, "Thriftless Thrift," prefixed to an essay of Mr. Tremenheere's in the Fortnightly Review, admirably describes the deplorable disadvantages which beset so many efforts of poor men in the direction of independence and providence.

As we have seen with regard to their purchases for the supply of daily present wants, it is also easy to see that, with regard to their investment for future ones, the very poorest who most need such provision have to make it at the highest cost and at the greatest risk.

They are, as I have elsewhere pointed out, the victims of a perfect host of rapacious rogues, and day by day are plundered and ruined by systematic swindling. Their ignorance, multi-

plied by their poverty, makes them join so-called Friendly Societies, which only exist to drain the life-blood of their independence, since they know too little of the subject to distinguish a sound club from a crazy one, and have so little to spare for providence that they madly prefer to join the one that promises most benefits for smallest contributions.

Of course, it is very easy to say men must learn by experience, must be left to manage their own affairs, must take the consequences if rash and imprudent in their investments. Such sententious judgment is not only cold-hearted and cruel, it is short-sighted as well; for those who give it never note that the men they say must learn by experience are the men whom the experience, being final ruin, can never profit when it comes. And to say these should be left to manage their own affairs argues ignorance of the fact that the ruin and waste of poor men's providence is every one's affair as well as theirs. While as to the ignorant and swindled poor being left "to take the consequence of their error," though they have indeed to bear its bitterness in pauperism, society itself has to take the consequence, and to bear its cost in rates, and its reproach in the misery, discontent, and degradation of its members.

A great deal in this matter might be done by a small extension of our present law regarding Friendly Societies. The Friendly Societies Act is defined by the Registrar, in his most recent

report (1880, Part 1, ordered to be printed August, 1881), "to have for its main object to place before members such information as to the true financial position of their societies, as shall indicate its ability or not to fulfil its contracts."

Now, an immense reform would be wrought, without the smallest interference with any Friendly Society now existing, if the principle thus clearly laid down were applied to every *new* society proposed to be established, and if it were made illegal for any man or set of men to invite and receive contributions to any new Friendly Society which could not show an actuary's certificate of the adequacy of its rates.

For what would be the necessary result? All existing societies which are bad in themselves would, in the nature of things, die out; only the good ones would survive, and not only survive, but extend in acceptance and utility to an extraordinary degree. The difference would be as great and marked as in the produce of a field of wheat if we could conceive of some chemical process which at a given moment should eradicate every weed, and leave for the spreading and the filling of the grain all the space and all the nurture of the soil.

#### XIX.—WHY SUCH A MEASURE IS NECESSARY.

MANY people fail to see the necessity of such a measure, even though it interfere in no way with the worst existing society, and only affect those which rogues and swindlers may, *in future times*, find it their interest to establish. I will make the necessity apparent. All these swindling societies, by promising impossible benefits for small contributions, compete ruinously with sound societies. Their principle is that of the gold-ring trick, or the professing to sell sovereigns for shillings. Supposing the true cost of such provision as a good Friendly Society can secure to a young labourer to be half a crown a month, if he find another society offering the same benefits for eighteen pence, he will pay the smallest sum, join the speculative club, and take his chance of the security. And this is the secret of the enormous disproportion which exists between the number of persons who are claimed as provident men for belonging to some sort of Friendly Society, and of those who are really, in any practical sense, provided against want.

This is why there are far more societies unregistered than registered; and this is why, even among the registered societies, the great bulk postponed to the last allowable moment the making of any valuation of their funds, and why, of those that have sent in their valuations

to the office, so overwhelming a majority have proved to be in deficiency (often in very large deficiency indeed) of estimated assets to meet estimated liabilities.

In a word, then, if the law, as it very easily might, prevented, by the measure I have suggested, the formation of *any new society* without actuarial certification of rates, it would touch no existing interest, but would raise the general rate of contribution up to the true cost of the benefits required. Till that be done, all the providence of the poorest men will be precarious, and most of it will be, as it is to-day, utterly and hopelessly wasted. The better circumstanced and better educated working men will secure themselves, the rest will still be plundered in youth and pauperized in age.

It is marvellous to see in this direction the blindness of those who represent the better class of Friendly Societies at the present day. At the Mansion House Conference on National Thrift, May 20, 1881, Colonel Harcourt, M.P., moved the following resolution, based on a letter of mine to the *Times* a month or two before.

“That, for the better protection of the savings of the poor, the law should prohibit the establishment, *in the future*, of any Friendly Society without due actuarial certification of the sufficiency of its tables of contribution.”

This resolution, touching no existing society whatever, might, as a matter of plain philanthropy, as well as of obvious common sense,

have been expected to pass without opposition. But it *was* opposed, with very little success indeed, but with great vigour, and that by two speakers who claimed, as leading members, to represent the Odd Fellows and the Foresters, to which organizations the resolution, if passed into law, would, assuming their soundness, have done incalculable good, while, even supposing them unsound, it would never have interfered with them at all, since they are existing, and not *future* societies.

#### XX.—REQUIREMENT OF EXACT STATEMENT BY FRIENDLY SOCIETIES AS TO THEIR MEMBERSHIP AND CONTRIBUTION.

THE law already requires a copy of the last annual balance-sheet, and of the last quinquennial valuation of a Friendly Society, together with the report of the auditors, to be kept always hung up in a conspicuous place at the registered office of the society.

As far as it goes, this requirement is excellent. But it goes a very little way. I know of a society having two or three hundred branches in various parts of the country, and a central office in London; of what use to the rural members in Northumberland is the single copy of return of valuation which hangs on a wall in London? And the law provides that any member *who asks for it* should be furnished

with a copy of the annual return. Why should not the law compel these returns to be sent by post to each individual member *without asking*? It would cost each member less than one penny a year for the annual return, and one penny every five years for the valuation. As it is, the society I referred to never ventured to print and circulate their valuation return at all, until, struck with its enormous deficiency, I published particulars of its condition myself in the newspapers, and forced the manager's hands.

Again, the law should require a distinct statement at the foot of every scale of payment printed in club rules, as to whether *all* members in the club are paying the full sums stipulated in the rules; and if not, whether the actuarial certification appended to the scale has taken account for any members paying at a lower rate than the scale provides.

As this may seem a far-fetched and needless suggestion, I will illustrate my meaning. I have a scale of rules certified by an actuary as safe to secure the benefits promised by a Friendly Society. It is a new scale, put forward in consequence of the actuary's valuation showing an enormous estimated deficiency. And the actuary certified the sufficiency of this new scale *on the condition* that every member of the society should contribute by it. The society, however, consisting of 14,000 members, did not choose to raise its rates to the old members (that is, the management was afraid

to take the only possible step to make itself solvent), and so, at the present moment, they charge *new-comers* only with the higher rate, and allow the 14,000 old members to continue in the club while paying utterly inadequate contributions. This difference appears nowhere in their book of rules; the actuary's name is vaunted as certifying the absolute soundness of the society, and, when it breaks, *as it must do*, he and the actuarial profession will be most unjustly blamed. And that this conduct is a deliberate fraud upon all new members is so plain and clear that no just man can hesitate to say that the law, by such a simple stipulation as I have indicated, should render its repetition impossible.

#### XXI.—THE CHIEF HOPE OF ALL FOR ENGLISH THRIFT AND PROVIDENCE.

HAVING summed up the "Hindrances to Thrift" by hinting that our English Poor Law may, on full inquiry, prove to be the great social hindrance to English thrift and providence, it seems fairly reasonable that I should sum up the "Hopes of Thrift and Providence," and conclude this series of papers, by putting forward that which, in my mind, offers the most hopeful and reasonable prospect of national reform and progress in this direction.

As, of course, it must be expected that the

greatest hope should lie in the correction of the greatest hindrance, many may suppose the abolition of the Poor Law to be the only logical reform which can abrogate the evils which that system causes; and my readers, looking at the age—nearly three hundred years—to which that system has attained, at the depth of the strong roots it has struck into our whole social system, and at the supposed claim upon relief which its very existence has conferred on the millions of poor persons whom its promised tender mercies have ruined, may well suppose that the eradication of the system would be a matter so difficult, so unpopular, and so cruel as to make them prefer casting the whole subject from their consideration and leaving matters, however bad, to continue as they are, from sheer hopelessness of any effective amelioration.

The abolition of the Poor Law, however, is not the remedy I would propose, for I agree in holding it “ineradicable,” in the strict sense of the word—that is, it cannot be torn up by the roots, which lie too deep and spread too wide to make that course a possible one. But, as clearers of a dense forest, in felling the trees they cannot grub out, leave a hollow, in which the rain lies, to rot and soften the roots, and make them quickly perish, so I think a method may be found to let the Poor Law, which we cannot eradicate, die out of itself, and so to supplant a system which we cannot slay.

## XXII.—WHY THE POOR LAW CANNOT BE ABOLISHED.

THERE is no commoner mistake than to assume that because a man at one time of his life may have paid some money in poor-rates he has therefore established a claim to support by poor-rates whenever he qualifies himself by destitution—however occasioned—to claim parochial relief. Poor-rate is no insurance premium, paid in advance. At every time a man has paid his rate it has been by way of discharging a past social debt, not by way of investing for a future personal maintenance. Because we have paid our butchers', our bakers', our tailors' bills for one or for fifty years we do not dream of claiming that we shall be entitled for the rest of our lives to meat and bread and clothing gratis. But nothing is more common than to apply such absurd reasoning to the Poor Law question—an incidental proof not only of the tendency of that system to land us in absurdities, but also of the general and stupendous ignorance which exists on the subject itself.

And if such a notion as this be so common among the classes in our nation who might know better, it is little wonder that the vast mass of our lower classes should be possessed by the same idea, and regard the existence of the Poor Law system as at once the charter and the evidence of “every man's right to rate relief,”

quite regardless of the self-evident fact that if every one chose to claim the right there would be no one left to pay the rates, and we, every one, would starve.

It is easy to say that this false notion must be eradicated from people's minds as a first step to the abolition of the Poor Law. But there is an obvious objection to this proposal. As long as the practice of the Poor Law, which teaches the error, remains unchanged, the theoretical error must remain. And the change of practice would leave to starvation all whom the false theory had led to trust in rate relief, and whom no correction of false theory can ever make self-provided. Therefore, any real and effectual abrogation of the Poor Law, and of the rights it is supposed to confer, would be a course too cruel and injurious to be seriously entertained on the mere assumption, which some of its supporters put forward, that private charity would instantly be found, ready and organized, to save from starvation all those miserable ones from whom the prospect of rate relief must be suddenly withdrawn.

Nor would things be better if we set a limit, say of twenty years, to the existence of the Poor Law. For this would leave the present spendthrift and wastrel of forty or fifty years old, whom the national system had corrupted, and whose best or only years for saving are long gone by, no prospect but beggary or eventual starvation in old age. And to leave such a

class as this to its chance of private charity would, so far from putting an end to pauperism, be only the doing of one of two things—the mere shifting of its cost from all, the willing and unwilling alike, to the willing alone, or the re-introduction, in a form more frightful and extensive than ever, of those enormous social sufferings and severities which gave the first occasion for introducing the Poor Law of Elizabeth.

### XXIII.—CAN THE POOR LAW BE SUPPLANTED BY SOMETHING BETTER?

As we may thus consider it absolutely impossible to directly abolish the Poor Law, the ground is clearer for us to study some means for its supersession. And for this purpose it is important to give a brief definition of what the Poor Law professes to do; it professes, in a word, to relieve destitution. Whatever difference of practice there may be in its administration, it may be conceded that the principle of the Poor Law limits relief to "destitute persons." And as I have tried to show that to abolish this law is, for the present at least, an impossibility, there seems to be but one way in which to supersede the necessity for the law existing, and that is, to contrive some means which shall prevent any person being "destitute" in the Poor Law sense at all. And "destitution in

the Poor Law sense" is pauperism; therefore the "Prevention of Pauperism," if conceivably practicable, would, by leaving the Poor Law nothing to do, supersede its operation without needing to assail its existence.

In a word, if every one could be made too well provided to claim rate relief, the Poor Law, with all its evils, would die out of itself, without the necessary abrogation of one of its clauses; and in proportion as every one can be thus well provided, the evils of our Poor Law system, or, in a word, our National Pauperism, must be diminished.

The great hope, then, for English thrift and providence lies in securing every adult in the nation from such destitution (caused by sickness or old age) as would entitle him to claim relief, in the form of poor-rate, from his fellow-men; and this end, I am bold to assert, can be reached by a system of universal compulsory insurance, requiring every healthy adult, as he or she reaches the age of twenty-one, to make a small payment into a national fund, which shall secure to the contributor, say, till seventy years of age, a sum, in case of sickness incapacitating for wage-earning, of eight shillings per week, and, from the age of seventy, a weekly pension of half that sum.

These sums, though small, are much larger than persons under the same circumstances would, if destitute, obtain from the poor-rates. No person entitled to and possessing such a

provision would be poor enough to be a pauper in the Poor Law sense. It is therefore manifest that if every one possessed such a provision the Poor Law would be without paupers on whom to operate; the sick and aged poor would be supported independently by their own money, instead of being demoralized by a compulsory levy from other people; ratepayers would be relieved from a needless burden, and the multitudes otherwise doomed to pauperism would be raised into the class of self-respecting and self-provided citizens.

#### XXIV.—THE PROPOSAL OF NATIONAL INSURANCE.

It has been estimated, so far as present ascertained statistics allow of exact calculation, that a sum of about £10, paid in, once for all, by each individual in the nation on the completion of his or her twenty-first year, would perfectly insure the pecuniary benefits I have enumerated to each contributor who fulfilled the conditions of his policy. It is quite possible that the very much larger tabulation of experienced sickness which would follow the establishment of such an universal system would modify the exact amount necessary for the insurance; but such modification would be quite as likely to lower as to raise the suggested amount of £10. Such modification, ascertained, as it would be, from

time to time by the experiences tabulated, would, of course, also from time to time, be introduced into the rate of compulsory payment. That is, if in ten years' time it were found that the true cost for each person should be £10 5s., or £9 15s., instead of £10, that ascertained sum, until the next adjustment, would be the amount which each new contributor would be compelled to pay.

It is quite plain that a fund not only collected but administered by a law, always requiring new contributors, who were compelled to join it, to pay the true ascertained cost of their insurance, could never be subject to the fluctuations, uncertainties, and risks of ordinary voluntary insurances, and must be, under all conceivable circumstances, financially secure.

The manner of its collection would also be simple. The law would require the money to be contributed either in one sum or by instalments (the latter being, of course, the form in which it could most easily be paid in in the case of wage-earners). If the compulsion to pay in by instalments were applied for three years, from the age of eighteen to that of twenty-one, the weekly amount required would be fifteen pence; a sum which would scarcely be felt as a privation by the young and vigorous of both sexes, at a time when their powers are fresh and their earnings not incumbered, as those of older workers are, by the cost of supporting families.

But though it be beyond argument that the earnings of this early part of working life could bear the deduction of fifteen pence a week (and, indeed, the very wages earned often fluctuate more widely), it does not follow that young inexperienced wage-earners will always be able so to manage their income as to have the weekly fifteen pence at hand to make their payments into the national fund.

Therefore, a further provision of the law, which would entirely overcome this difficulty, would consist in making every employer of labour responsible for deducting the required amount, and for paying it into the nearest Post-office to the credit of the wage-earner's insurance account.

This is already voluntarily done by a great number of employers of labour for their workers at the present time; the principle and practice are in operation with regard to every soldier in our army, from whose pay twopence a day is reserved during the whole of his service, so that, when his six years' period is over, he has a sum to receive, with its accumulated interest, of nearly £20.

And this system of reduction from wages for provident needs is universally applied in all factory employments in Germany, not by the direct compulsion of any general law, but by what may be called a distinct "local option" of the people themselves.

## XXV.—THE PRINCIPLE OF NATIONAL INSURANCE.

AT the first enunciation of compulsory universal insurance as a preventive of pauperism, a very general prejudice was found to exist against the compulsion which must be the essential feature of any such measure. And this preliminary objection took two forms. The first, as opposing any compulsion whatever; the second, as opposing the particular compulsion suggested.

Easy answers are at hand to both these objections. That all compulsion whatever is wrong is a proposition which, if accepted and carried out, would dissolve society itself, inasmuch as it would utterly annihilate the sense and force of law. For what is the enactment, by any State, of any law, but the definition of every man's social duty? And what is the execution, by any State, of any law, but the compulsion of each member of the State to do his social duty thus defined?

To argue against a proposal aimed at preventing pauperism on the assumption that "nobody must be compelled to do anything" being thus shown to be unreasonable, the objection took the second form, and opponents said that "to compel men to make provision for future needs" was wrong in principle.

Not to detain my readers, I will admit that this point may be arguable in foreign countries,

which have no Poor Law, but not in ours, which has. For, with us, the reply takes a simple form. Our Poor Law at the present moment does the very thing complained of in national insurance—it "compels men to make provision for future needs;" so that to object to national insurance as being compulsory providence, and therefore as a new thing, is simply to betray a total ignorance of the vital subject under discussion. *Compulsory providence is no new thing.* England has had it, in a bad and unjust form, for nearly three hundred years. Our English Poor Law *provides* for all the wasteful—that is *providence*; and it does so by *compelling* all the thrifty to pay for all the wasteful—that is *compulsion*; and the sin of this is that all the compulsion is laid on the wrong men. National insurance would *provide* for all—that is *providence* too; and would do it by compelling every man to pay for himself (as he is well able)—and that is *compulsion* too. But such compulsory providence exercises its compulsion on the right men instead of the wrong ones, which is just and fair.

In a large working man's meeting in London where I was once discussing this subject, the best-dressed man in the room got up and said, "Well, sir, what you say about national insurance is all very interesting, but I'm a free-born Englishman, and I won't be compelled to do anything. I don't like the notion. It's a thing I would never stand!" "May I ask you a

question?" I replied. "Certainly, sir," was the answer. "Are you a ratepayer?" "Yes, I am—worse luck!" he said. "When did you pay your last rate?" "About a fortnight ago." "Why did you pay it?" A long pause followed, long enough to make every one in the room turn round to look at the objector, who was at the back. I repeated my question—"Why did you pay the rate, sir?" and at last he replied, "Well, I suppose I had to." "And that," said I, as soon as I could be heard for the laughter that followed his rueful admission—"that is compulsion, sir. The thing you fancied you would never stand is what you and I, and every independent working man who is striving to keep himself from the workhouse, is standing every day, compelled as we are by present law to provide for all who will not do as we are doing, and as all honest men should do—provide for themselves."

This illustration may suffice to show the principle of compulsory providence by national insurance to be immeasurably more just and fair than that existing now.

## XXVI.—THE PRACTICABILITY OF NATIONAL INSURANCE.

HAVING shown the principle of the proposed national insurance to be *primâ facie* more just and reasonable than that of our present system,

the next objection to remove is that so readily alleged, of the impracticability of the thing.

Perhaps the very greatness of the benefit such a measure, if in operation, would effect, leads people to suppose that, if at all possible, it must have come into operation long ago, instead of being only a new suggestion at the present time.

Of course the allegation of impossibility is, in one respect, a very safe one, inasmuch as the person who makes it need never admit himself wrong until the alleged impossibility really comes to pass. But a reasonable man, especially in such a matter as this, must expect to convince nobody by the assertion of a mere conjecture; he will feel that he has to furnish some reasons in support of the assertion. In other words, it is not enough to say, "National insurance is impossible," without being prepared to say also why it should be so.

There are four chief reasons offered in support of the alleged impossibility of national insurance, which I will examine separately, premising the fact that, so far as I can ascertain, objectors *universally* admit the measure to be, if possible, desirable in itself. These objections are that it is impossible—1, to contribute; 2, to collect; 3, to secure; and 4, to enact, a national insurance.

XXVII.—CAN THE REQUIRED AMOUNT FOR NATIONAL INSURANCE BE CONTRIBUTED?

WE are often told that wages in the worst paid trades are too low to allow of any deductions being made for provident purposes. The answer is, firstly, a general one, that wages never were so low as to prevent some earners of the lowest from becoming prosperous and wealthy; secondly, that the amount expended in our nation (and, in largest proportion to cost of mere subsistence, by the earners of lowest wages) *on the one wasteful item of intoxicating drink alone*, is more than fifty times as much as the annual cost of national insurance would be, and nearly twenty times as much (or as one pound to one shilling) as the amount now unproductively levied to relieve our pauperism; \* that is to say, roughly speaking, that it is possible for classes who can spend pounds in drink through their whole lifetime, to spare, if compelled, shillings in providence during three years only.

That the whole class of healthy, unincumbered young people, between eighteen and twenty-one years of age, in our country, can afford to secure themselves against pauperism in sickness and old age by payments (or by a single payment) of £10, is unquestionable in view of these con-

\* Poor-rates (for relief of poor) cost over seven and a half millions a year; expenditure in drink has reached as high as one hundred and fifty millions.

siderations. But it is very important to prove, by an illustration, how very much more easily than is generally supposed this payment can be contributed. And this illustration will show, what I trust my readers will keep in mind as a formula in discussing this subject, how entirely the contribution of the National Insurance £10 becomes a question, not of *possibility*, but of *management*.

In South Australia the destitute children (waifs and strays) are boarded out till the age of thirteen. They are then licensed out for three years' service in all kinds of employments. The employers are bound to feed and clothe them, and to give wages, the first year of one shilling, the second of eighteen pence, the third of two shillings a week. One-fourth of this wage is given to the children themselves for pocket-money; the rest the employers are bound to pay into the Post-office Savings Bank to the children's credit, with the following result, which I quote from the 1878 Report of the Adelaide Boarding-out Society:—

“The wages, though small, are rigidly exacted. *There is no escape from the payment of the balance into the savings bank*; and all those who have been the three years at service receive their bank-book with a sum of £9 to credit, often swelled by gratuities to a larger sum.”

If by *management* such as this (the exact method proposed for National Insurance, of requiring the employer to pay deductions from

wages into the Post-office Savings Bank) the very poorest class of workers, at the very lowest wage, and at the early age of sixteen years, can lay by £9, it is self-evident that by similar management the same results can be far more easily reached in this country by all earners of all wages, who will have five years longer, of larger wage-earning, in which to contribute the sum of £10 by the age of twenty-one.

XXVIII.—CAN THE AMOUNT REQUIRED FOR NATIONAL INSURANCE BE COLLECTED?

GRANTING, as can hardly be contested in face of the foregoing facts, the possibility, under proper management, of a universal contribution, the next objection to treat is, that so many would be unwilling to contribute as by their unwillingness to wreck the proposal.

The answer is, that, however unwilling, they could not withhold their contributions.

It will not be denied, as a general proposition, that every one either has a living or earns a living. For otherwise they cannot live. From those who *have* a living there can be no conceivable difficulty in collecting the contributions by the ordinary means, namely, the tax-collector. There is not one individual in all England who thinks of resisting, on principle, the payment of rates and taxes. From those who *earn* a living, and depend for existence on their earnings, there

can be no difficulty. They will not be asked whether or no they approve of national insurance, or choose to contribute to it. The payment will not be in their hands or at their choice. The law will require this deduction to be made by all employers from all wages earned by the young. As employers will not voluntarily pay twice over, workers who will not submit to the deductions will obtain no work, that is, will not be able to earn their living. In other words, the pressing necessity of existence will extinguish the sentimental unwillingness to contribute, even were it possible to conceive any general unwillingness to take advantage of such an evident boon as a national insurance would confer.

XXIX.—CAN THE NATIONAL INSURANCE FUND BE SECURED FROM FRAUD?

THE third main objection to the proposal is, that, were every one assured a certain sum in case of sickness, so large a number would counterfeit sickness for the sake of obtaining the payment, as to overthrow the calculation on which the contributions were paid.

This is commonly called the *malingering* objection.

It is thus answered:—1. The sum of eight shillings a week to be received in sickness, though enough to keep a person from destitu-

tion, would be too small to tempt healthy persons to forego earning the much larger sum that their labour is worth in the market. 2. This is never made an objection to the establishment of ordinary Friendly Societies, which either prevent or pay for the malingering of their members, and should be no objection to the National Insurance, which would have even better powers of preventing fraud than any limited voluntary society. 3. The National Friendly Society would be the only conceivable one which no amount of such fraud *could possibly break down*. For the unevadable law, requiring each man to pay *the actual ascertained cost* of his insurance, could, if necessary, raise the rate for new contributors each year, or every five years, as experience ascertained it, and thus, of necessity, restore the balance. 4. In an ordinary Friendly Society, the membership of which is voluntary, the raising of the rate (which is really the only way to turn a deficiency into a surplus) frightens away new contributors and often breaks the club; but no contributors could refuse to join the national club, and its funds must therefore always be secure of collection. 5. And lastly, in small Friendly Societies much fraud has to be paid for from the isolation of members and consequent impossibility of detecting fraud. In the national club there could be no such isolation; each member would have *every one else* as a check upon his malingering; a check which would be sure to work well

once it were fully understood that the better the fund was protected from fraud by its members generally, the more certain would be the profits it would make, and the better the prospect of giving the pension to each contributor, out of profits, at an earlier age than he had contracted for.

### XXX.—CAN NATIONAL INSURANCE BE ENACTED?

LASTLY comes the question, whether the enactment of a law of National Insurance can be considered possible? This may be best answered by the statement of a few suggestive facts.

Under the auspices of the National Providence League, a society established, under the presidency of the Earl of Shaftesbury, for promoting the study of the subject, and having its office at 10, Lancaster House, Savoy, Strand, the question of National Insurance has been discussed at more than one hundred and fifty public meetings of all classes of men, and in *only one single instance* has received a hostile vote.

Two years ago Lord Carnarvon brought it, in the form of a conversation, before the House of Lords, where an interesting discussion took place, of which it may be confidently said, that the only unfavourable opinions expressed were

based on misapprehensions of the proposal itself.\*

Several of the "parliamentary debating societies" have discussed it with favour, notably that of Liverpool, in which a "bill" draughted on its lines was, after several nights' debate, passed without a division.

Lord Derby, at the great Thrift Conference, held in 1880 at the Mansion House, declared, amidst the vociferous cheers of the audience, that as to the alleged impracticability of national insurance, national education, itself now universal and compulsory, was, thirty years ago, deemed far more impracticable.

The New Zealand Government, at the opening of the 1882 session of their House of Representatives, announced its intention of introducing a bill for the establishment of compulsory insurance.

Movements, more or less influential, in favour of similar legislation, are taking place in France, Italy, Switzerland, and Belgium; while a measure of Compulsory National Insurance, carried in Parliament by 216 votes against 99, became, on June 15, 1883, the law of the great German empire.

In face of these, and many other striking facts, it seems a simple absurdity to dismiss the subject with the assumption that, however reasonable, logical, promising, and popular the

\* See article on "National Insurance and the House of Lords" in *Nineteenth Century* for July, 1881.

proposal be, it need not be studied or considered in the face of the foregone conclusion that it can never be passed into law. All reforms have their phases. Suggestion, rejection, discussion, persuasion, conviction, acceptance, and adoption have followed in their proper courses with regard to many a beneficial measure in the past, and will keep their proper course in this matter as surely as in them.

It is hoped that the present little book may stimulate the thoughtful interest of its readers in every class, towards familiarizing the public mind with the principles of a suggestion which (as tending to make all poor men independent of the degradation, corruption, and misery of pauperism) seems to me to offer as bright a hope as can be held for the future of English Thrift and Providence.



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