

Sir Christopher Furness on Labor Co-partnership

A CONFERENCE of trade-union organizations engaged chiefly in the shipbuilding and allied trades was held recently at West Hartlepool, on the invitation of Sir C. Furness, M.P. The Mayor (Alderman Robson) presided, and there were nearly 140 delegates present, including Mr. Thorne, M.P.

Mr. A. Henderson, M.P., in a letter of apology for absence, stated:—"The effects arising from industrial strife are most injurious, and I am afraid that it must be admitted result in an incalculable amount of suffering to many who are in no way responsible for the difficulty. If the scheme you have to unfold in any way assists to prevent such loss and suffering by making it easier for capital and labor to adjust their differences, you will have conferred considerable benefit upon the whole community. Personally I hold the opinion that no more effective instrument can be found for securing the desirable object you have in view than a board of conciliation, with the final reference to a Court of arbitration. But, in order that this method should be effective, it should cover all branches of trades in a given industry. In fact, any machinery must do this if a trade which is not immediately affected in the dispute is not made to suffer, as so many trades have suffered, in connection with the recent shipbuilding and engineering trades on the Northeast Coast. I trust that you may have a most successful conference."

Sir Christopher Furness, in his address, to which he gave the title "Industrial Peace and Industrial Efficiency," said that he had invited the delegates to meet him in order that they might confer in a friendly way upon the present exceptionally grave crisis in the shipbuilding industry. His hope was that they might be able to arrive at a method whereby the relations between capital and labor might henceforth proceed upon a more harmonious footing. With the masters in one corner and the men in another—with forces opposed in battle array which ought to be in co-operation—the old basis was played out. These close federations outside the works spelled ruin to the shipbuilding industry! What was needed today was federation inside the works—a federation of good will between masters and men—harmony instead of discord.

The Claims of Labor

The active forces of the industrial world were usually represented as twins—Capital and Labor; but, for his part, he always resolved themselves into a trinity: Enterprise, Capital and Labor, no one of which could well do without the other. When capital and labor came together at the summons of enterprise, they did not come together on the same footing, for labor was not in a position to share in the risks which capital could afford to accept. Labor wanted a ready market; it must be able to dispose of its product quickly, it could not wait even until a ship was finished, not to say sold. The provision of this ready market was one of the services that capital rendered and for which capital had to be remunerated. He was convinced that the only basis on which capital and labor could enter into relations primarily was that of buyer and seller of a commodity called labor, and that all attempts to produce more satisfactory co-operation between the two forces must rest upon a recognition of this great central fact. We might rest assured that unless there should occur within the next few years a pronounced acceleration of enterprise in the newer countries, or some overwhelming change to the good be vouchsafed by science or invention, there was ahead of us, as builders of ships, a future of increasingly strenuous struggle to maintain our position in the world. Friction had become chronic in the shipbuilding industry, and thanks in large part to their strikes, sectional and general, trade of the district—perhaps, even, the trade of the country—was in grave danger of being seriously damaged for a large period.

Two Offers of the Workmen

After discussing and dismissing the alternative of the employment of unorganized labor Sir Christopher Furness proceeded to submit to the conference the two sets of proposals which he had to make. First, he said, the trade unions being capable, organized, powerful bodies, why should they not go into the business on their own account? They had got the capital and the organizing capacity—why not? "I offer to your unions, either singly or in combination, to hand over to them our shipyards at this port as going concerns for such sum or sums as may be determined by a recognized firm of assessors, appointed by joint nomination. My company would not be exacting while you were in the preliminary stages—for part of the purchase money we would allow you ample time in which to turn round, and myself and my representatives would readily convey to you all the information at our command and such suggestions as might prove of service." Having regard to the conditions of the industry, it was possible that upon consideration they might perceive certain difficulties and disadvantages calculated to prevent them from accepting this proposition. In such case there was before them his second proposition. "I invite you to become limited partners in these shipbuilding yards, as distinct from the shipowning and other ramifications of the firm of Furness, Withy and Co. (Limited), on conditions which I will state. The initial condition is that the employee partners should prove their good faith

by becoming holders of special shares, to be called employees' shares, in the capital of the shipbuilding company owning the Middleton Shipyard at Hartlepool and the Harbor Dockyard at West Hartlepool, under my chairmanship, paying for such shares by agreeing to a deduction of 5 per cent. from their earnings until the total amount of their shares is covered. For the 5 per cent. deduction so invested in the special shares I have named, you would receive—whether the company divided any surplus profit or not—4 per cent. per annum as fixed interest. Such an arrangement would not interfere in the slightest degree with a workman's freedom of action, while a workman leaving the service of the company would be able to sell his shares to one or more of his fellow-employees, at an assessed, or, it may be, an arbitrated value, based on the market price of the day." He went on to explain that the works would continue to be under the control of a board of directors, with the supreme power, as at present, vested in the chairman and managing director of the company. On the other hand, neither would the attitude of the company towards trade-unionism or the federation of employers be altered, hours of labor, rates of pay, etc., would be governed as at present.

Profits and Management

While the employees would continue to work and be paid according to trade-union regulations and rates, and would receive the 4 per cent. fixed interest on the shares which they had bought on the easy-payment system, there would be divided between them as holders of employees' shares and the holders of the ordinary shares in the company whatever sum might remain after the apportionments for capital's interest (5 per cent.) and the depreciation, reserve, and development funds had been provided—such amount being shared between them on the basis of their individual holdings, in addition to the fixed minimum interest of 4 per cent. per annum. If by reason of fat reserve funds the shares of the company rose in value, their own shares would benefit by similar accretions. In this way they would receive, not only a portion of the profit made upon their own labor, but also a share in the sums won by the foresight and initiative of enterprise and the staying power of capital. He proposed to set up a works council composed of an equal number of representatives of employees and of the firm, as a kind of Court of reference and committee of counsel rolled into one. Its chief purpose would be the promotion of friendly communication between the firm and its labor partners on all affairs of common interest, and an important part of its duty would be to take into consid-

eration on the instant, before any ill-temperament entered into them, all matters or incidents calculated to breed friction in all or any of the departments of the establishment. In addition to a representative from each trade employed in the works, he had invited to this "family council" the secretaries or local representatives of the numerous trade unions in the area who had members engaged in the works.

Arbitration in Disputes

He was anxious to introduce such a community of association and interest as to make differences and disputes improbable, and then, should differences and disputes, despite all precautions, arise, that they should be carried through to a settlement without those irritating and inflaming interruptions of business which entailed such costly punishment upon all, whether employer or employee. "In a sentence, it will be an imperative condition of the agreement that I propose to you that under no circumstances whatever shall the employee co-partners go on strike against the directions and decisions of their co-partners governing the administration of the business; that whatever be the causes of complaint that may arise against the management, the labor co-partners shall, by their representatives, submit for friendly intercommunication duly provided, and that every effort and article of amity shall be used by both parties to the dispute to bring it speedily to a close on the basis of mutual satisfaction and good-fellowship, it being understood always that a strike would overthrow the system." If, however, the methods of conciliation provided by the works council (or committee of counsel) failed to attain their object, the controversy in all matters in the major category would be left to be settled by a court of arbitration, to be composed of three members from either section of the works council and a referee (conceivably the county court judge for the district) nominated by the works council; or, if it was preferred, a court could be set up in the fashion provided by the machinery recently established by the president of the Board of Trade.

At the close of the address questions were invited.

Councillor Baker, Stockton, asked whether they could have the works council without the co-partnership.

Sir C. Furness replied that they could not. At Mr. Baker's request he promised to provide the delegates with copies of his speech. He was also asked whether, in the event of the scheme being carried, he would leave the Employers' Federation, and he replied that he had made his position perfectly clear in his speech.

Mr. Baker said he hoped that the scheme

would receive every consideration at the hands of the men. He suggested that the time limit should be extended in order to allow due consideration of the proposals.

Councillor Riddle, Hartlepool, said they could not, but admire the courage of Sir C. Furness in some of the statements he had made in front of the men. He hoped that the proposals would be properly discussed by the men, with a view to some arrangements being arrived at so as to avoid strikes.

Mr. J. N. Bell, Newcastle, said that they had heard some accusations and warnings, and he pointed out that the constant repetition of these was a source of irritation to the men, and caused great difficulty with their leaders. He wished well to the scheme.

Mr. Park asked whether all the operatives in the yards were necessarily to be shareholders, and a reply was given in the affirmative. It was also stated that in the case of an operative being discharged he would have to sell his share. Where a man's services were dispensed with owing to slackness of work, however, that would not be necessary.

Mr. Thorne, M.P., asked whether it was proposed to make membership of a trade union compulsory.

Sir C. Furness replied that it would be left to the individual. He added that he recognized the difficulty of the question being considered by the societies, but time was pressing, and it was necessary that something should be done quickly. They had, however, to look at it from his standpoint. If they could deliver ships on a certain date, they could secure orders, but they had decided not to book orders with a guarantee of delivery. He must, therefore, adhere to the date. Their last three orders were all late in delivery, one 11, another 12, and another 10 months late.

As there were no further questions, Sir C. Furness made an appeal to the delegates to discuss the matter impartially, and to let him know the result by November 26.

Apropos of the above, the London Times said editorially in a recent issue:

Moved by the acute trade dissensions which for some time past have disorganized the shipbuilding industry of the Northeast coast of England, and even threatened its destruction, Sir Christopher Furness has invited the representatives of the trade unions concerned to confer with him on the situation. We publish the main part of the remarkable speech with which he opened the proceedings yesterday, a speech which some may think all the more remarkable because he is one of the staunchest Liberals in the north of England. His remarks are characterized by extreme frankness of statement, by their perfectly

Scheme of Naval Defence in Australia

A BLUE-BOOK (Cd. 4325) has been published, containing the official correspondence which has passed between the Colonial Office, the Admiralty, and the Australian Government upon the question of amendment or terminating the present Naval Agreement and upon the provision of a local Australian flotilla for coastal defence.

The correspondence now published begins with a despatch from Mr. Deakin, dated October 16, 1907, in which he refers to his despatch of August 28, 1905, proposing, in place of the existing agreement, the establishment of a rapid and regular service of first-class steamers between the United Kingdom and the Commonwealth, the crews of which would be selected and trained as members of the Royal Naval Reserve. This proposal (Cd. 3524, 1907) the Admiralty could not approve. Reviewing the subsequent development of Australian opinion, Mr. Deakin proceeds:

"Speaking generally, the further consideration which has been given strengthens the conclusions put forward in 1905, particularly those in which I dwelt upon the fact that at present none of our grant is applied to any distinctively Australian purpose, while our contribution would seem in part repaid if we were enabled to take a direct and active part in the protection of our shores and shipping. Our sole aim then, as now, was that of uniting with the mother country in the necessary preparations for national defence."

Following, therefore, the suggestions put forward during the Imperial Conference last year, and on subsequent discussion with the Admiralty on the Australian station, Mr. Deakin submits the proposals summarized in the following telegram:

"In pursuance of my conversation Tweedmouth and the Admiralty in London, and Ewing's conversation with your Excellency, please telegraph to Admiralty inquiring whether following proposals approved for amendment in Naval Agreement substituting for present Commonwealth subsidy offer one thousand seamen, Australians if possible, to be paid by Commonwealth for service in Navy on this station estimated cost of about £100,000 to Commonwealth per annum remainder of present subsidy to be applied by Commonwealth to submarines or destroyers or similar local defences as suggested London conference. Two cruisers P or superior manned by 400 of the 1,000 Australians to be retained Australian coast peace or war. Loan of two

P cruisers or superior to be maintained by Commonwealth for training local naval militia at estimated cost to Commonwealth of £60,000 per annum. This proposed amendment is in addition to Commonwealth vote this year £20,000 for naval harbor and coast defence, and £50,000 for fortification harbors."

This proposal also the Lords of the Admiralty declare themselves unable to accept, for reasons summarized in the following telegram from Lord Elgin to the Commonwealth Government, dated December 7, 1907:

"They adhere to the position taken up at Conference that, while they did not themselves propose to cancel the existing agreement, they were prepared to co-operate with the Colonial Governments if an alteration was desired by them, but so long as the existing agreement is not cancelled the Admiralty is precluded from making the necessary strategic dispositions of naval forces, and, therefore, the first condition of any new arrangement must be the cancellation of the agreement."

"The Admiralty fear that they are not in a position now to express an opinion on the details of the scheme, which has not yet been put forward in sufficient detail to form the basis of a new arrangement."

"Your Premier appeared at Conference to realize that under the scheme then sketched by him the Admiralty would not be bound to maintain any particular ships permanently in Australian waters, and their Lordships are prepared to advise and assist in carrying out either the scheme submitted by Mr. Deakin at Conference or an approved modified scheme for local defence, provided that such a scheme does not involve a definite pledge to maintain particular vessels permanently in Australian waters."

"Before any definite conclusion can be arrived at, it will be necessary to ascertain the views of New Zealand Government as to any proposed alterations, and, further, the Admiralty desire it to be understood that no increase of Imperial expenditure beyond that involved in the existing agreement can be entertained, and regard it as essential that complete control in time of war over local forces must be secured to Commander-in-Chief."

The Australian proposals, with some modifications, were then restated by Mr. Deakin in a speech delivered to the House of Representatives on December 13, 1907, when he took occasion to review the previous correspondence. Commenting on this speech, which had been forwarded for consideration, the Ad-

miralty, in a despatch dated February 10, 1906, states again its inability to "consent to the appropriation of the four P class cruisers asked for at the present time," but adds that it understands that "the Commonwealth will not press this part of its proposals." It also lays down the principles which, in its opinion, should be observed as regards the control of the local naval force. Finally, in a despatch dated August 20, it discusses the proposals for a local flotilla contained in Mr. Deakin's speech. The substance of this despatch was summarized in a telegram from Melbourne published in The Times of September 25. It concludes:

"As previously stated, my Lords consider that the security from overseas attack of the Empire generally, of which the Australian continent forms an important part, is best secured by the operation of the Imperial Navy, distributed as the strategic necessities of the moment dictate. At the same time, they recognize that under certain contingencies the establishment of a local flotilla acting in conjunction with the Imperial forces would greatly assist in the operations of the latter. My Lords also recognize the importance, politically, of fostering a feeling of security among the inhabitants of the coast towns of the Commonwealth by the provision of a local force which will always be at hand. In the absence, therefore, of any direct contribution to the expenses of the Imperial Navy, my Lords will be ready to co-operate in the formation of such a flotilla, subject to a satisfactory understanding being arrived at in regard to the general administration of the force."

"At the same time, they Lordships cannot disguise from themselves the fact that the carrying out of the scheme will involve many difficulties, but it is hoped that, with a readiness on both sides to overcome them, a satisfactory arrangement may be concluded. Many more details still remain to be considered and settled if an agreement is arrived at on the general lines indicated above, such as the manner in which the scheme is to be brought into operation, the settlement of the financial details, etc."

"My Lords will accordingly await a further expression of opinion from the Commonwealth Government upon the scheme generally before proceeding to consider such further details."

A hen attains her best laying capacity in her third year. She will lay in an average lifetime from 300 to 500 eggs.

calm and businesslike tone, by the total absence of recrimination, by studious avoidance of everything savouring of sentiment or rhetoric, and by the manifest earnestness with which he points out in the most friendly way the rocks upon which the workmen are making shipwreck of their own interests while trying to extort what they think more just remuneration from reluctant employers. He lays before the conference two alternative proposals, one of which eliminates the capitalist altogether, while the other offers the workmen a profit-sharing co-partnership with him. Sir Christopher Furness hopes that, by accepting one or the other, the workmen associated in their trade unions will put an end to the friction which at present is working incalculable mischief to all, while bringing no real benefit to any. He asks for fair and full consideration of his proposals, and hopes for a final answer by November 26. By the first proposal he says, in effect—You are told, and some of you apparently believe, that capital is, if not the enemy of the workman, at any rate a grasping partner cheating him out of a great part of the fruit of his labor. Very well, I offer you the opportunity to get rid of that partner altogether. I am very tired of the endless quarrelling, and have no wish to stand in the way of any system which enables you to dispense with the capitalist. Therefore the shipbuilding yards of Furness, Withy & Co., are placed at the disposal of any union or combination of unions that cares to take them over and work them on the co-operative system, for the exclusive benefit of the workers. They will be sold at a price fixed by assessors jointly nominated, they will be handed over in full working order, and the vendors will impart every information they possess that may aid the purchasers to carry them on successfully.

The second proposal is of a more complicated character. The workmen are invited to become limited co-partners in these shipbuilding yards. The workmen are to become holders of special shares to be called employees' shares, paying for such shares by agreeing to a deduction of five per cent. from their wages until the amount of their shares is covered. On these shares they would receive four per cent. interest, whether the company divides any surplus profit or not. Possession of the shares would not hamper any workman in his movements, since they would remain at all times a marketable security. Out of profits it is proposed, that five per cent. shall be reserved as interest upon capital, and that the usual provisions for depreciation, reserve, and development funds should be made. All the available surplus would then be divided among the holders of the employees' shares and of ordinary shares. Good reserves would enhance the value of these shares in the market, and would ensure the permanence of the profits. Thus the workmen would have, in the first place, the usual wages upon the trade union scales for the district, in the second place four per cent. certain on their investment, and in the third participation with the ordinary shareholders in the whole of the profits of the business above five per cent. There is no logical ground, Sir Christopher Furness admits, for adding to these advantages the representation of labor in the administration of the company. But he wants peace, intimacy, confidence, and harmony. In the hope of obtaining these things he is prepared to "scrap" any conceptions or notions that may stand in the way. He therefore offers an internal council on which workmen and capitalists will be equally represented, and in which the trade unions will also be directly represented as well as the actual workmen of the company. That council would supervise all the ordinary administration of the business, with an arbitration board behind it to deal with any particularly knotty problem. The finance of the company, and the determination of what is needed for reserve, or to meet contingencies not obvious to the ordinary workman, would remain in the hands of the directors.

This is an exceedingly liberal and broad-minded offer, for which the closest precedent is probably the scheme by which Sir George Livesey, whose death we have just had to deplore, achieved such remarkable results. The scheme cannot work, as Sir Christopher Furness explains with great cogency, unless every man so taken into partnership becomes a real partner, puts his back into his work, and studies the interests of his company. There must be an absolute end of strikes, otherwise the whole thing must go to pieces; and there must also be an end of the "ca' canny" system, with all its demoralizing ramifications, otherwise there can be no success. But if anything can put a new spirit into British industry surely this liberal scheme of profit-sharing will do it. Sir Christopher Furness is a great believer in straight talk, and one cannot but think, in viewing many trade disputes, that there is far too little of it between masters and men. He hopes that it will be promoted by his Family Council, as he loves to call it, and that a wider knowledge of the real difficulties of business management and of the real effect of wages demands, that may seem small to the individual, will result in a better and more reasonable frame of mind among the co-partners, leading to hearty and harmonious co-operation for the common good. The decision of the workmen will be awaited with uncommon interest.

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