SOME EXPERIMENTS
IN
PROFIT SHARING
AND
CO-OPEARATION
IN ILLINOIS.

By

EDWARD L. MANN.

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SOME EXPERIMENTS

IN

PROFIT SHARING & COOPERATION

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The Subject of Profit sharing and Co-operation in Illinois is an extremely fertile one, but one which has received very little attention. Owing to the fact that there is almost nothing in existence on the subject the matter here presented has been collected at first hand. I have confined my investigation to the corporations at present in existence, and by virtue of this fact, to those which are successful, at least to the extent that they have been able to exist for a time varying from four to fifteen years.

The cases of successful co-operation have been independent of any organization of laborers or farmers. During the active period of the organization known as Grangers a great many co-operative stores, controlled by it, sprang up throughout the country. Illinois had her share, but they disappeared with the decline of the organization which gave them birth. I have been unable to find any of them that have lasted till now. The same thing took place in the case of the Knights of Labor. A large number of manufactories and stores were started by members of that organization, and many more were talked of which were never fully organized. All of them however, so far as I have been able to learn, disappeared with the decline of the organization which fostered them. A short account of the latter attempts in Illinois is given in the report of the Bureau of Labor Statistics.
of Illinois for 1886. An account of the general movement throughout the country may be obtained from "Three Phases of Co-operation in the West", published by the American Economic Association.

The concerns investigated are of two general classes, (1) Profit sharing, (2) Co-operative. Of the first there is only one in this state, The N. O. Nelson Manufacturing Company. This company is one of the most important profit sharing companies in the United States, therefore I treat it rather fully. The second class we may further subdivide according to the character of the business into distributive and productive. The companies discussed illustrate the different phases of co-operation as it appears today.

The N. O. Nelson Manufacturing Company was founded in 1877 and incorporated under the laws of Missouri in 1883. It has factories at St. Louis, Mo., and Mound City and LeClaire, Ill. The office and warehouse of the company are also in St. Louis. The paid up capital is $550,000. The company is engaged in the manufacture of plumbing goods and its annual sales run from $1,250,000 to $2,000,000. The total number of employees is about 400. About 50 of this number are boys under twenty years of age and about ten are girls under twenty. The latter are employed as core makers in the brass works. No other women are employed. About 160 of the company employees are at LeClaire where about one half of the works are located. LeClaire is adjoining Edwardsville, which is its railroad station and post office.
It is eighteen miles from St. Louis and has three railroads, viz.,
the Wabash, Jacksonville Southern, and the Toledo, St. Louis and
Kansas City.

Although the company was founded in 1877 and incorporated in
1883 it was not until 1886 that the profit sharing plan was adopted.
No change in the management or in wages was made, but it was agreed
that after allowing interest at the market rate for the capital and
setting aside 10% of the profits for a reserve fund, 10% for a
provident fund, and 5% for an educational fund, the remainder should
be divided between wages and capital. The reserve fund was to provide
against loss in bad years. The provident fund was to provide for
sick and disabled workmen and for the families of the deceased. Its
management was given to a committee of five employes elected by the
workmen themselves. The educational fund was to provide a library
which should be accessible to all employes. As a result of the
adoption of the profit sharing plan there was paid to wages in 1886
a dividend of 5%; in 1887, 10%; in 1888, 10%; in 1889, 8%; in 1890,
10%; in 1891, 8%; in 1892, 4%. In 1893 owing to the hard times there
was no dividend, and I have been unable to get any figures for 1894.
For the first four years the dividends were paid in cash, but the
privilege to invest them in the stock of the company was given. Only
about three quarters of the dividends were thus invested. In order
that all should be saved in this way, the rule for the payment of
dividends was changed in 1890 so as to make them payable in stock of the company only.

Further changes were made in the original plan in 1892. The provident and educational funds were abolished and all necessary amounts for these purposes were paid out by the company and deducted from the profits at the end of the year. It was provided at the same time that the dividends, instead of being equally, should be shared by wages and capital in a ratio of 2 to 1.

In the summer of 1893 owing to the great depression of business and the slowness of payment from customers, the management submitted to the employes a proposition to run for a time on three quarters pay, promising to return to full pay as soon as the condition of business would permit, and also to pay the other quarter of the wages as soon as the earnings in excess of the interest on the capital would justify it. This proposition was accepted. After three months full pay was resumed, and at the end of the year it was found that the earnings were sufficient to pay the interest on the capital and the unpaid portion of the wages. At the close of 1893, prompted by the good demand for goods and a desire to make up for the low prices prevailing, it was mutually agreed by the management and employes to run ten hours a day instead of nine. This action was the result of the conclusion that while the output per hour is greater in a nine hour working day the total output is greater in a ten hour day.
Beginning with 1894 the manner of payment of dividends was again changed. It was provided that only those who, when working full time and getting full pay, should invest 10% of their wages in the stock of the company should share in the dividends. The object of this modification was "to offer a substantial inducement for men, when in good health and having steady employment, to save something for the future, and also to make the sharing in the business profits dependent on each one doing something towards it in a direct and personal way for himself."

Up to 1894 about $60,000 had been paid out as the share of the dividends going to wages, and about $6,000 had been paid out by the Provident Committee.

When the provident fund was abolished no change was made in the Provident Committee. This committee in reality is divided into two separate and independent committees, one for St. Louis and the other for Leclaire. They consist of five members each and are elected by the employes at their respective places. They hold regular monthly meetings and meet oftener if the demands for relief are such as to require it. They make their drafts directly on the treasurer of the company and at the end of the year the amount used by them is deducted from the divisible profits, labor and capital thus sharing in proportion to the ratio of division, in the charge.

The following rules have been adopted by the employees at large
for the government of the fund:

Every employee who has served the company for six months or more is eligible to its benefits.

Medical attendance is furnished by the Provident Committee, and no allowance for disability or sickness is made except when certified to by the physician.

The applicant must notify the committee or an officer of the company of his illness, and no claims for allowance for any time prior to the date of the notice will be allowed.

"The allowance on account of disability shall be, approximately, $5 a week for a grown employe and $3 for a minor; $2 a week for an employes wife or dependant mother, and $1 a week for each child; subject, however, to variations in the judgment of the Committee, and not to exceed the regular wages of the employe.

"The families and descendants of deceased employes shall be suitably provided for, to ensure them from want and to properly educate their children. subject to variation in the judgment of the Committee, there shall be paid to each such dependant: $4.00 a week to a widow, $2.00 to each child under 14, $2.00 each to aged and disabled parents. In all, this shall not exceed two thirds of the wages of the deceased, and the allowance for each person shall cease when, in the judgment of the Committee, he or she is able to earn a living. The income of any member of the family shall serve as an
offset against the combined allowance."

There are no conditions attached to employment except a man's ability to do the work, and none to profit sharing except those already mentioned. The men are perfectly free to leave the service of the company when they desire, and it has been the practice of the company to redeem at par any stock held by any one doing so.

In connection with the manufacturing establishment at Leclaire a most interesting social experiment is being carried on in the matter of establishing a village. In 1890 the N. O. Nelson Manufacturing Company came into possession of 125 acres of land adjoining Edwardsville, Ill. Fifteen acres was reserved for the buildings of the company and the remaining 110 acres was set apart for residence purposes. Half of this was laid out with winding streets paved with cinders. The company desired that as many of its employes as would should locate there.

One very important feature of Leclaire is the absence of any form of city or village organization. The settlement is directly under the laws of the state and the protection of the sheriff. One important result is the absence of municipal taxation. The company is however the controlling spirit which keeps up the improvements and exercises the controlling spirit which would naturally fall to a regularly constituted government.

In 1892 a valuation of the lots was made. The price was fixed
at $2.00 per front foot for inside and $2.50 per front foot for corner lots. These prices still continue, except that when a sale is made, interest at the rate of 6\% per annum is added to the valuation of 1892. It is intended that this arrangement shall continue, but what the company would do in case of a largely increased demand for these lots is not known as the question has never arisen. The deeds to the lots are given with no restrictions whatever but a building line.

The houses are built by the company according to plans mutually agreed upon by the company and employee. The charge made for the house is the actual cost of the raw material and the labor, with interest on the amount equal to the average profit of the business. The company has its own planing mills, wood working force and lumber yards, so that it is not probable that the cost is in any way increased by having the house built by it. The houses are paid for by the men in monthly installments varying in amount according to the cost of the house and the amount of wages received by the owner. The amount usually paid ranges between $10 and $20 per month.

In case the owner desires to remove and to dispose of his property the company buys it back at the purchase price, refunds the amount paid on it, and charges rent for the time of occupancy. It is not the intention or the purpose of the company to rent houses, but those that it has on hands it rents at from $6 per month for a three room house to $12 for a six room house. These rents are based...
on the cost of the houses which ranges from $800 to $1,500. This is a very moderate rental considering that water and electric light are furnished free.

Board walks, water mains and electric light wires have been put in as far as houses are built. A charge of $5 per year for water and 25 cents per month per light is made to all house owners. The water and light are both furnished by the company and in dry weather it also sprinkles the streets. Water and light could not be furnished in so small quantities for these prices were it not that the company has to maintain the plants for these purposes in connection with its works. As it is, the additional cost to the company is practically nothing.

The general appearance of the village is good. Trees have been planted along the streets. The lots have a hundred feet frontage which gives each house a comfortable yard. The yards are kept in good condition. There are no fences or out buildings to mar the pleasing effect and to serve as places for the collection of rubbish. As there is no sewerage system the sewage is disposed of by means of the dry soil closet.

A green house is maintained by the company. The cost of the building was paid from the improvement fund; a fund made up of the proceeds of the lots sold. A gardener is employed whose wages are paid by the company. In addition to having charge of the green house he takes care of the trees, grass and flower beds on the grounds.
around the club house which constitute a sort of park, and on the streets. In the spring a free distribution of plants to the residents takes place. Each family makes out a list of those kinds desired and the stock on hands is given out as nearly as possible in proportion to the number asked. When the plan was first adopted flowers of the gaudy colors were almost entirely asked for, but there has been a gradual change in favor of the more delicate colors. The advice of the gardener is sometimes sought by the inhabitants in regard to laying out the beds, grouping the flowers, etc., but any aid he may give them is entirely voluntary, as that is not a portion of his duties; it being the desire of the company to throw the residents on their own resources as much as possible.

The club house mentioned above is a frame building. It has a kitchen, dining room, sleeping rooms, reading room and rooms for the schools. It is the meeting place of the literary society and the library is kept in it. There is also a billiard room and a bowling alley. The sleeping rooms are occupied by unmarried employees of the company who have a boarding club.

The literary society is an important factor in the intellectual development of the people and great interest is taken in it. Meetings are held every Tuesday night during the winter. Lectures are given alternate Tuesday nights. The lecturers are usually from St. Louis but occasionally one from abroad is procured. The other meetings are given up to the usual exercises,—papers, essays, discus—
sions and music,—of such societies.

There is a library in the village, which at present contains over 600 volumes, and constant additions are being made to it. The books are such as are usually found in libraries for general reading and are in constant demand. It is free to any one, subject only to the rules for the preservation of the books.

In the spring of 1894 an endowment of $10,000 of the stock of the N. O. Nelson Manufacturing Company was given to the residents as the beginning of an independent educational fund. This resulted in the formation of the Leclaire school and library Association. The association consists of all the home owning residents of Leclaire. The directors and officers of the association have full control of the educational matters of the village. The articles of incorporation and the deed of endowment provide for a school system which shall begin with a kindergarten. At a suitable age manual training is introduced. At the age of twelve a boy is given light work of one hour per day on the farm or in the factories. The number of hours is increased each year until, at the age of eighteen when he is supposed to graduate, he is working half time. He is paid the full value of the work done during this time. When he graduates he is master of his trade and has a full days position awaiting him. The object of this system is to give a good education and trade to every child growing up in Leclaire, and when the schooling is finished, to have
steady employment for the boys at full wages. The school is to be free always to the children of Leclaire, and outside children may be admitted by the directors on whatever terms they may adopt.

It is claimed by the N. O. Nelson Company that the advantages, "free things", as it calls them, of Leclaire, are not charities, but are public facilities. In the place of the ordinary taxes levied to support similar advantages in incorporated villages, a "tax" is made on the divisible profits of the business for their support. In this way the company and the employes who share in the profits contribute to maintain them. In the last analysis of the situation it can, I think, be shown that there is some element of charity in the advantages offered to inhabitants of the village. Inasmuch, however, as they are not so considered by those concerned, it is of comparatively small importance.

In connection with the village there is a co-operative store. It is under the general direction of the profit sharing company, but is organized as a separate corporation. It was incorporated in 1892 with a capital of $5,000, divided into 100 shares. There are fifty-five members, thirty-eight of whom are employes of the N. O. Nelson Manufacturing Company; the rest are residents of Edwardsville. Any person may become a member of the association by election and by agreeing to pay fifty cents per week on his share till paid in full. He may withdraw the full amount put in by giving three months notice.
Goods are sold to all purchasers, members and non-members, at the same price as prevails at the stores of Edwardsville. Dividends are paid only to the share holders. At the end of each quarter an inventory is taken and the amount of profits is determined. After payment of interest at the rate of 6½ per annum on the amount actually paid in on each share the balance is then paid to the members in proportion to the amount of their purchases. The dividends have ranged from ten to twenty per cent. except in one quarter, when on account of careless management there was no profit.

The business is managed by a board of directors. This board is elected by all the members, meets weekly, and has full control. Monthly meetings of all the members are held. The store keeper is the only one who receives a salary, and he is under the control of the board of directors. He is also required to make a weekly report to the treasurer. A strict cash system is used. The store keeper is not allowed to give credit. In making his report he is required to give the amount of all sales for the period covered by it and to turn over to the treasurer cash for the amount. If credit is given he gives it on his own authority and is held responsible for the amount.

Since Leclaire is so near St. Louis it is not necessary to carry any great amount of stock, because orders sent to the city in the morning of one day will be filled during the morning of the next. A fair stock of the articles most in demand is carried. Anything may
be procured by ordering it in advance. A horse and delivery wagon are kept. Only one man is employed.

The building which is used by the Association is a gift from the N. O. Nelson Manufacturing Company. The Association pays neither taxes nor rent, nor does it have any expense except to keep up the property. How much taxes and rent would reduce the amount of the dividends I cannot say, as I am unable to obtain figures on which to base calculations. I am told however that it would be about 2%. Our conclusions in regard to the N.O. Nelson Manufacturing Company may, I think, be given under the heads of (1) the profit sharing factory, (2) the co-operative store, and (3) the village of Leclaire.

(1) The factory using the profit sharing plan is to be considered a success from a financial and business point of view. There is considerable difference of opinion among the men as to the merits of the plan in use; some claiming that it is an advantage while others see no good in it at all. The managers of the company claim that the men who share in the profits take more interest in the work. There seems to be no doubt but that the effect of sharing in the profits has been beneficial to the workmen. Their self dependence has been increased through the feeling of responsibility which most of them seem to possess. The one feature of manifest injustice in the method used is that all who share in the profits and do not live in Leclaire are unjustly taxed for the support of its advantages.
(2) During the time the co-operative store has been conducted on business principles, and there was only one quarter when it was not, it has been a success and is regarded favorably by those who live in its neighborhood, although some of them do not look upon the profit sharing plan of the N. O. Nelson Manufacturing Company with favor.

(3) The experiment of the village is the most interesting one at Laclaire, and the results whose results are the most difficult to determine, owing to the short time it has been carried on. Taking all into consideration however it has, so far, been a success. The standard of life has been appreciably raised; and the increase in culture and refinement of taste has been noticeable. There seems to be a greater self reliance and higher ideal of manhood among the inhabitants of the village than at first. There has been a general intellectual, social, and moral development.

The Only other distributive co-operative concern examined is the Grand Mississippi Valley Traffic Association. It was incorporated under the laws of this state and has its office at Chester, Ill. The original capital stock was $25,000.00, divided into 1250 shares. In 1890 the directors voted an increase of capital stock. This increase was limited to $300,000.00, divided into 15,000 shares, and has not been put on the market. The original capital of $25,000.00 was taken by 250 persons. The object of the promoters of this or-
ganization is to form a powerful commercial association by combining the energies and influence of a great number of people of the Mississippi valley. They expect by this concentration of forces to be able to exert the influence which naturally belongs to a powerful corporation. In this way they hope to be able to protect the members of the association from the oppressions of the strong corporations. They also hope by the concentration of orders to be able to save considerable in the first cost of goods.

There is so far nothing to show what success the plans will meet when put in operation. The company stands with no indebtedness and only a small portion of the stock paid in. It was found that the people did not take hold of the matter as enthusiastically as its promoters had hoped, so it was allowed to rest. At present only enough is being done to keep the charter alive, so that nothing of any definite nature as to the actual working of the plan is attainable.

In the line of productive co-operation we find the Co-operative Stove Company of Bloomington, a number of concerns in Rockford, and mines at Fairbury, Orchard mines, Petersburg, Mt. Pulaski and Springfield. Of the last three I know nothing except that they exist. Of the companies of Rockford I have undertaken a description of two only, and have confined myself to the mine at Fairbury.
The Co-operative Stove Company of Bloomington was incorporated in 1886. It was intended when organized to make the company strictly a co-operative one, i.e., that all the stock should be held by the workmen. The inability of the workmen to furnish the necessary amount of capital forced a change of plans and stock was sold to any one who would buy it. About onethird of the employes own stock. They hold it on the same terms as one who is not employed and receive the same wages as the employes who do not hold stock. No appreciable difference is noticed in the quantity of work between those who do and those who not own stock.

In Rockford, Ill., there are about eighteen concerns which may be said to be in part co-operative. that there are so many is no doubt due to the fact that a considerable portion of the population of the city is Swedish. Nearly all of this class of concerns are controlled by them.

So far as I have been able to learn the first co-operative concern of the city was the Union Furniture Company, which existed there about twenty years ago. A number of Swedes settled there about that time. As they had been wood workers in Sweden, the managers of the furniture company decided to make a venture and to permit the men to own the stock. Just how this was accomplished I have been unable to learn, nor have I been able to get any details concerning the company. It was, however, I am assured by my correspondent, very
This induced more Swedes to settle there and to undertake ventures of the same sort. During the pressure of 1893 a number of companies, running on borrowed capital, were, largely because of mismanagement, unable to meet their payments. At present there are concerns in Rockford run on the co-operative plan that manufacture furniture, clothing, agricultural implements, boots and shoes, machinery of all kinds, etc.

These companies are all incorporated as stock companies under the laws of this state. The great difference between them and any other stock company is that much of this stock is held by the employees. As there is no important difference in the essential features of these companies it would be unprofitable to take up at any length more than one or two of them. The following table gives several of the most important ones with a few points about each.
<table>
<thead>
<tr>
<th>Name</th>
<th>Organized</th>
<th>Capital</th>
<th>Employees</th>
<th>No. owning shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rockford Mnfg. Co.</td>
<td>1839</td>
<td>$200,000</td>
<td>125</td>
<td>nearly all</td>
</tr>
<tr>
<td>&quot; Std. Furn. Co.</td>
<td>1838</td>
<td>125,000</td>
<td>160</td>
<td>65</td>
</tr>
<tr>
<td>Palace Folding Bed Co.</td>
<td>1891</td>
<td>100,000</td>
<td>---</td>
<td>most</td>
</tr>
<tr>
<td>Rockford Co-op. Co.</td>
<td>1830</td>
<td>100,000</td>
<td>100</td>
<td>nearly all</td>
</tr>
<tr>
<td>Star Furn. Co.</td>
<td>1839</td>
<td>100,000</td>
<td>75</td>
<td>&quot;</td>
</tr>
<tr>
<td>West End Furn. Co.</td>
<td>----</td>
<td>100,000</td>
<td>85</td>
<td>60</td>
</tr>
<tr>
<td>Mechanics Furn. Co.</td>
<td>1890</td>
<td>75,000</td>
<td>100</td>
<td>all</td>
</tr>
<tr>
<td>Skandia Furn. Co.</td>
<td>----</td>
<td>100,000</td>
<td>120</td>
<td>75%</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Name</th>
<th>Is efficiency improved?</th>
<th>Own homes</th>
<th>Strikes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rockford Mnfg. Co.</td>
<td>yes</td>
<td>most</td>
<td>none</td>
</tr>
<tr>
<td>&quot; Std. Furn. Co.</td>
<td>no</td>
<td>&quot;</td>
<td>&quot;</td>
</tr>
<tr>
<td>Palace Folding Bed Co.</td>
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<td>yes</td>
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</tr>
<tr>
<td>Skandia Furn. Co.</td>
<td>&quot;</td>
<td>&quot;</td>
<td>&quot;</td>
</tr>
</tbody>
</table>

The Rockford Manufacturing Company, manufacturers of agricultural implements, was incorporated in 1889 as a stock company under the laws of Illinois. It has a capital stock of $200,000 and employs...
125 men. Stock to the amount of about $55,000 is held by the workmen, the rest is held by capitalists. The stock was subscribed for by the workmen and payments made in monthly installments in such amounts as were permitted by the wages. The average number of shares held by the workmen is about 5. A few of the workmen hold none at all while some hold as many as ten. A share holder cannot obtain employment unless he is capable, but, other things being equal, he is given the preference over one who is not a share holder.

The chief advantage which a share holder enjoys, aside from the dividends, is certainty of steady work, during ordinary conditions of the market, and so long as he continues capable of doing the work. As to the dividends declared I have been able to obtain no information at all.

The employes take a personal interest in the work. It is claimed by the management of the company that a difference can be noticed in the work of the stockholders and those who are not. It is said that they are more careful as a consequence, and turn out better work and more of it. They are intelligent, sturdy and temperate, most of them own their own homes, and many hold shares in some of the other companies. I am informed that the number of home owning employes has increased since the company started, but to what extent I am unable to learn.
The Mechanics Furniture Company was incorporated under the laws of Illinois in 1890 with a capital stock of $75,000, and employs about 100 workmen. Previous to 1890 two or three men had a small turning factory. They were not satisfied, and catching the spirit of the boom for co-operation which Rockford then had, they induced several good mechanics to join them in organizing the present company. Their secretary is the actual head of the company. He joined them soon after they had organized and as he is the only one who understands business and running a factory, he has continued to act as secretary since. He has carried the company through the hard times by his excellent management.

All of the stock except thirty shares is held by the workmen. This company differs from most of the other companies in Rockford in this respect, and also in that all the workmen hold shares. Less than 5 shares are not sold and the average number held is 6.

Seven per cent dividend is all that has been declared so far. This is owing to the hard times. The fact that any dividend has been declared speaks well for the management, as some of the factories there have not only had no dividend, but have been forced to cut wages. Full wages have been paid promptly by this company in addition to the small dividend. The workmen take a personal interest in their work, which results in improving it. They are moreover steady, temperate men, most of them owning their homes and possessing consider-
able intellectual ability.

The constitution of the company is very simple. The business is placed in the control of a Board of Directors which elects its own officers. The superintendent, also elected by the board, has charge of the men and fixes their wages. Any stock holder who neglects his duties may be discharged by the superintendent. Stock holders who have not been discharged have the preference of employment.

The companies of Rockford have never been troubled with strikes. Differences sometimes arise but they are amicably adjusted. In some of the factories the workmen voted, during the financial pressure of 1923, to cut wages rather than to cease work. It may be said in this connection that the wages are not affected at all by the fact that dividends are paid to the wage earners. Whatever may be received from the dividends is in addition to the wages, which are the same as those paid in the factories not run on the co-operative plan.

The general character of the workmen of these co-operative factories is much above that of the average factory hand. They are intelligent, steady and temperate; and their children are well schooled. Their standard of life is best illustrated by their homes, which are well built, and are comfortably furnished. The houses are not crowded but each has a fair sized yard, which is well kept, and plank walks are laid to all of them. The number of home owning workmen has greatly increased since co-operation was adopted.
There is no grouping of the workmen of these factories aside from that which arises from the natural desire of the workman to be near his work. The larger number of the men are Swedes, however, and as such, manifest a considerable degree of clannishness. This is without reference to the company for which they work, nor is any line drawn between those who work for the co-operative factories and those who work for the companies that do not employ that plan.

There is much difference of opinion between the managers of the companies as to the effects of co-operation upon the work. Some claim that there is no difference between that of share holders and non share holders. Others claim that there is a difference that is easily noticeable. So far as I can judge I would say that there is a slight difference in favor of the share holders. This is the result of a personal interest which they seem to manifest in the success of the concern in which they hold shares.

The only mining company studied is the Fairbury Mining Company of Fairbury. This company was incorporated in 1885 as the result of a strike at the other mine in the city. The capital stock is $10,000, only a small portion of which is paid in. The mine is at present in excellent condition. There are fifteen stockholders, each holding an equal amount, and seven men and boys are employed who do not own stock. Only twelve are employed in the actual digging. The
output averages about 13,000 tons per year.

Twenty four men were in the company at first and held equal shares. The owner of the land where the mine is located gave them the use of five acres on which to sink the shaft and a lease of 160 acres for 20 years and receives in return 5% royalty on all the lump coal mined. I am told that this is a fair rental. In order to start up the miners were compelled to borrow money, as none of them had any capital. The merchants of the town loaned them the necessary amount and they sunk a shaft and began operations.

During the first few years petty jealousy and mismanagement nearly resulted in a failure. The frequent meetings of the stockholders gave rise to continued strife and ill-will. The pit boss was not respected and had almost no authority. The carelessness which came from this state of affairs resulted in a “squeeze”. Several of the men became discouraged at this and sold their shares to the others. One or two new men were also gotten in the company at this time. One of them, who took charge of the office at the mine, succeeded in making some changes which have removed most of the disquieting elements.

A board of directors was organized at his instance, consisting of seven members. This board holds regular monthly meetings. Authority was given to the pit boss and to the boss above. An annual meeting of all the share holders is held for the purpose of electing the board of directors and transacting other business which may come
before them. The order and careful management which followed these changes soon dispelled the ill feeling which had not stopped short of personal encounters between some of the men, and replaced it with one of good will and fair play.

The mine is located at least a half a mile from a railway. In this the company is unfortunate. They have been unable to get the railway company to lay a track to the mine, so that all the coal shipped has to be hauled in wagons to the cars. The mining company has not felt that it was safe to go to the expense of laying a track itself for fear that the railway company might not furnish it cars. This is a great disadvantage and increases the cost of all coal shipped about thirty five cents per ton. The actual cost of hauling to the cars is twenty cents per ton, and it is estimated that the delay and bother caused by handling at both ends is at least fifteen cents per ton. As a result of this state of affairs not a great deal of coal is shipped. There are a few tile factories that are regular customers during their running season, so that by supplying them during the summer and the local market during the winter the mine usually runs the full year.

So far no dividends have been declared on the stock. Money which would have been used in ordinary concerns for this purpose has been used in the case of this company to increase the wages. At present the miners in this company are getting fifty
cents per ton while the miners of the other mining company in the town are getting only forty-five cents. This is in spite of the fact that coal shipped costs about thirty-five cents per ton more.

At times this difference in the prices paid per ton has been as much as fifteen cents. During the time that the company has been running it has, in addition to the increase in the ordinary wages, succeeded in paying back the money borrowed when the start was made, so that at present they have their plant free from debt.

During the great coal strike of last summer this mine ceased operations. The reason of the workmen for stopping was chiefly intimidation. A committee from Streator visited the mine in the first part of May and by the use of argument and threats succeeded in getting them to stop digging. The men were afraid that if the continued to work a crowd of the strikers from either the other mine in the town or from Streator would come and destroy the shaft. Influenced by this danger and by the fact that their production was so small that it would not make any material difference in the output, it was decided to stop work. So far as I have been able to get information, I am of the opinion that, while there was a strong element of sympathy for the strikers, it alone was not strong enough to cause them to stop work. The intimidation and fear for the safety of their property was the deciding influence.

In dealing with the influence which the plan has exercised upon
the habits and character of the miners we have a very complex and intricate problem, and I shall not attempt to follow it out to its fullest conclusion. I shall content myself with noticing a few of the most important facts. The first and most indicative of these is regard to the houses owned by the miners. When the company was started only two owned their homes, now the number is eleven. Nor are these the small houses in which miners are usually found. They vary in value from $600 to $1,500 and I am told that they are well furnished. The decided increase in the number owning homes is, it seems to me, a very significant fact.

Another matter which I believe of hardly less significance is in regard to the use of liquor. At present there is only one of the fifteen who own stock in the mile who uses intoxicants to any extent, and he is the inly dissatisfied one. This is certainly a good record for miners.

The change that has taken place since the revision of the rules is another matter of importance. The jealousies, the intense ill will, and the personal encounters indicate that at first those men were not, to any great extent at least, above the average coal miner. At present there is the best of good feeling. The fact that six or seven different nationalities and five or six religions are represented in the fifteen share holders without causing any serious difference of opinion shows to what extent the early feeling has been
eradicated. The prevailing spirit is one of mutual concession and fair treatment. On the whole this case of co-operation is certainly successful.

It will be noticed that, in all the co-operative concerns discussed above, the workmen seem to be above the average in intelligence and character. It is impossible to determine to what degree this is the result of co-operation and how much the success of the plan is due to this fact. In the case of the Fairbury Mining Company there seems to be no reasonable doubt but that co-operation has had a very pronounced effect upon the condition of the miners. In the other cases, while there is an improvement in general condition and a great increase in the home owning workmen, it is much less noticeable. There has been, however, in all cases, an improvement manifest. This is due to the fact that the workmen feel a greater independence and take a personal interest in the work.

One fact in regard to the management that should be noticed is that in all the financially successful concerns the same persons are elected year after year to serve as secretaries. A man of ability is placed in control of the business and is kept in that position. On investigating several of the companies that had failed I found that the failure was the result of mismanagement due to unwise selection and frequent change of managers.
It is next to impossible to arrive at any general conclusions from the study of so small a number of concerns. The two chief difficulties that have been encountered by the few discussed are a lack of capital on the part of the men entering such a scheme, and a lack of men who are capable of conducting the business on business principles. The former has been obviated by borrowing the necessary amount or by getting some capitalist interested who was able to furnish enough to run the company till the amount due from the workmen on the shares taken could be deducted from their wages. The latter is the most important of the difficulties encountered. When competition is as keen and business ability counts for so much as it does now, it is absolutely essential to the financial success of the concern that a capable manager be placed at its head. Such a man it is hard to find among the class of men who undertake co-operation. Men who have the ability and training and who accept the position usually do so because of a desire to better the condition of the workmen.

Profit sharing in a great measure does away with these difficulties, but so far as I have been able to observe its effect on the workmen is not so beneficial as that of co-operation. The personal interest and self dependence of the men are not manifest in the same degree in the former as in the latter. These difficulties then, must be removed before any general movement in co-operation will be
successful. Obviously the only way to accomplish this removal is by the better education of the working class.