WILEY

On the Progress of Friendly Societies and Other Institutions Connected with the Friendly Societies Registry Office during the Ten Years 1894-1904

Author(s): E. W. Brabrook

Source: *Journal of the Royal Statistical Society*, Vol. 68, No. 2 (Jun., 1905), pp. 320-352

Published by: Wiley for the Royal Statistical Society

Stable URL: <http://www.jstor.org/stable/2339608>

Accessed: 26-06-2016 05:30 UTC

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at

<http://about.jstor.org/terms>

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact support@jstor.org.

Royal Statistical Society, Wiley are collaborating with JSTOR to digitize, preserve and extend access to *Journal of the Royal Statistical Society*

*On the PROGRESS of FRIENDLY SOCIETIES and other INSTITUTIONS
connected with the FRIENDLY SOCIETIES REGISTRY OFFICE during
the TEN YEARS 1894-1904.*

By E. W. BRABROOK, C.B., F.S.A., &c.

[Read before the Royal Statistical Society, 18th April, 1905.

SIR FRANCIS SHARP POWELL, Bart., M.P., President, in the Chair.]

ON 20th April, 1875, I had the honour of reading a paper before the Society on Friendly Societies and similar institutions. On 21st April, 1885, I read a paper on ten years' statistics of those institutions, and, incidentally, on the relation of the State to thrift. On 23rd April, 1895, I continued the record of progress for another ten years, and I now respectfully submit that which will be the last paper of the decennial series, as far as I am concerned, bringing down the statistics to the present time. I relinquish the ambition to emulate our esteemed Fellow, Sir John Glover, who has contributed five decennial papers on another important subject.

When I read my last previous paper, the Bill which afterwards became the Friendly Societies Act, 1895, was under consideration in the House of Commons; and it will be convenient first to state what were the alterations it made in the law, and what has been their statistical result. By Section 1 it required that every society assuring a certain annuity or certain superannuation, whether to a member or to any person claiming through a member, should obtain the certificate of a qualified actuary to the tables for such assurance before its rules could be registered. The requirements of the previous law related only to such annuities as are payable to members, and this extended it to persons claiming through a member, thus including widows' annuities and survivorship annuities; but like all other provisions for enforcing actuarial soundness, it has only had the negative effect of preventing applications for registry by societies that could not stand the test.

By Section 2 it provided that before a society proceeded in the courts of law to compel the Assistant-Registrar for Scotland or for Ireland to register any document, they should appeal to the Chief Registrar. There have been 6 cases of appeal to me under this section, and in no case has there been an appeal from my decision

to the courts of law. It may be taken, therefore, that this enactment has been useful in preventing litigation.

By Section 3 it prohibited the treasurer or secretary of a society from holding at the same time the office of trustee of the society.

By Section 4 it removed a difficulty that societies had experienced in paying money on the death of a member in circumstances that prevented the widow or other claimant from producing the certificate of death required by the previous Act, and enacted that in such circumstances (*viz.*, death by colliery explosion or other accident where the body cannot be found, and death which is the subject of a coroner's inquest) the certificate need not in future be produced.

Section 5 extended the privileges of friendly societies with regard to exemption from stamp duty.

Section 6 authorised payment of money on the death of a member to a nominee over 16 years of age, and provided that a nomination should be revoked by the marriage of the member.

Section 7 repealed the provisions of the Act of 1875, by which societies were divided into two classes: adult societies, having members not under 16 years of age; and juvenile societies, having members not under 3 and not over 21 years of age; and substituted a provision that any society might have members of any age over one year. The enumeration of 1899 showed that there were 1,058 juvenile societies then in existence. The disadvantages of juvenile societies under the Act of 1875 were that they could not be self managed, as that Act requires that every member of the committee of management of any society must be over 21, and that membership ceased at that age.

Every friendly society ought to be self managed, and ought to be permanent. If you exclude a member from a society on or before his attaining 21, you run great risk that he will not enter another, and you deprive him of the benefit of his share of the funds. The liability of youths to sickness is slight. Some of these juvenile societies are able accordingly to save a considerable portion of the contributions of their members. Thus succeeding members profit by a fund to which they have not contributed, and the fund is scrambled for. The only consolation is that when all the members are gone it is nobody's money, becomes *bona vacantia*, and is claimable by the Solicitor to the Treasury. It would be infinitely better if the ordinary societies would all take advantage of this section, and admit members at any age after the minimum age of one year. They have shown a strange reluctance to do so. The adult committees of management and officers of these juvenile societies stick to their posts. They do not wish the youths to be

mixed up in meetings and otherwise with the adult members. For these and other equally insufficient reasons, many of the juvenile societies are kept in existence, and new ones even are formed.

Section 8 gave legal sanction to a practice that had grown up among the affiliated orders, and been found very advantageous, of allowing the districts to invest the money of the subordinate branches. A small lodge which accumulates its funds slowly loses interest by the difficulty of investing them; by paying them over to the district that body is able to invest them more profitably and without delay.

Section 9 related to investments by societies with the National Debt Commissioners, and incidentally had the effect of greatly increasing the amount invested. It continued the rate of 4*l.* 11*s.* 3*d.* per cent. to those old societies existing before 1828, which were entitled to interest at that rate; and the rate of 3*l.* 16*s.* $\frac{1}{2}$ *d.* per cent. to those societies existing before 1850, which were entitled to interest at that rate; and it provided with respect to other societies existing before 1888 a rate of 3*l.* -- *s.* 10*d.* per cent., provided they made their first investment before 1st January, 1896.

The effect of this enactment was remarkable, as shown by the following figures, for which I am indebted to the courteous kindness of the National Debt Commissioners, as they have not elsewhere been published :—

Year Ending 20th November,	Amount Invested by Friendly Societies with the National Debt Commissioners during the Year.	Year Ending 20th November,	Amount Invested by Friendly Societies with the National Debt Commissioners during the Year.
	£		£
1887.....	4 510	1896	580,087
'88.....	7,160	'97	165,643
'89.....	6,020	'98	85,719
1890.....	6,275	'99	55,916
'91.....	1,780	1900	10,805
'92.....	3,385	'01	7,071
'93.....	9,500	'02	7,730
'94.....	3,425	'03	2,564
'95.....	20,550	'04	5,000

The sudden rush to invest in the years 1896-98, and the gradual falling off since, are very curious. Altogether 1,117 societies, established before 28th June, 1888, made applications to the National Debt Commissioners to open accounts with them and thus secure the benefit of a fixed rate of 3*l.* -- *s.* 10*d.* interest on all their assurances effected before that date, between the 6th July,

when the Act was passed, and the 31st December, 1895. Only 736 societies established their right to the privilege, and they deposited 232,791*l.* At the same time 22 societies opened accounts at the lower rate of 2*l.* 15*s.* per cent., and invested 5,447*l.*; making together 245,238*l.* Of this only 20,550*l.* was received in the year ending 20th November, 1895; the remaining 227,848*l.* having been paid in between the 20th November and the 31st December of that year. (See my report for 1896.)

The following is an account, with which the Commissioners have kindly furnished me, of the capital sums invested with them on 20th November, 1896, and 20th November, 1904:—

Rate of Interest per Cent. per Annum.	Number of Societies.		Amount Invested.	
	1896.	1904.	1896.	1904.
£ s. d.			£	£
4 11 3	25	21	233,233	206,835
3 16 $\frac{1}{2}$	84	56	379,895	307,970
3 - 10	909	594	925,926	800,218
	1,018	671	1,539,054	1,315,023
2 15 -	104	177	115,777	172,315
	1,122	848	1,654,831	1,487,338

The diminution in the higher rates necessarily follows on the decease of members insured thereunder.

Section 10 extended the privilege of settling disputes between a friendly society and a member to the case of a person who had ceased to be a member for not more than six months. This extension has unfortunately been much restricted by a decision of the Court of Appeal.

Section 11 provided a simple process of amalgamation between a juvenile and an adult society, to meet the case where the adult society having availed itself of Section 7, and made rules admitting members above the age of one year, the separate existence of the juvenile society has become unnecessary. It also provided for dividing the members of a juvenile society among several adult lodges in cases where, as frequently happened, the juvenile society was connected with more than one lodge. These provisions have been adopted in 92 cases.

Section 12 removed a grievance felt by the affiliated orders where lodges or other branches that had seceded or been expelled, continued to use the name of the order after having ceased to be acknowledged as branches of it.

Section 13 simplified the operation of converting a society into a registered branch of an order by requiring the consent of a bare majority instead of two-thirds.

Section 14 extended the benefits of medical associations to members of trade unions, and provided that a contributing society or union should not withdraw from such an association without giving three months' notice.

Section 15 required any collecting society thereafter established to use the words "collecting society" as the last words of its name. This has been acted upon in the case of 40 societies.

Section 16 expressly provided that contributions to a friendly society shall not be recoverable at law.

Section 17 related only to the Island of Jersey, and corrected a clerical error in the Act of 1875.

Section 18 required every society to provide in its rules for the consequences of non-payment of any subscription or fine.

Section 19 provided for a kind of consolidation of the Acts, by printing the Act of 1875 with the corrections made by the new Act, but it was superseded by a complete consolidation in 1896.

I now proceed to bring down the tables in the former papers to the present time.

TABLE I.—*England and Wales. Rules and Amendments Registered under the Friendly Societies Acts.*

Years.	Rules.		Amendments.	Total.	Average per Annum.
	Societies.	Branches.			
1793-1855....	26,034	—	14,864	40,898	660
1855-75.....	21,875	—	25,378	47,253	2,363
'76-84.....	1,734	3,885	20,214	25,833	2,870
'85-94.....	2,816	5,035	21,303	29,154	2,915
'95	284	591	2,358	3,233	} 3,360
'96	243	412	2,417	3,072	
'97	196	298	2,598	3,092	
'98	243	332	2,777	3,352	
'99	330	418	2,833	3,581	
1900	217	386	2,349	2,952	
'01	278	389	2,453	3,120	
'02	369	383	2,538	3,290	
'03	295	460	3,755	4,510	
'04	271	465	2,662	3,398	
	55,185	13,054	108,499	176,738	1,682

TABLE II.—*Societies under the Friendly Societies Acts. United Kingdom.*

1. NUMBER OF RETURNS.

	1891.	1899.	1903.
(a.) Friendly societies (not collecting) and branches	23,998	26,431	27,769
(b.) Collecting societies	43	46	43
(c.) Other societies under the Friendly Societies Acts	557	1,308	1,731
Total	24,598	27,785	29,543

2. NUMBER OF MEMBERS.

(a.) Friendly Societies (not collecting) and branches	4,203,601	5,217,261	5,672,659
(b.) Collecting societies	3,875,215	5,922,615	6,973,136
(c.) Other societies under the Friendly Societies Acts	241,446	610,254	768,387
Total	8,320,262	11,750,130	13,414,182

3. AMOUNT OF FUNDS.

	£	£	£
(a.) Friendly societies (not collecting) and branches	22,695,039	32,751,869	38,426,477
(b.) Collecting societies	2,713,214	5,207,686	7,220,932
(c.) Other societies under the Friendly Societies Acts	594,808	1,528,064	2,018,709
Total	26,003,061	39,487,619	47,666,118

The figures for 1891 are from the latest available returns: those for 1899 and 1903 are for the year ending 31st December in each case. The increase shown during the last four years is $1\frac{1}{2}$ per cent. per annum in the number of societies, $3\frac{1}{2}$ per cent. in the number of members, and 5 per cent. in the amount of funds. For the whole period the increase is somewhat greater— $1\frac{5}{8}$ per cent. per annum in the number of societies, 5 per cent. in the number of members, and 7 per cent. in the amount of funds. The increase may be partly accounted for by the greater completeness and up-to-dateness of the later returns, a matter in which much progress has been made towards perfection. The amount of funds per member was in the non-collecting societies under the 1891 return, 5*l.* 8*s.*; it increased in 1899 to 6*l.* 5*s.* 6*d.*, and in 1903 to 6*l.* 15*s.* 6*d.* In the collecting societies it was 14*s.*; it increased in 1899 to 17*s.* 7*d.*, and in 1903 to 1*l.* -*s.* 8*d.* In the other miscel-

laneous societies it remains about the same, having been 2*l.* 9*s.* 3*d.* in 1891, 2*l.* 9*s.* 9*d.* in 1899, and 2*l.* 12*s.* 6*d.* in 1903.

It will thus be seen that while the amount of funds per member has increased in the non-collecting societies by 20 per cent., in the collecting societies it has increased as much as 48 per cent. This is satisfactory in both respects. There has been a great increase in the number of members in both classes of society which would have had a tendency to reduce the average of accumulated funds, unless there had been a strong effort on the part of the societies to strengthen their position. Such an effort was especially called for on the part of the collecting societies, and it is satisfactory to see that they have responded to the call. On the other hand, it is to be remembered that during the period 40 collecting societies have been registered, and an equal number have gone out of existence, having been established rather to provide pay for the collectors and managers than for any more useful purpose.

The number of valuations of assets and liabilities received in each quinquennium shows a steady increase, as follows :—

1885-89	13,248	1895-99	17,066
'90-94	15,631	1900-04	17,494

It is not possible to draw any precise conclusions from the comparative results of the whole group of valuations, inasmuch as they proceed upon various principles of calculation, but it may be stated in general terms that they show on the whole an improvement in the financial condition of the societies. An example of this may be taken from Messrs. Watson's report on the Seventh Quinquennial Valuation of the Lodges of the Manchester Unity of Oddfellows, in which a comparative view of the results of the seven valuations is given, from which I extract the last three :—

Date of Valuation.	Present Value of Benefits.	Present Value of Assets.	Total Deficiency.	Total Surplus.	Percentage of Assets to Liabilities.
	£	£	£	£	
1889-91.....	17,575,003	16,943,738	1,333,343	702,078	96·4
'94-96.....	19,947,990	19,485,586	1,307,621	845,217	97·7
'99-1902....	22,738,174	22,771,520	1,033,456	1,066,802	100·15

Taking the aggregate of all the lodges of this great Order into consideration, we observe that they have bettered their condition by nearly 500,000*l.* in the interval between the last two valuations. For the first time in its history the lodges having a surplus exceed those having a deficiency both in number and

amount. This result is due to the wise measures taken by the Order at its Annual Movable Conference and by the Board of Directors to strengthen the resources of the lodges. There still remains much to be done to meet the deficiency which exists in nearly half the lodges of the Unity, but the progress hitherto made shows that the goal of actuarial solvency for every lodge will be reached in time.

The problem of the valuation of sickness liabilities in friendly societies is not, however, so simple as that of the valuation of life assurance benefits. I have been furnished by Mr. Leveaux with particulars derived from the valuations made in the year 1902, from which it appears that there are great divergencies in the actual sickness experienced by societies from that calculated as probable in the tables used by the valuers. For example, in 12 societies in the county of Merioneth, having 2,110 members, the sickness allowed for by the tables would have cost 6,006*l.*; the actual cost to the society was only 3,777*l.*, or 37 per cent. less. On the other hand, in 115 societies in the county of Glamorgan, having 14,267 members, the actual cost of sick pay was 53,778*l.*, or 44 per cent. more than 37,267*l.*, the expected amount. The case of 14 societies in Monmouth, having 4,571 members, was even worse, for the tables provided for 8,459*l.* sickness only, while the sickness allowance actually paid was 13,861*l.*, or 64 per cent. more. It is curious that, notwithstanding these wide divergencies of societies, the general result of the whole 2,077 societies approximated very closely to the expectation, for the aggregate of the expected cost of sickness was 1,354,911*l.*, and the actual cost incurred was 1,400,681*l.*, or only 3 per cent. in excess. This is an interesting illustration of the statistical law that on a broad average divergencies will neutralise each other; but it is at the same time a striking lesson to societies, enforcing upon them the necessity of constant vigilance and supervision. A favourable result of one valuation may be altogether neutralised by excessive claims for sickness during a subsequent period. It may also serve as a just encouragement to societies that have, through excessive claims for sickness, been placed in the position of having a deficiency of funds, in their efforts to work out their own redemption by reducing those claims, inasmuch as it shows that no case of the kind need be considered as altogether hopeless.

For further interesting statistics relating to friendly societies I refer to Appendix K to my report for 1900; but as they were then published for the first time, previous returns are not available for comparison, and I do not insert them here.

Workmen's Compensation Schemes.

As these are the creatures of the Act of 1897, they belong wholly to the decade under consideration, and have been so ably dealt with by Mr. W. H. Tozer in his recent paper, that I need only give the figures brought down to the present time, with which he has supplied me.

These are :—

Schemes	54
Number of members	117,619
Amount of funds	£181,432

I am also indebted to Mr. Tozer for kindly verifying the figures in this paper, and to my successor in office, Mr. J. D. Stuart Sim, for permission to use in it statistical facts that have not yet been published in official reports. It will be observed that certified schemes cover a small portion only of the field of employment affected by the Acts.

Trade Unions.

The following tables show the progress of trade unions :—

TABLE III.
ENGLAND AND WALES.

	1883.	1893.	1903.
Number of trade unions on register	210	481	598
Number of trade unions making returns	134	464	588
Number of members	249,653	1,034,662	1,505,861
Annual income	£358,286	£1,733,539	£2,333,733
Funds at end of year	£529,587	£1,310,234	£5,039,993
„ per member	£2 2s. 5d.	£1 5s. 4d.	£3 6s. 11d.

SCOTLAND.

Unions	14	40	38
Returns	11	40	38
Members	12,940	37,873	58,515
Income	£12,394	£47,685	£88,976
Funds	£16,891	£56,849	£201,938
Per member	£1 6s. 1d.	£1 10s.	£3 9s.

IRELAND.

Unions	22	62	106
Returns	16	38	46
Members	3,160	7,930	10,999
Income	£7,697	£8,973	£17,025
Funds	£3,088	£10,924	£18,255
Per member	19s. 7d.	£1 7s. 6d.	£1 13s. 2d.

TABLE IV.

UNITED KINGDOM.

	1883.	1893.	1903.
Unions	246	583	742
Returns	190	542	672
Members	265,753	1,080,465	1,575,375
Income	£378,377	£1,790,197	£2,439,734
Funds	£549,566	£1,378,007	£5,260,186
Per member	£2 1s. 4d.	£1 5s. 6d.	£3 6s. 9d.

The most important event in the history of trade unions during the ten years has been the decision in the Taff Vale case, which has imposed upon the funds of the unions an unexpected responsibility for the acts of their officers.

In discussing my paper of 1895, our distinguished Fellow, Mr. A. H. Bailey, observed that "trade unions were not provident institutions." I venture, with great deference, to suggest that this is a narrow view to take of their operations. Far the larger portion of the 2,000,000*l.* which they dispense every year is given to members in sickness, accident, old age, and temporary lack of employment. The amount expended on strikes is small in comparison with that which is devoted to ordinary relief. It is true that as they only keep a little more than two years' income in hand they compare unfavourably with the friendly societies, who have more than twice that amount accumulated; but that is compensated for by their system of levies, and by the fact that their organisation enables them to exact larger contributions from members, and to secure a succession of young members.

A return recently published by the Board of Trade relating to the 100 largest trade unions illustrates this point. In the year 1903, out of 1,468,036*l.* granted in benefits, 791,404*l.* or 54 per cent. was for ordinary friendly society benefits, 504,214*l.* or 34 per cent. was for relief to unemployed members, and only 172,418*l.* or less than 12 per cent. was for dispute benefits. As the latter amount fluctuates very much from year to year, and in that particular year was very low, it may be well to state also the average of the twelve years 1892 to 1903, which is as follows:—

	£
Friendly society benefits.....	611,685, or 49 per cent.
Unemployed benefits	347,455, „ 28 „
Dispute benefits	280,002, „ less than 23 per cent.
Total.....	<u>1,239,142</u>

In other words, during the twelve years in question these 100 trade unions had exercised the functions of ordinary friendly societies to the extent of 7,340,216*l.*, and had given as benefit to the unemployed, which friendly societies cannot give, 4,169,459*l.*

Building Societies.

At the date of my paper of April, 1895, the Building Societies Act, 1894, had only come into operation on the 1st January previous to the reading of the paper, and no particulars could be given of its working. It will be convenient first to state what were the alterations it made in the law, and what has been their statistical result.

By Section 1 it required new societies and societies completely amending rules, to furnish tables of withdrawal and redemption where applicable, to limit the amount of their preferential shares, if any, and to provide for losses and for the manner in which membership is to cease. This section has been acted upon by 268 new societies, and by 270 societies amending their rules.

By Section 2 it provided for the use of a form of account to be prescribed by the Chief Registrar with the approval of the Secretary of State. This section imposed on me the very difficult task of settling a form of return that would disclose the whole of the proceedings of the society during the year, a matter which is comparatively simple when you are dealing with an ordinary trading concern, but which becomes more complicated when you have to deal with a society of variable capital. The form I prepared was subjected to very severe criticism; but it has survived it, and has been in practical use now for ten years, and has been found to be satisfactory. The Act contemplated the possibility that a variety of forms might be found to be necessary, having regard to the great variety of the methods of procedure of various classes of building societies; but that necessity has fortunately been avoided, and the one form has been filled up by all societies. It has also been voluntarily filled up every year by 42 out of the 62 unincorporated societies which are still under the Act of 1836, and are permitted by law to furnish a statement of account in any form of their own.

This section also required additional schedules to be furnished by every incorporated society relating to (1) the number and total amount of the society's mortgages on each of which the present debt exceeds 5,000*l.*; (2) the aggregate amount included in the society's assets in respect of properties twelve months in possession; and (3) the aggregate of the present debts in the case of mortgages where the repayments are more than twelve months in arrear. On

this a well-informed writer in the "Economist" of 7th January, 1905, observes: "The object of the schedules is obvious. The first " indicates cases in which a society has, perhaps rashly, advanced " large sums on individual properties. The second and third " indicate the cases where the borrower has been unable or " unwilling to continue his repayments—usually because the " mortgaged property is worth less than the amount owing—and " a property of doubtful value has thus passed, or is about to pass, " into the hands of the society, though probably figuring among its " assets on the basis of the value at which it was originally entered. " Naturally some difference of opinion was expressed when the " Act of 1894 was under discussion as to whether these particulars " were adequate for the end in view. Experience, however, seems " to show that the second and third schedules, at all events, have a " real value, as the societies which fail, and fail most disastrously, " are usually those which have the largest amount of properties in " possession and of mortgages on which the repayments are in " arrear. If this is borne in mind, the improvement shown by the " following figures will appear very satisfactory :—

Specially Scheduled Assets.

	1897.	1903.
1. Large mortgages	£1,992,000	£2,067,000
Percentage to total assets	5	4
2. Properties in possession	£4,776,000	£2,397,000
3. Mortgages in arrear	£332,000	£195,000
Percentage of (2) and (3) to total assets..... }	13	5 "

The improvement is even greater than appears, for there is reason to think that in 1892 the properties in possession were not less than $7\frac{1}{2}$ millions.

By Section 3 one of the auditors of every society was required to be a professional accountant. Previously the audit had to be conducted by two members, and unless a professional accountant was a member of the society, he was incapable of acting as auditor.

By Section 4 provision was made for an inspection of the books of a society by an accountant or actuary to be appointed by the Registrar on the application of twelve members. This has only been acted upon in three cases.

By Section 5 authority was given to the Registrar (a) to appoint an inspector to examine into the affairs of a society, with power to take evidence on oath, and to require production of books and documents, or (b) to call a special meeting of a society in cases

where 100 members (or one-tenth of the whole number if less than 1,000) apply to the Registrar to do so, or where the Registrar is satisfied from a default of the society or from other evidence that he ought to do so. This, it should be observed, is a more extensive power than is vested in the Registrar under any other Act of Parliament, and it has been used in thirteen cases with excellent effect, having enabled a complete investigation to be made into several cases of fraud. It may be worthy of consideration whether it should not be extended to other societies, such as those under the Collecting Societies Act, 1896.

By Section 6 power was given to the Registrar to cancel registry in certain cases. Under this the registry of 893 societies has been cancelled, mostly upon the ground that they have ceased to exist.

By Section 7 power was given to the Registrar to dissolve a society upon the application of a competent number of members, if upon investigation he finds it expedient to do so; and in that case he is to direct in what manner the affairs of the society are to be wound up. These powers have been exercised in six cases, and have involved the undertaking by the Registrar of many difficult functions in the course of carrying out his directions.

By Section 8 the provisions of the Companies Acts were applied to societies, and Section 9 was a declaratory enactment, saving the legal constitution of a society until the termination of dissolution. Section 10 reversed a decision of the law courts which imposed oppressive conditions upon borrowers in case of dissolution.

Section 11 provided for returns of dissolution to be made to the Registrar. The following returns have been received:—

Years.	Societies.		Shareholders.	
	Dissolved.	Returns.	Due.	Paid.
			£	£
1895	129	92	262,103	203,791
'96	118	106	479,455	376,704
'97	130	120	422,351	357,078
'98	123	113	294,229	261,036
'99	99	95	304,875	262,794
1900	98	92	309,045	288,915
'01	98	91	649,839	583,055
'02	77	67	322,884	283,296
'03	88	83	344,599	343,569
	960	859	3,389,380	2,960,238

Years.	Creditors.		Assets.		Expenses of Dissolution.
	Due.	Paid.	Estimate.	Realised.	
	£	£	£	£	£
1895	36,473	34,748	288,070	256,150	17,611
'96	5,335	5,111	477,711	407,568	25,753
'97	71,344	66,468	491,981	460,027	36,481
'98	239,628	162,473	544,208	445,150	21,641
'99	28,376	15,232	306,933	298,885	20,859
1900	24,220	24,220	328,914	331,425	18,290
'01	136,260	136,260	722,126	752,874	33,559
'02	48,557	48,557	356,503	352,840	20,987
'03	10,291	10,291	374,161	376,950	23,090
	600,484	503,360	3,890,607	3,681,869	218,271

Of the societies dissolved about 70 per cent. were terminating, and the remainder permanent. Upon the gross result of the dissolutions, the depositors and other creditors seem to have lost 97,124*l.*, and the shareholders, 429,142*l.*, or a little over 2*s.* 6*d.* in the £. The expenses of dissolution have amounted to almost exactly 6 per cent. of the amount of assets realised.

Section 12 prohibited for future societies the practice of balloting for advances, which had given rise to a species of gambling traffic. Incidentally, it put a stop to the creation of societies for granting advances without interest on the Starr-Bowkett principle. The societies constituted since 1894 have either granted their advances by rotation or by sale. Provision was made for existing societies to discontinue advances by ballot, but there have been only three cases in which that provision has been acted upon.

By Section 13 advances on second mortgage were prohibited, with a saving clause for existing societies in Scotland and Ireland.

By Section 14 the borrowing power of societies was further limited to the extent that mortgages twelve months in arrear, and properties twelve months in possession, are not to be counted in calculating the limit.

By Section 15 societies were not to accept deposits except upon condition of one month's notice before repayment or withdrawal.

By Section 16 societies were allowed to invest, to a limited extent, in savings banks.

By Section 17 their powers of investment were extended to any trustee security.

By Section 18 facilities were provided for proceedings against societies.

By Section 19 the consents required for union of societies, or transfer of engagements, were more clearly defined.

By Section 20 the compulsion to state a case, arising out of some decisions under the Arbitration Act, was removed, with the view of preventing litigation.

Sections 22 to 24 facilitated procedure.

By Section 25 all societies established after 1856 were required before August, 1894, to become incorporated under the Acts of 1874 to 1894, and those not incorporated were required to make returns. The following is a summary of those returns for England and Wales :—

Years.	Number of Societies.	Number of Returns.	Number of Members.	Amount Received during Year.		
				£		
1895	990	230	73,191	14,457,450		
'96	304	71	35,859	16,057,063		
'97	81	76	41,036	20,786,538		
'98	77	70	51,668	20,239,667		
'99	73	65	51,771	19,421,975		
1900	70	63	53,426	19,624,310		
'01	68	66	54,219	17,565,181		
'02	67	65	55,779	19,871,684		
'03	62	62	54,155	21,335,683		

Years.	Liabilities.			Assets.		
	Members.	Creditors.	Profit.	Mortgages.	Other Assets.	Loss.
	£	£	£	£	£	£
1895	5,036,088	7,223,280	817,213	5,399,898	7,672,917	3,257
'96	2,968,364	7,852,985	602,380	2,782,639	8,640,244	846
'97	3,139,858	8,807,719	643,017	3,051,754	9,543,410	430
'98	3,257,025	10,109,445	683,783	3,170,419	10,879,303	531
'99	3,460,790	10,832,145	731,908	3,444,519	11,579,738	586
1900	3,586,033	9,712,060	762,938	3,344,781	10,715,656	594
'01	3,656,476	9,790,155	792,000	3,510,782	10,721,145	704
'02	3,758,807	10,177,500	815,836	3,513,926	11,237,232	985
'03	3,584,774	10,533,155	830,853	3,291,221	11,655,948	1,613

The large initial figure of 990 societies includes many that on inquiry were found to have terminated or been dissolved, the Act of 1836 not having provided for any notice to the Registrar of dissolution or termination. A rapid diminution in the number of societies in the earlier years, followed by a continuous slight diminution in later years, will be observed. This is due to the societies becoming incorporated and passing over to the list of incorporated societies, at first compulsorily, where they were societies established after 1856, and afterwards voluntarily, as they began more fully to perceive the advantages of incorporation. It will also be observed that these old societies complied more and more fully with this new requirement of sending in returns, until in 1903 the returns were absolutely complete. The great excess of liabilities

to creditors and other assets over liabilities to members and mortgages will also be noticed. This is due to the inclusion in the returns of one great exceptional society, the Birkbeck, and its companion, the Second Birkbeck; apart from which the returns of the 60 other societies for 1903 show—members, 33,967; receipts, 996,580*l.*; and liabilities and assets as follows:—

	£		£
To holders of shares.....	1,622,128	Mortgages	2,337,912
„ depositors and other }	663,245	Other assets	163,296
creditors		Loss (in three societies)	1,618
Profit (in 57 societies)	217,448		
	<u>2,502,821</u>		<u>2,502,821</u>

The amount advanced on mortgage in 1903 by these societies was 497,094*l.*, and by the Birkbeck 134,080*l.*, making together 631,174*l.*

Section 26 required the Registrar to use forms of certificate expressly stating that the incorporation of a society or the registry of rules or alterations does not imply any approval by the Registrar, or any guarantee of the good management or financial stability of the society.

Section 27 required the Chief Registrar to make a separate annual report upon building societies.

It was mentioned in my paper of 1895 that incorporated building societies reached their highest point in 1890, when the funds of those in England and Wales amounted to 50,778,797*l.* That was followed by a rapid decline, consequent upon the failure of the Liberator Building Society. The following table shows the comparative results of the returns for the last ten years:—

TABLE V.—*Incorporated Societies. United Kingdom.*

	Return of 1894.	Return of 1904.	Difference.
Number of societies returned	2,597	2,062	Per cent.
„ members „	397,895	547,049	— 10
	£	£	+ 37
Annual receipts.....	17,319,114	19,399,183	+ 12
	£	£	
Liabilities to shareholders	31,033,096	34,727,955	+ 12
„ depositors and }	11,490,581	13,628,329	+ 19
creditors			
Total liabilities	42,523,677	48,356,284	+ 14
	£	£	
Mortgages	40,546,929	48,105,759	+ 19
Other assets	3,867,186	3,144,299	— 19
Total assets.....	44,414,115	51,250,058	+ 15

These results are affected by the fact that in the ten years many old societies have become incorporated.

The following table relates to all building societies whether incorporated or not. The comparison cannot be carried back further than 1895, as unincorporated societies did not make returns before that date.

TABLE VI.—*United Kingdom.*

	1895.	1903.	Difference.
			Per cent.
Number of returns	2,625	2,124	— 19
„ members.....	637,635	601,204	— 6
	£	£	
Amount received	29,853,449	40,734,866	+ 36
Due to holders of shares	35,165,641	38,312,729	+ 9
„ depositors and other } creditors	17,718,606	24,161,484	+ 36
Undivided profit	3,074,881	3,836,273	+ 25
	55,959,128	66,310,486	+ 18
	£	£	
Mortgages	43,866,031	51,396,980	+ 17
Other assets	11,693,155	14,800,247	+ 27
Balances deficit	399,942	113,259	— 72
	55,959,128	66,310,486	+ 18
	£	£	
Large mortgages	1,302,791	2,067,260	+ 59
Properties in possession	2,752,542	2,488,352	— 10
Mortgages in arrear	353,463	196,564	— 44

These percentages of increase and decrease are not wholly to be relied on, but they indicate the trend of events, and give evidence of considerable progress. The amount advanced on mortgage each year has been recorded in recent years as follows:—

£	£	£
1901..... 9,119,675	1902..... 9,059,822	1903..... 9,959,555

Industrial and Provident Societies.

Here there has been no legislation since 1893, when the Acts were consolidated, except two short Acts, 1894 and 1895, on matters of unimportant detail. The Act of 1893 enlarged the definition of societies that might be registered under it from “a Society for carrying on any labour, trade, or handicraft” to “a Society for carrying on any industries, trades or businesses.”

This has encouraged the formation of societies for businesses outside the ordinary co-operative movement. The following table relates to the ordinary co-operative societies, exclusive of those outside societies.

TABLE VII.—*England and Wales.*

	1893.	1903.
Number of societies making returns	1,333	1,456
„ members.....	1,057,816	1,706,688
Increase of members during the year	34,330	84,036
	£	£
Amount of share capital paid up	12,666,533	23,035,332
Sale of goods during the year	39,085,246	69,414,328
Stock in trade	4,548,132	7,799,197
Net profit of the year	3,497,257	6,936,714
Amount applied to educational } purposes	29,151	64,797
Investments other than in trade.....	5,542,113	16,015,928
Trade charges.....	2,373,908	5,826,633

1,027 of the societies give credit, and 363 do not; where given, it is strictly limited in extent.

SCOTLAND.

	1893.	1903.
Number of societies	346	308
„ members.....	204,826	333,453
	£	£
Share capital	1,831,875	3,971,511
Sales of goods	9,758,788	18,739,263
Stock in trade	1,242,940	2,136,257
Net profits	962,581	2,227,033
Applied to educational purposes.....	3,526	12,830
Investments other than in trade	803,776	4,314,293
Trade charges.....	491,558	1,634,241

IRELAND.

Number of societies	39	322
„ members.....	3,338	51,837
	£	£
Share capital	20,330	129,894
Sales of goods	207,002	1,428,396
Stock in trade	3,790	45,866
Net profits	3,555	15,735
Investments other than in trade.....	13,560	127,637
Trade charges	6,563	127,466

TABLE VIII.—*United Kingdom.*

	1893.	1903.	Increase per Cent.
Number of societies	1,831	2,086	14
„ members	1,278,589	2,091,978	64
	£	£	
Share capital	14,766,161	27,136,737	84
Sales of goods	49,150,055	89,581,987	82
Stock in trade	5,794,862	9,991,320	72
Net profits	4,448,313	9,179,482	106
Applied to educational purposes	32,677	77,627	138
Investments other than in trade	6,359,449	20,458,358	222
Trade charges	2,872,029	7,088,340	147

The most striking feature in these returns is the immense increase in Ireland. The movement there had hardly begun in 1893; by 1903 the societies have increased eightfold, their members are seventeen times as many, their share capital has multiplied sixfold, and their sales sevenfold.

This is mainly due to the excellent movement promoted by Sir Horace Plunkett for the establishment of co-operative creameries and agricultural organisation.

The following are particulars of the land societies registered under the Act:—

TABLE IX.—*United Kingdom.*

	1893.	1903.	Increase per Cent.
Number of societies	84	129	54
„ members	9,200	17,133	76
	£	£	
Receipts on account of land sold	31,065	21,726	} 179
Other receipts	99,019	341,146	
Management	19,879	9,196	— 54
Share capital	247,423	526,288	113
Liabilities to creditors	264,393	580,601	120
Balances of profit	29,319	72,004	} net
„ loss	4,399	29,485	
Land and mortgages	474,563	856,152	} 102
Other assets	62,173	293,256	

The following are particulars of societies for carrying on miscellaneous businesses, and are given separately, as they are for the most part outside the general co-operative movement:—

TABLE X.—*United Kingdom.*

	1893.	1903.	Increase per Cent.
Number of societies	29	245	743
„ members.....	2,989	62,531	1,992
	£	£	
Total receipts.....	1,435,806	2,135,062	49
„ expenditure.....	1,430,138	2,143,926	50
Liabilities to holders of shares....	—	237,493	—
„ creditors	—	486,560	—
Assets	—	816,214	—
Balances of profit and reserve....	—	103,788	—
„ loss	—	11,627	—

The aggregate number of members in societies under the Industrial and Provident Societies Act on 31st December, 1903, was 2,171,642, and the total assets 45,369,891*l.*, showing an increase during the ten years of about cent. per cent.

Loan Societies under the Act of 1840.

This Act applies to England and Wales only. The following table gives particulars relating to societies certified under it:—

TABLE XI.

	1893.	1903.
Number making returns	349	255
„ of members.....	40,290	33,590
„ „ applications for loans	73,981	56,709
„ „ loans granted.....	65,017	53,884
	£	£
Amount of loans granted during year	358,737	317,988
„ received for interest and } fees	19,525	19,931
Amount of expenses of management	10,847	10,745
„ „ net profit of year	13,306	12,562
„ „ share capital	277,082	200,156
„ due to depositors and } other creditors		
Amount due from borrowers	256,139	207,879
„ of other assets	—	50,424
Balances of profit	—	12,395
„ loss	—	974
Summonses issued.....	3,081	2,109
	£	£
To recover	7,500	4,767
Distress warrants issued	383	314
	£	£
Amount recovered	5,245	2,805
Costs not recovered from borrowers	292	269

It will be observed that the business of these societies is still gradually diminishing.

Railway Savings Banks.

These are established under private Acts of Parliament:—

	1893.	1903.	Increase per Cent.
Number of banks	12	17	42
	£	£	
Total due to depositors.....	2,074,375	5,024,146	142
Number of deposit accounts.....	25,459	56,027	120
	£	£	
Average amount of each account	81	90	11
Number of deposits during } the year	137,702	333,799	142
Number of withdrawals	17,983	42,492	136
	£	£	
Excess of deposits over with- } drawals	155,297	65,503	— 58
Interest added	75,862	181,990	140
Rate of interest	3·88	3·71	— 4

Trustee Savings Banks.

The following are the particulars relating to these institutions:—

TABLE XII.—*United Kingdom.*

	20th November, 1893.	20th November, 1903.	Increase per Cent.
Number of banks	267	228	— 15
„ having special invest- } ment departments	16	14	— 12·5
Number of depositors	1,471,146	1,687,661	15
	£	£	
Due for ordinary deposits	42,228,801	52,540,339	24
Investments in stock for de- } positors	1,318,938	2,098,359	59
Special investments of depositors	4,309,464	4,531,102	5
Stock bought for special investors	224,689	133,511	— 41
Total cash due to depositors	46,535,265	57,071,441	23
Stock due to depositors.....	1,543,627	2,231,870	45
Aggregate of cash and stock	48,078,892	59,303,311	23

From this it appears that, although 39 banks have been closed during the ten years since 1893, the remaining banks have so increased their business that the deposits in 228 banks are 23 per cent. more now than in 267 banks then.

Post Office Savings Bank.

The deposits and investments in stock standing to the credit of depositors in the Post Office Savings Bank with the National Debt Commissioners were as follows :—

	16th March, 1895.	4th February, 1905.	Increase per Cent.
	£	£	
Deposits	92,461,601	149,425,961	62
Investments in stock.....	7,073,406	17,502,619	147
	99,535,007	166,928,580	68

General Summary.

The total of the funds of the several classes of institutions on the 31st December, 1903 (or other date referred to in certain cases), was :—

	£
Societies under the Friendly Societies Acts.....	47,666,118
Workmen's compensation schemes	181,482
Trade unions.....	5,260,186
Building societies.....	66,197,227
Industrial and provident societies.....	45,369,891
Loan societies	258,803
Railway savings banks.....	5,024,146
Trustee „	59,303,311
Post office „	166,928,580
Total	396,189,194

A comparison of these figures with those of the 1895 paper shows the following increase :—

	During the Period Reviewed.	Average per Annum.
	£	£
Societies under the Friendly Societies Acts and Workmen's Compensation Schemes.....	19,347,304	1,934,730
Trade unions	3,882,179	388,218
Building societies	10,638,041	1,329,755
Industrial and provident societies	23,091,009	2,309,101
Railway savings banks	2,949,771	294,977
Trustee „ „	11,224,419	1,122,442
Post Office Savings Bank	67,393,573	6,739,357
	138,526,296	14,118,580
Less decrease in loan societies.....	48,260	4,826
Net increase	138,478,036	14,113,754

When the comparison is extended over the whole period dealt with in these four papers, we find an apparent increase in the funds of friendly societies in England and Wales of 850,000*l.* a year over twenty-six years; in the capital of industrial and provident societies of 1,000,000*l.* a year over thirty-nine years; in the deposits in trustee savings banks of 350,000*l.* a year over thirty-eight years; in the Post Office Savings Bank of 4,000,000*l.* a year over forty years; and a decrease in loan societies of 6,000*l.* a year over twenty-nine years. The inference from these figures (apart from the necessary qualifications arising from defective returns and other like causes) is that, for a long series of years, the invested wealth represented by those institutions of which the Friendly Societies Registry takes cognisance (other than the Post Office Savings Bank) has increased at an average rate of more than 2 millions sterling per annum. This conclusion harmonises with all the other evidence we possess of the great and growing prosperity of the country under the sway of those economic principles of freedom, frugality, and peace which our wisest statesmen have proclaimed, and have left to us as an inalienable legacy.

DISCUSSION *on* MR. E. W. BRABROOK'S PAPER.

THE PRESIDENT said, as an old Member of Parliament, that it was to him a source of gratification to find that in the judgment of so competent an authority as Mr. Brabrook the labours of the legislature had not been in vain; and it was still more gratifying to find that the working classes—for members of friendly societies were, for the most part, of the working class—were worthy of their position as Englishmen, they having shown in the management of these societies intelligence, perseverance and self-denial worthy of the greatest praise. As to the work done by the societies in the way of benefits, as distinguished from aid to the unemployed, Mr. Brabrook's figures showed that in twelve years 7,340,000*l.* had been spent in ordinary benefits and 4,000,000*l.* for the service of the unemployed; and that, therefore, the work of the societies had been largely of a beneficial character, apart from any question as between employer and employed. It was also gratifying to find that the extension which had taken place in Great Britain had extended to Ireland, and that, owing to the exertions of Sir Horace Plunkett and other agencies, the mind of the Irish people had been devoted to co-operative effort.

Mr. LOCH pointed out that while the number of members in friendly societies (not collecting) and branches had increased from 5,217,261 to 5,672,659 in the period between 1899 and 1903, in the collecting societies the increase had been over a million, from 5,922,615 to 6,973,136, a fact which seemed to suggest that the collecting society was more attractive than the friendly society not collecting and with branches. That might indicate that the society of the industrial type, or of the slate club type, such as sharing-out societies, were exercising an undue influence on the minds of those who would otherwise become members of the larger friendly societies. The question also arose as to whether the increase in the first class of nearly 400,000 was to be considered a fairly large increase. Having regard to the enormous importance of the movement, one was rather inclined to think that this generation had not rallied to its friendly societies as their predecessors did; but figures were not available to show that, as a comparison between 1881 and 1899 could not be taken as the equivalent of a comparison between 1899 and 1903. Another important question was whether the friendly society which was not a collecting society, but one managed really in the spirit of friendship as a society for mutual aid, had held its own against the insurance societies and other new engines of thrift now at work for the benefit of the public. Being himself an ardent supporter of friendly societies, and an honorary member of two lodges, he would like to have some light thrown upon these questions.

With regard to the unequal incidence of sickness in different districts, one would like to know whether that was due to administration or to the prevalence of sickness in particular areas, and he imagined that such a point would be of immense importance from a statistical and actuarial point of view. It had often been stated that it would be of great service to the country to have sickness returns which might be compared with mortality returns. There was a large organisation for the express purpose of meeting distress in time of sickness on insurance lines, and it had occurred to him that if its sickness could be tabulated so as to show what kind of sickness prevailed at particular times and places, valuable data might be obtained which could not be provided from any other source.

Another important question was connected with the expansion of friendly societies to meet new needs. It was remarkable how the trades unions dealt with their unemployed by the levy system. Want of employment was of course a standing difficulty, and practically a man would insure through his friendly society on the one hand against sickness, and to a certain extent for old age, and on the other hand against want of employment. He should like to know if any other needs of the working man were also being met through the friendly society movement. He would also like to ask whether, considering the very low rates of interest now prevailing, there would be any desire on the part of those interested in friendly societies to go back to the time when a guaranteed percentage was permitted by the Government to their

invested funds. A higher percentage would, of course, make the whole system of insurance much more easy, and for the general good of the country some might think that it might be allowed. In England, happily, the subsidy system had been avoided, and he presumed that Mr. Brabrook would entirely approve of that, but it was in that way, he understood, that in France increased efforts were now being made to help the friendly societies. He did not himself advocate that friendly societies should be allowed a higher rate of interest, but as the suggestion had been made from time to time, he would like to have the opinion of those interested as to its desirability.

Mr. BAILEY said that sickness from the Friendly Society point of view was very different from sickness from the medical point of point. In the friendly societies' view sickness was anything which prevented a man following his ordinary occupation. For instance, a bricklayer's labourer suffering from rheumatism or lumbago could not carry a hod of bricks up a ladder, though he might be able to follow a sedentary occupation; that was the difficulty of estimating liabilities under sickness policies. He thought it better, therefore, that sickness should be treated in the same way as marine and fire insurance risks; that the premiums of the year should provide for the claims and expenses of the year, anything over being profit. Any attempt to estimate a reserve must be a failure.

Mr. LINGSTROM (Secretary of the North London District of Oddfellows, Manchester Unity) said he should attribute the increase in collecting societies as compared with other friendly societies to the fact that they had a large number of juvenile members; as the collector, in going from house to house, got a large number of children's assurances. Friendly societies, as he understood the term, required adult membership. With reference to the increase of friendly societies during the last year or two, he had not been at all satisfied with the results. In the Manchester Unity the decrease in the rate of increase had been very great. Three years ago the annual increase was 14,000 or 15,000; the year before last it was 7,000, and last year 2,800. The decrease was attributable to one or two things: undoubtedly workmen were very much poorer now, and in times of distress the first thing that went was the friendly society, as naturally boots and food for the children came before a man's provision for the future. Then, again, the advertisements of the slate clubs and other societies had done a great deal of injury, not to the old friendly societies, but to the workmen. As he pointed out in a letter to the *Guardian* the other day, no professional man would hazard his assurance by trying to eat it up at the end of the year, and why should a workman? It was only for want of a better understanding of these things. He did not know of any tabulation of the quality of sickness, but the duration of sickness was tabulated for each branch in his district. If Mr. Loch liked, he could have the tabulation for the 44,000 members spread over the whole of North and South London, and

he believed it was kept throughout the Unity. As far as London was concerned, there was a great deal of old age sickness that had to be met, and the Oddfellows were meeting it loyally. Though this was a heavy drain, it had not affected the societies' stability, which had during the past ten years been rapidly advancing towards complete solvency. In his own district the surpluses amounted to 43,905*l.*, and the deficiencies to 12,676*l.* With reference to the interest question, he believed that friendly societies of the type he represented would prefer to be left alone. A large amount of their property, in London at all events, was on mortgage at good rates of interest, and when it was considered that the Manchester Unity possessed 1,200,000*l.* of invested capital, and that this large business was managed by workmen during their leisure time in the evenings (he himself being the only man in his district who gave the whole of his time), he thought it reflected the highest credit on their financial ability and power of investing their own funds safely. He hoped the day would be distant when the friendly societies would have any subsidy.

Mr. CHIOZZA MONEY, after paying a tribute to the author of the paper, observed that Mr. Brabrook had dwelt on the provident side of trade unions, and he thought it was not generally realised how great a debt the country was under to trade unions, in times of distress. He was afraid the belief still prevailed that a trade union was an organisation for the promotion of strikes, but the figures now given with regard to the expenditure of the funds should finally dispose of that idea. The exceptional distress of the last year or two was well known, but it was not so well known that even in our best years the expenditure of trade unions on unemployed benefit was exceedingly large, the average figure given by Mr. Brabrook for the twelve years 1892 to 1903 being 347,000*l.* Even in 1900, the last good year of trade, the unemployed expenditure amounted to over 250,000*l.* This benefit was paid by a small group of trade-unions with a total membership of about 600,000, and was representative of the variations in employment of a very large number of men indeed. The Board of Trade returns did not give any idea of the enormous number of men affected by unemployment during the year, and it was extraordinary that notwithstanding this insecurity of tenure we should get these savings, amounting, as shown in the table at the end of the paper, to 396,000,000*l.* That might tend to create a feeling of optimism, till one reflected upon the enormous number of people to whom that money belonged. Taking away the investments of the lower middle and middle classes in building societies, there would not be left more than from 250,000,000*l.* to 300,000,000*l.* as the savings of the working classes proper, and although that might appear a large sum, what was it in proportion to the accumulated wealth of the country? Taking that at 12,000,000,000*l.*, dividing it by the former sum would give the ratio of something like 1 in 40. The oversea investments which had been lately so much discussed in connection with the fiscal

controversy brought in probably 100,000,000*l.* per annum, and amounted probably to 2,250,000,000*l.*, so that they amounted to about six times as much as the savings of the working classes in this country and the class immediately above that. He was not forgetting that an undefined amount in the shape of houses and so on had passed into the possession of past savers, but against that he put the fact that a very large proportion of the funds belonging to various friendly institutions would be expended in keeping their members efficient, and would not pass into the accumulated wealth of the workers themselves. While they were glad to see this very considerable increase since Mr. Brabrook last read his paper, the fact remained that nearly the whole of the country, of whose wealth and prosperity they were never tired of boasting, was exceedingly poor. As a matter of fact we lived in a very poor country, veneered by a thin layer of well-to-do people.

Mr. T. A. COGHLAN said, like Mr. Brabrook, he had been a registrar of friendly societies, having held that position, with some slight intermission, from 1892 until the beginning of this year. Up to the time of his appointment in New South Wales, it had not been considered necessary to enforce upon the societies the provisions of the law relating to actuarial sufficiency, and his first step was to notify societies that he would refuse to register any new society whose scale of contributions was not, in his opinion, sufficient for the benefits proposed to be granted, or to register any amended rules which contained any provision likely to impair the sufficiency of the contributions already being paid. The immediate result of this action, which was taken in the teeth of the powerful influence which the friendly societies exercised in New South Wales, was to stop for a time the registration of new societies. In England friendly societies had had the advantage of having connected with them in official or other positions gentlemen well versed in the actuarial science; with them, however, the opposite was the case, and there arose the perpetual difficulty of explaining to societies and their representatives that an increase of funds did not necessarily mean an improvement in their position. Owing to the laxity of the law and of its administration, societies were competing in a very wild manner for new members, and it was not until he had been in office for several years that they were forced to review their position.

Eventually a new Act was passed in 1899, under which the societies were compelled to put themselves in a solvent condition. Unfortunately the influence of the societies was so great that Parliament was induced to alter what was a satisfactory measure, so as to limit its provisions with regard to actuarial solvency to new societies, and to impose sufficient contribution only on members joining existing societies after the date of the passing of the Act. Even these limitations did not satisfy the societies, as Parliament was further induced to postpone the time when new members should pay adequate contributions for a period of two and a half years, during which time some of the societies exerted themselves

to obtain new members on the plea that any person who joined an established society before the period of grace had expired would have the advantage of paying much lower fees than would be the case afterwards. The result was that in nearly all societies in New South Wales there was the anomalous condition of two sets of members, the old members paying inadequate contributions, and the new members, contributions calculated to accord with the benefits to be received. He did not expect that the matter would be remedied until the new members of old societies were sufficiently numerous to outvote the old, when he hoped to see not only equal contributions imposed upon the old members, but a reduction of benefits to compensate for the inadequacy of contribution in past years.

Mr. Brabrook raised a very interesting question in regard to juveniles. So far as he could learn from the paper, the practice of dealing with juvenile members of lodges could not be said to be definitely settled. In New South Wales the present tendency was to keep the juvenile societies distinct from those for adults, but although the juvenile lodges had nominal management, the actual control belonged to the parent body. There were strong arguments in favour of the continuation of this course, as it was found, he believed, that juvenile members were those most disposed to support novel proposals and expensive conditions of management. He thought generally Australian societies endeavoured to pass the members of juvenile lodges automatically into the adult lodges after they had attained a certain age. It was true that there was very little risk attending juvenile members, but the parent societies in a sense compensated the juveniles by admitting them on more favourable terms than ordinary members to their membership. It would be interesting to discover to what extent the adult societies benefited as regarded members from juvenile societies; he had an idea that this benefit was not very great, as people did not become serious members of benefit societies until they had serious responsibilities, either actual or in prospective.

The question of allowing subordinate societies to invest their funds with a district society had now been settled in New South Wales in favour of this practice, although prior to the passing of the new Act one or two societies managed their affairs in this manner. The present tendency amongst societies was for an amalgamation of all the benefit funds, placing them with the district society, grand lodge, or whatever name it might work under. There were some very plausible arguments in favour of this course; there was generally an increase in the rate of interest and diminution of idle money. On the other hand, he could perceive a tendency for laxity of supervision. Where a subordinate society was dealing with its own funds it tended to be much more strict than a society administering funds of an organisation of which it was only a part, and he thought now that the amalgamation of funds had become general in New South Wales, that there would be an apparent increase in the rate of sickness.

The question of allowing trade unions to act as friendly

societies, giving sick and funeral benefits, had recently cropped up in New South Wales. Prior to the Act of 1899 it was doubtful whether trade unions could establish themselves as quasi-friendly societies; but he thought the Act of 1899, when rigidly interpreted, excluded them from this privilege, and in his opinion very rightly so. The business of attending to the supervision of sickness benefits was one that required close watching, as the men who were most fitted to conduct the affairs of a trade union were not those who had the qualifications requisite for the management of a benefit fund. In New South Wales, since 1899 registration had been refused to trade union rules which provided sickness and funeral benefits, unions being required to confine themselves to the purposes specifically mentioned in the Trade Unions Act.

The right to recover subscriptions in arrear had been conceded to the New South Wales societies by the Act of 1899. There were some plausible reasons in favour of the right to sue members for limited amounts of subscription in arrear. The member might be in arrear for a period, but during that time have the privilege of being attended by the doctor, or at all events the doctor might be paid fees on his behalf. The management expenses continued whether he paid his subscription or not, and during the time specified by the rules he had the option of returning to full membership. Thus there was, in a certain sense, a selection exercised by the members against the society. Of course there were arguments on the other side, chief of which, he opined, was that the right to sue for subscriptions really destroyed the friendly principle which underlay these organisations.

The worst feature about the societies of New South Wales was the establishment of the two classes of members to which he had already referred, namely, the old members, who joined before the actuarial provisions of the Act were allowed to come into force, and the new members, who joined subsequent to that date. The evil effects of this system, and of the past operation of insufficient contributions, would be seen from a comparison of the societies of New South Wales with those of the neighbouring State of Victoria, which had been regulated according to actuarial conditions for considerably over twenty years. Making the crude comparison as regards amount of accumulated funds per head, he found that according to the latest returns the amount in Victoria was 13*l.* 6*s.* 7*d.*, and in New South Wales 8*l.* 6*s.* 1*d.*, notwithstanding the fact that the average number of members and length of membership was much the same in each State, and that as regarded value of benefits the New South Wales benefits were on the whole larger than those in the adjoining State.

All the actuarial determinations of the value of benefits given by Australian societies were founded on the experience of English societies. It would make an interesting comparison if the average rate of sickness for each age, and mortality experienced, were worked out. He believed this was likely to be done, and felt sure it would be acceptable to the Royal Statistical Society.

Mr. CURTIS said one of the outstanding facts in the last period of ten years, at any rate in London, was the rapid increase of the slate clubs or dividing societies, some of which were registered. He would like to ask Mr. Brabrook if he were able to give any kind of estimate as to their number and membership and amount of turnover, and also whether he or anybody else could suggest a method by which the working men of the country could be roused to the fact that they could not have their cake and eat it; and that while in health and strength they were eating their cake and not making provision for the bad time that would inevitably come upon them. He differed from the view put forward by Mr. Bailey, that everything over and above what was necessary for sickness should be regarded as profit. Provision should also be made for the old age benefit, a liability which was increasing year by year as the members grew older.

Mr. GEORGE MOORES, Manchester, differed from the pessimistic view of the working classes taken by a previous speaker. Instead of being pessimistic, he thought they had every reason to be optimistic as to the condition of the working man to-day. That the increase in the growth of membership was less rapid than formerly was to be accounted for mainly by two things: Trade unions were pressing their members more and more to pay for a sickness benefit, thereby making it almost impossible for a man to pay two friendly society subscriptions; and a number of workmen's compensation societies had been established during the last decade. The funds of these societies were put at 181,432*l.*, but the benefits they conferred were not to be estimated according to the funds in hand at the end of the year, but rather by the amounts paid out week by week, of which the figures in the paper gave no indication. Some of the compensation societies provided for old age and sickness as well as accidents. Regarding them from a national point of view they had probably been a good thing, but from the friendly societies' point of view the stronger they became, and the greater the number of working men they drew in as members, the fewer potential members there were for the friendly societies to take up. With regard to the three quinquennial valuations of the Manchester Unity, that for 1889-91 showed a percentage of assets to liabilities of 96.4, but that percentage had increased, and the last valuation showed 1*l.* in hand for every 1*l.* promised, showing that the Manchester Unity was a perfectly solvent society. This society took the step of having these valuations not only before Parliament compelled it, but before Parliament even thought about it, and the Act of 1875 compelled all friendly societies to follow the practice of the Manchester Unity. As to the subsidising of friendly societies by a guarantee of interest, he believed that would be the very worst thing that could happen to them. Friendly societies in some parts of the country were satisfied with the Post Office rate of interest, 2½ per cent., while in the next village the accumulated funds of the local lodge would perhaps be invested

at $3\frac{1}{2}$ per cent., the difference between $2\frac{1}{2}$ per cent. and $3\frac{1}{2}$ per cent. representing the greater amount of intelligence, activity and foresight displayed on the part of the members of the better lodge, and if the State should step in and guarantee, say 3 per cent. interest, it would be a direct incentive to the members of the "happy-go-lucky" lodges to remain as lazy as before, while getting an additional $\frac{1}{2}$ per cent. It would certainly be no incentive to members of other lodges to see how they could increase their society's resources, to be continually on the look out for better opportunities of investment, and more vigilant in the administration of sick benefit. With a Government guarantee all that feeling of independence, which he regarded as one of the excellent features of English friendly societies as compared with the Continental system, would be swept away. On the Continent a paternal Government was always wanting the working man to accept something. In this country the working man only asked to be let alone, and had sufficient independence and ability to do the thing himself.

Mr. H. V. TOYNBEE (Charity Organisation Society) asked whether in a return of accumulated funds amounting to nearly 400,000,000*l.*, it might not be possible for amounts to be reckoned twice over. Friendly societies, as had been mentioned, deposited a fair amount with the Post Office and Trustees' Savings' Banks; and was the amount held by the Post Office also included in the amount held by the friendly societies? The same observation would apply to trade unions, and possibly to other organisations, so that this sum of 396,000,000*l.* might represent a smaller amount of savings than it appeared to do. With reference to sharing-out societies, he believed it was a fact that the Manchester Unity was trying very hard to have a short Act of Parliament passed making it compulsory that all societies, including the sharing-out societies, should be valued, with the object, he supposed, of making it impossible for these societies to exist, because there would be nothing to be valued. He would ask Mr. Brabrook if he thought it advisable that such a Bill should become law?

Mr. N. A. GODDARD agreed with Mr. Coghlan as to the separation of the trade union sick and funeral benefit from trade relief benefits, and, as an abstract proposition, he would be very pleased indeed to see the Friendly Societies Act amended so as to enable the Registrar to refuse registration to a trade union which also provided sick and funeral benefits. The amalgamation of the two things was not now necessary, even if it were many years ago, when trade unions were not so well understood, when friendly societies were not so well known, and there was greater difficulty in getting working men into the friendly societies. As to the decline in the increase of membership, he was afraid all the causes of that had not been referred to, and doubted if it were possible to get at them all. But one thing with regard to the larger societies might be taken into account: those societies had been so prosperous,

and had so greatly increased in numbers and finances, that they had not taken the trouble to let themselves be known to the world as they ought to have done, but had preferred to "rest and be thankful," with the result that the slate clubs and dividing societies had encroached considerably upon the friendly societies proper. They called themselves friendly societies because they had a right to be registered, but were not friendly societies as the term was generally understood; they had flaunted themselves in the face of the working man, and the working man had been deceived into believing that they could carry out the same benefits that the old-established friendly societies could. As to provision for old age, the friendly societies had done but little, for the reason that it was impossible for the working man to pay the rate of contribution that would be required to pay old age pensions; the only solution of the problem was a national pension scheme; voluntary societies could not do it. The Manchester Unity had grappled with the question, and had prepared tables for superannuation benefit, but the scheme had been practically ignored by the membership. One district which had taken it in hand had endeavoured to show that its attempt had been successful, but the whole thing had been riddled, and if the membership went on decreasing as it had done, in consequence of the increased contributions demanded, the district would gradually become extinguished, or at any rate would not have the same class of membership as formerly. As to the registration of societies on the basis that their assets should meet their liabilities, as mentioned by Mr. Loch and Mr. Coghlan, he thought it a very desirable object, but though the Manchester Unity had prepared a short Bill, he did not think that the right way to effect it. The Bill was not a good Bill, and he hoped, in the interests of friendly societies, it would not be passed, but that some other means would be proposed for dealing with the question, and thus enable the public to understand the difference between good and bad thrift.

Mr. BRABROOK, in reply, said the paper read by Mr. Coghlan was an exceedingly valuable addition to their knowledge of the subject. The discussion had not been of a controversial character, and did not call for much reply, nor did he think it desirable that he should enter upon a discussion of propositions for the amendment of the law. The question of Mr. Toynbee as to the possible duplication of figures was a very important one. It was unavoidable in statistics of this kind that there should be that duplication. Besides investments of societies in savings banks, there were investments by co-operative societies in other co-operative societies, which necessarily appeared twice over. The only thing that could be said was that the error caused by including investments twice over was very much less than the amount of unregistered and unknown savings in various other cognate societies. With regard to the supposed greater popularity of dividing societies, he did not think that had shown any increase; they had always been more popular than the ordinary accumulating permanent society. In the

list of friendly societies, say of Liverpool, there would be found ten or more dividing societies to one permanent. To some persons a temporary insurance answered every purpose: for instance, those who did not know whether they would be in the same place more than a year. He did not believe that anyone was induced to enter a dividing society by force or fraud, or that there was anything immoral in the constitution of a dividing society. Only members about the same age would join it, because no sensible young men would join a dividing society consisting largely of old men; and the members knew they would have only their own savings to look to, and that a time must come when no dividing society would be of any more use to them, but that was not a state of things that anything could be done to stop so long as people liked to have their annual surplus in their own pockets. No form of statute could be devised to prevent it. The business of the legislature was not to tell people what contracts they ought to make, but only to see that people honestly carried out those they did make.

The following were elected Fellows of the Society:—

Keshishian, Agazar.

|

Keyworth, William.