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FOREIGN CORRESPONDENCE.

GREAT BRITAIN.

THE OVEREND & GURNEY STORY.

LONDON, Christmas Eve.—We have seen the end this week of a great mercantile cause celebré, the greatest indeed that has been in our courts for the last half century, and though all of us are, I think, glad that it is over, few are altogether satisfied with the conclusion. Five years ago the great Quaker house of Overend & Gurney was the largest, and, to outward appearances, the most flourishing discount house in the world. The original founders of the business had died full of years and wealth, but it had suffered no diminution under their sons and successors. The partners in the Lombard-st. house were intimately related by the ties of blood, and old friendship, to some of the most famous and respectable of English mercantile families—Barclay's, Hoare's, Baxton's, and Garney's, formed a sort of clan, whom their common Quaker origin had united in the first place, and constant intermarriages had bound more and more closely together. The partners in Overend's were men of the highest reputation outside their own business. Their openhandedness was proverbial, and there was scarcely a charity of importance in London to which one or other of them did not subscribe liberally. They made no ostentation of their wealth, but lived quietly with their own people, in their own way. In short before 1865 any intelligent Englishman, not behind the scenes in the city, would have certainly named one or more of them if he had been asked to pick out half a dozen of our city princes as models of what the high class merchant should be. When, then, it was notified in the usual way in the city that the business was to be sold to a limited liability company, the Board of which would consist of several of the old partners, and a few new men of first-class standing, every one with a few hundreds at their bankers, and who could make any interest with those who had the allotting of them, hastened to apply for shares. It was not poor parsons, half-pay officers and widows—the classes, I am sorry to say, who, with us, have generally been hit the hardest by defaulting and fraudulent joint stock companies—who were flocking to Lombard-st. after Overend & Gurney shares. No such list of shareholders was probably ever got together before. The great clients of the old firm had been the steady country banks in the Provincial towns of England, all of whom had large deposits in their hands. Great numbers of these country bankers, and their best clients, comfortable country gentlemen who save so much a year as part of their religion, and the leading tradesmen of cathedral cities, became shareholders. Even in London, where the real state of things is generally known as to any proposed conversion or investment, the financial and commercial worlds were thrown entirely off their guard. Several of the steadiest private firms of London bankers, men who had all their lives had a superstitious horror of all investments but Government securities, actually advised their investing customers that they could not do wrong in making a venture of a few shares of Overend & Co.'s Limited. There was something like a feeling that a benevolent craze must have seized on the old firm, in the minds of ordinary investors, but if the Gurneys were moved to part with the finest money-making machine in the world for the benefit of mankind, he must be a fool who would not stand in for a share of it. So the applications came in in shoals, and the list was closed in a few days, and then the applicants thought themselves lucky if they got a third of the shares they asked for. The capital was divided into £50 shares, of which the prospectus confidently stated that it would not be necessary to call up more than £15. That document was in other respects a sober, business-like statement, setting out that the good will was worth half a million, that the business was a prosperous one, and that three of the old partners had consented to come on the board of the Company, and would retain a large stake in the concern. It was looked upon as another good feature in the new company that no delusive or exaggerated hopes of profit were flaunted in the prospectus, and that it contrasted so favorably in this respect with many which were then before the public. The deed of transfer from the old firm was duly produced to the Committee of the Stock Exchange, a settling day was granted without demur, the shares went to a premium, and the holders went about with the comfortable feelings of men who had gotten a good thing. The prosperity was of short duration. The bad times which had been threatening in the Autumn of 1865 came on in earnest in the Winter. Rumors of great losses, which the old firm had sustained by advances entirely outside their regular business to Greek shipping companies, financial agents, and the like, began to float about and disturb the minds of the shareholders. As one after another of the great bubble companies, which had started after the passing of our last joint stock companies' act (which removed the last restraints on combination), collapsed in the early months of 1866, Overend shares began to fall, and city experts to shake their heads. At last, on the second Friday in May, 1866, the new firm closed their doors, and, I believe, caused in doing so more widespread inconvenience at the time, and more deep-seated distrust since in the money world than any event which has happened within the memory of the oldest jobber.

From that time to the present of course the affairs of the Company have been in the lawyers' hands. First came the application for winding up in chancery. When a joint-stock business concern goes wrong with us, we deal with it in this somewhat expensive but very effectual manner. An order for winding up is made on the petition of creditors, and an official liquidator, who for the time is an officer of the Court of Chancery, is appointed. All the books are handed over to him and he proceeds to collect the assets and distribute them, having power to make calls and do whatever else may be expedient with the sanction of the Court, with which he is constantly in communication. In these winding up proceedings one of the first results is that, if any underhand negotiation or payment has been entered into or made either in the getting up of the company, it all now comes out. Thus it was soon made known in the case of Overend & Gurney that at the time of the conversion of the business, the old firm was practically insolvent. It was true, that in 1865 they were still continuing to earn an enormous income by their regular business of discounting, but so deeply had they meddled with speculations of one kind or another which had proved disastrous failures, that had they been then wound up, they would not have paid more than 10 shillings in the £1. It appeared that all this had been disclosed to the new Directors, who had joined at the time of the conversion, with whom the old partners had dealt with perfect openness. They had gone into the figures, and come to the conclusion that there were something like four millions of what might prove bad debts, beside entailing further liability on the assets of the old firm, and accordingly a second deed was prepared and executed, between the old partners and new Directors, by which the former made the whole of their separate estates liable for these debts of the old firm. The private estates were very large, and reasonably cautious persons might possibly have joined the new company in reliance on this guaranty, even if they were aware of all the circumstances. This was clear from the fact of men in the position of Messrs. Gordon, Gibb, and Rennie joining and risking their own money. But this second deed had not been alluded to in the prospectus, had never been produced to the Committee of the Stock Exchange, in short, had been suppressed so far as the public were concerned. When this disclosure was made in the course of the winding-up proceedings, it created great scandal, and undoubtedly the transaction had a very ugly look about it.

Then came the second stage of the legal proceedings. Some of the unlucky shareholders took proceedings in Chancery against the new Directors, alleging that fraud had been committed by them in not disclosing the existence of this second deed, and stating on the prospectus that the old business was flourishing, and seeking, consequently, to fix them with unlimited liability, and to exhaust their estates before any call should be made on the shareholders. The defendants, the new partners, demurred to this bill, and were beaten in the Court below, where the Vice-Chancellor overruled their demurrer, with some very strong remarks as to the obligation which rests on Directors of giving those they invite to take shares in speculations the fullest opportunity of deciding for themselves as to the prospects of the undertaking. On appeal, however, the Lord Chancellor overruled this decision, and allowed the demurrer. In his opinion there had been nothing amounting to fraud in the technical sense which that word bears in our Equity Courts, but only disastrous mismanagement, the results of which had fallen as heavily on the defendants themselves as on the shareholders.

Thus it seemed likely that the men to whom the great commercial crisis of 1866, and the subsequent stagnation of business in the city, was mainly due would escape altogether with the pecuniary loss. The constituency was for the most part composed of men who were not inclined to throw good money after bad. They paid up their calls, grumbled, and so left matters.

A year ago, however, one of their body, Dr. Thom, whose indignation burned somewhat more fiercely, and whose public spirit was rather stronger than those of ordinary men, resolved that the case should not fall through for want of one man at least to fight it. A penal statute was passed here six years ago, enacting that any director or other officer of a public company who should circulate or publish any written statement or account which he knew to be false in any material particular, with intent to defraud or deceive shareholders, *or to induce any person to become a shareholder*, should be guilty of a misdemeanor. Under this statute Dr. Thom summoned all the directors before the Lord Mayor, and after an inquiry of many days they were committed for trial in January, 1869. It is this trial which is just over. The delay has been caused by the hesitation of the prosecutor, Dr. Thom, who, having succeeded so far as to have the case sent for trial, very naturally demurred at incurring the great expense of the hearing, and thought that this should be done by the country. Most people I think agreed with him, and felt that if ever there were cases which should have been taken up by the Government this was one of them. However so it could not be, and hence the unsatisfactory end of the whole business. For the prosecution was a lame affair, hurried at the last moment, and neither well conceived or executed. Dr. Kenealy, the advocate retained as leader, is a clever and somewhat eccentric literary man, not otherwise than able as a lawyer, but without leading practice hitherto in criminal cases. And having chosen him the prosecution did not give him a fair chance, as he only had his brief two days before the trial opened—a perfectly inadequate time for the preparation in such a case. The result was that the attack was pitched far too high. The old partners and new directors were represented as men, perfectly conscious that the business they were dealing with was utterly insolvent, who nevertheless conspired deliberately to induce persons to take a share in it under pretenses which they well knew to be false. It was clear from the first to all lawyers what the result must be. The very facts, that the new directors brought a large pecuniary stake into the business, and that the old partners risked every penny they possessed in the world on the success of the old concern under new management, were sufficient to answer it for all the purposes of a criminal prosecution. The Chief Justice summed up for an acquittal, and the 12 merchants of the City of London, who composed the jury, did not take a quarter of an hour to consider their verdict. They returned "not guilty," thus entirely acquitting all the accused of having conspired to defraud. The crowded audience from "'change," Lombard-st., and the other haunts of Mammon, were much affected, shouted till the Chief Justice threatened to send some of them to prison, wept profusely (it is said) and fell on each other's necks outside the Court—certainly gave the defendants a rapturous reception when they came out. One does not grudge it them, if they care for it. The Gurneys and their friends have paid dearly, both in purse and person, for culpable negligence, to put the case no higher against them. At the same time it is impossible not to feel that there has been a miscarriage, and that we have missed the opportunity of ascertaining how far it is possible to go in the direction of putting a plausible case, which is not the whole truth, before persons whom you wish to induce to join you in an enterprise without bringing yourself within the scope of the statute which was specially passed to render such conduct criminal. One good result, however, remains from the trial, I mean, the emphatic protest of the Chief Justice in favor of the establishment of a Public Prosecutor.

THOMAS HUGHES.

IN THE BLACK COUNTRY.

SOONDAY NIGHT SERVICE IN THE CATHEDRAL OF ST. JONAS.

BIRMINGHAM, Dec. 11.—For nearly twenty-five years I had been journeying and sojourning in England, and had visited all its cathedrals, and most of its abbeys and castles, and other historical monuments, beside attending service in churches and chapels in all parts of the kingdom. But a few weeks ago I heard for the first time of a sanctuary and of a service the like of which I had never read of nor conceived to exist in any country or age; and, having seen both, I shall never more look into an English family fire and experience its comfort without seeing them reproduced in its ruddy glow.

A young clergyman has recently been set as a pastor over a small, bricky diocese in or about Rowly Regis, some ten miles from Birmingham, called Blackheath, very appropriately. His flock consists largely if not mostly of miners, but they are not black sheep except in the wool alone. Many of them are men of white lives as well as of Christian profession and deportment; and, under the devotion of their young pastor and friend to all their interests, these characteristics are becoming more common and marked among them. Eloquent and learned men have preached grand sermons before kings, queens, nobles, and gentry, and all the higher classes of society upon the universal and self-adaptability of the Christian religion to every human condition and occupation; how it would go up to the palace of the prince and down to the cottage of the peasant; to the counting-house and work-shop. But, unfortunately, religion has too often been left to go alone when visiting these low, miry valleys of humiliation. Too often has the minister set over the sheep that go out to grub on these lean and stony pastures, said to them, by action if not in speech, what an American chaplain in the Revolutionary War once said to his regiment at the close of his prayer just before a battle: "March on, children of Israel; the Lord shall go before you, and I will go behind!" The Rev. J. Keateh neither speaks nor acts in that style to the swart battalions of subterranean industry to whom he is chaplain, pastor, counselor, and tender and genial friend. He goes down with them to their dark and sulphurous battle-field, and is first to reach and comfort them in thickest casualties. He is, to a certain degree, their companion as well as counselor from the lowest depths of their toil and struggle to the aisles and altar of the beautiful church that stands in the full heaven's sunlight, in which he preaches and teaches the way to a better life beyond the toiling and moiling of the one to which they are born.

This is not a figure of speech. He actually goes down into their coal mine every Wednesday, and reads a Gospel chapter from the Bible to them, and preaches a little, loving, instructive sermon to them while they are eating their dinners. I know not if any other Christian minister of any denomination in England or other country does this, or ever did anything of the like. It being the first instance I had ever heard of, I gladly accepted an invitation to witness and share the interesting service. So, a few days ago, the old companion of my "walks in the Black Country," the poet Capern, and a few other friends and myself, made up a little party to visit the pit and witness the scene. I do not know how different persons are affected by the sight or sense of great precipitous hights or depths, but I must confess to a nervous shrinking, which I tried to conceal, as I stepped with my companions upon the circular platform or lid of that pit of night and silence. The pastor of the subterranean flock placed us properly for the descent, each holding to a chain above our heads. The signal was given, and on the bottom of that inverted bucket we went down, down into a brick-walled well as deep as two St. Pauls, one atop of the other, would scarcely fathom. I involuntarily remembered the sensation when standing on the dome of that great edifice, and shut my eyes closely the first second against the light that for a while revealed the speed and depth of our descent. In about a minute and a half we had made the perpendicular distance from the cross of St. Paul's to the pavement below, and the platform moved down evenly and steadily, with no swaying motion. Did the refractions and runaway prophet of old ever descend into such depths! Two minutes more, perhaps less, human voices could be detected coming up into the well; then feeble shoots of candle-light; then a slight bump of the bucket, and we stepped off on to the quay of a Plutonian shore, and were received by two guards and guides of the realm, whose candles not only revealed some of its features but our own to each other, and I am glad to say the latter expressed a grateful sense of our safe landing.

We were now armed and equipped for our walks in the Black Country that never sees the sun, but supplies so much "bottled sunshine" for the upper world that basks in its light. This equipment was very simple. It consisted only of a small tallow candle lighted and stuck in a ball of moist clay, which each carried in his hand. With a guide at each end of our file, we took up our line of march on the tramway that led into the workings. In many places it was arched which coal, but frequently with timber. There were turning-out places at convenient distances, where a party could sidle into to be safe from a passing truck or "skip" of coal. These we met frequently, and they put us on the *qui vive* both from before and behind, as they passed to and fro. The ramble of their wheels gave us warning of their approach, and to take a siding in time. But we could not see one until it was close upon us, when the apparition of a horse's head with two great red-rimmed eyes, like the miner's, came suddenly out of the darkness into our very faces. What a vista and veiling of strange weird sights met us at every rod of our crooked walk!—walls of solid coal many yards thick in differently tinted strata; here butments of timber like wooden piers of American wharves, supporting a flat roofage of round beams of oak; men and boys and horses and loaded and unloaded trucks, passing and repassing like half-developed shadows, darting out of and into the darkness at every other minute.

After a long walk through such sights and incidents, sometimes stooping under low roofage, sometimes climbing up ascents almost on our hands and knees, we came to "the workings," and it would be well for thousands who enjoy the coal fires of sunny homes on the upper earth if they could see these workings and the workers at them.

As the dinner hour approached, we made our way to the place of that rude and hasty meal. It was at the junction of one broad passage with another at right angles, forming the chancel and transept of this underground Cathedral of St. Jonas. It was of the old Gothic order, both in shape and material. Butments of round, unhewn timber supported a flat roofage of round beams of old English oak, laid thickly in their bark overhead. If a scene could be photographed by candle light, what a picture might have been brought up of that eating and listening congregation! There sat in transept and chancel about 80 men and boys, each with his lighted candle which he continued to hold, or placed upright while he ate his bread and cheese, or bread and bacon. It was a sight not easily conceived, even by an upsider; how much more difficult for him to describe it! Poets have dilated with reverent admiration upon the "dim religious light" of grand cathedrals. If one of them should undertake to describe the pale and flickering illumination which those short tallow candles shed over that swart-faced congregation squatted on that rough, black pavement to their midday meal and religious ministration, he would have a theme that would test his genius better than the tinted light of painted windows. It would be a rich study for an artist to sketch the scene, with all its strange surroundings, especially when the young pastor of the flock arose and stood on a bench against the wall in front of the chancel, and opened his Testament and read to them one of its Gospel chapters. He closed the book and spoke to them for 10 or 15 minutes in the spirit of the Sermon on the Mount. He referred to the subject of a previous address in which he had spoken of the rolling away of the stone from the grave of Lazarus, and of the stones that must be rolled away from thousands shut up in caves and graves of ignorance, vice, prejudice, passion, and suffering. There was nothing in the allusion, or application of the simile, that suggested the 200 fathoms of rock that shut them down from the upper world's heaven. He did not think of it, nor did they, though I could scarcely keep it out of my mind as he went on with his simple, earnest discourse. Shakespeare's vivid description of the blacksmith listening to the tailor's news, might have found a more telling subject in the attitude and expression of the miners as they sat in that dim light, turning up the large, deep whites of their eyes through their red belts at the speaker, while they cut their bread and meat into morsels and conveyed them to their mouths without losing a word. A boy about fifteen sat just before me who would have done credit as a Sunday-school scholar listening in his Sunday best to his teacher. He sat upon his haunch and heels, with his candle stuck in a ball of clay right on the toe of his heavy-nailed shoe. I watched him closely, and wondered how he could keep his candle so upright, eat his bread and cheese, and drink his small beer, and still keep his eyes so fixed upon the minister. Truly it was as Christian a work as any ever performed in the distant mission-fields of the world. Here was a congregation of men and boys, who to give light and heat to thousands of luxurious homes, toiled in these grimy bowels of the earth full six months in the year without seeing the sun more than once in seven days, even if it were always to be seen on Sunday. The average life of miners is only 27 years, not because diseases are generated by their occupation, but because there are so many accidents by fire and flood, and fall of crushing masses of undermined coal and rocks.

When the pastor had closed his address, he introduced us to his flock, and Capein and myself said a few words to them. I asked them if they could all read, and was answered by one of the oldest of the men: "The boys can, but there were no schools about when we were young. He said he had been a miner for 35 years, and went to the work at 11. After the distribution of some little publications, they all filed off in different directions to their work, and we returned to the hollow shaft, and with a hearty "good-by" to our guides, stepped upon the circular platform, and in a few minutes saw and blessed the fair light of the upper world, with a perception and grateful sense of its light and beauty I never had before. After dinner with our host, the young Bishop of St. Jonas, we went to his beautiful and spacious above-ground church, which is a kind of village cathedral, quite recently erected, and testifies to the appreciation in which his work is held by persons of wealthy sympathy and benevolence interested in the district. The Earl of Dudley gave £2,000, and another patron, whose benevolence is more widely known than his name, contributed an equal sum *anonymously*. We returned to Birmingham feeling the wiser and better for attending this noonday night service in the Cathedral of St. Jonas.

ELIHU BURRITT.

THE RUSSIAN LABOR QUESTION.

THE LAND TENURE—THE KOLOKOL—OPPRESSION OF RUSSIAN SERFS—PICTURE OF A RUSSIAN COMMUNE—EMANCIPATION OF THE SERFS.

BARCELONA, Spain, Nov. 30.—The question which agitates the Russian working classes, though an old one and little susceptible to the variations that characterize the labor movement of Western Europe, is particularly interesting, since it is based, by force of circumstances, upon the very principle which forms the subject of theory and debate, of much speculation and of little application, amid the more enlightened populations of Germany, England, and France. The question of the tenure of lands has not only crept into England, where system is, perhaps, more than in any other country, abused by legalized land monopolies; but it begins to enter as an important ingredient into the discussions of every Congress of which the elevation of the working classes is the object. The point, for instance, that engrossed the time and intelligence of the Congress at Basil, in Switzerland, was that of the justice or injustice of the possessorship in landed estates, and it is this phase and little else that makes this Congress memorable. Legalized aristocracies all derive their importance from and secure themselves, to a large degree, upon this so-called right of possessorship in lands, and the misery their career has fastened upon the race is unfortunately more visible than the logic in the theories of its redemption. It is, therefore, not the Russian question in abstract, as holding up before humanity a lesson on the allotment of goods, that becomes so specially interesting at this moment, but the Russian system, as a practical auxiliary in enlightening our reason upon these grave subjects, so fundamentally revolutionary and subversive of the adopted forms of society. I have, during my travels, gleaned many important facts and statistics apropos to this patriarchal custom of distributing the products of the land.

There is an interesting journal called the *Kolokol*, published in Geneva, and devoted to this Russian question, from which many important details may be extracted, showing that the system resembles a coöperative farm. Before the emancipation of the serfs by Alexander there had been much dissatisfaction from time to time, caused by an augmentation of the imposts exacted from these tenants in the reign of the Empress Catharine. Fearing to levy an arbitrary tax, and wishing to replenish the public treasury by crushing the growing prosperity of these little communes, which exist in great numbers throughout the Empire, she cunningly effected her purpose by gradually raising the *impôts fonciares*, which were called "the levy of the *Tzar*." These ungenerous exactions, as well as many others which followed, were assented to, if not actually instigated, by a powerful and overbearing aristocracy (of whose estates the communes formed a part), and in course of time a species of reciprocal hostility, or aversion, assumed shape and organization between the serfs and their masters. This feeling was perfectly natural on the part of the oppresed, since they are too intelligent to overlook the aggressions of those whom they consider as possessing no further right to their soil than the right of conquest. Such is the origin of the present labor question in Russia, which resembles more our ancient strife for free colonies before the Revolutionary War than our present strife for social economy since the close of the Rebellion. In order to show that the abolition of serfdom does not settle the grievance, but on the contrary renders the contest keener by liberalizing and enlarging the scope of ideas, it is necessary to draw a plan of a Russian commune. On the northern border of a plot of fertile territory, containing say 100,000 acres, is situated the villa, stables, Summer-houses, &c., of a Russian gentleman. He owns 10,000 acres, which have descended to him from his ancestors. The remaining 90,000 acres are virtually the property of the serfs, and are worked by them in their hours of leisure. This privilege is the recompense they receive from the lord, whose title to the estate is acknowledged and whose rule is supreme. In the center of the territory is the communal village, containing houses enough for all the inhabitants; radiating around them in all directions are the farms and gardens. A complete system of communal laws, sacredly handed down from the Sclavian patriarchs, and very little varying from those of the Nomads of Novgorod, who practiced the communal principle in olden times, regulates the entire colony. These communal regulations have, however, for several centuries been subject to the more legalized supremacy of the State. There is in this village say 150 families slaves—for it is necessary to imagine this picture before the emancipation, in order to show the points on which the enfranchised people base their claims. The entire population of the village is generally about five times the number of the families, because Russian families are generally large. Now each family is entitled to a farm and garden, which is variable in size according to the increase or diminution of the members. There is a sort of Board of Management which is elected by the "Mir," *i. e.*, universal suffrage, and its government is called the *Ministere*. A President is also chosen by vote to rule over them, and it is thus that the commune itself makes the subdivisions of the lots of land. All troubles are settled by discussion and vote, or arbitration. The land, which is the source of production, and therefore the point of chief interest, is the property of the commune, not of the individual. Not an inch of it can belong to any man as individual and transmissible property. They all own it in common, and their chief happiness consists, as they contend, in this fact; because they are drawn thereby into a fraternal contact which the cold commercial world forbids. When marriages take place, by which a household is diminished, or in cases of death, the council after due time convenes and alters the proportions of that family's allotment; apportioning the area thus subtracted to some family which has increased in numbers. This curious arrangement frequently occasions removals, and gives rise to the suspicion that carelessness and dissatisfaction must follow as a consequence; but I am told that such little dispensations tend, on the contrary, to enliven society with a species of variety which animates rather than discourages.

The Russian commune, with its farms, its village, its school-houses, markets, and parks, seems like a miniature nation governed by the republican system of submitting all matters of importance to the open vote of the people. The electoral prerogative is absolute, and its practice universal. Every member of the Society is a citizen, so to speak, of the State, with equal interests to develop and defend it; and I am assured these miniature governments, of which there exist thousands in the great domain of the Russias, resemble much the similar system of the Republic of America.

Such is the plan and practice of life throughout this vast empire, which renders itself very dear to the hard-working classes by the double ties of antiquity and success. But who ever heard of downtrodden virtue, while parasitic authority played the role of historian? Peoples have no chroniclers, and they stand out in prominence only as the dogged abettors of individuals, representing, not freedom and virtue, but numbers and force. Such was the case with this naturally intelligent people, ever struggling for practical democracy, with domestic economy for their guide. Their condition has ever remained until a wise and just man pronounced the edict of their emancipation. This was the greatest event of Russian history, since it gave birth to the Russian labor question by enfranchising in some degree the people's opinion. Before, no one dared speak. Now, they whisper; and the breeze is fanning a vast but stifled intelligence into judgment and organization.

They are no longer nominal slaves, yet they are far from free. As in bondage they were inseperable from the chattels, of which they formed a part—chattels to which they hold the most ancient claim, so in freedom they demand these chattles as their own. Their opening intelligence develops some ambitions, and is, it is said, rapidly cleansing them of the filth of subordinacy. They demand the right of embellishing their communes with better houses and better schools; and they have tastes which they wish to gratify in ornamenting their parks and market-places. But although the article of emancipation accords them their lands, yet there are innumerable vexatious points of law which curtail their rights. The lord yet lays claim to his coachman, and the community is yet compelled to work his estate. Such obligations prejudice freedom. In former times they had the usufruct, almost entire. This is now neutralized by taxes that absorb all their profits. Their development is watched with extreme jealousy, and every point of excess is seized with greediness by the authorities, and punished with the bitter extremities of the law. There is little chance among them for an advocate of their cause, and their question derives its chief defense from exiles in Switzerland and Belgium, as well as from its remarkable relationship with, and sympathy from, the great neighboring labor movements of the time.

CO-OPERATION.

MASSACHUSETTS CO-OPERATIVE STORES.

FORTY-FIVE ESTABLISHMENTS IN SUCCESSFUL OPERATION—PLAN OF THEIR ORGANIZATION—DEFECTS OF THE OLD SYSTEM; ADVANTAGES OF THE NEW—THE MASSACHUSETTS CO-OPERATIVE LAW—AGGREGATE RESULTS OF THE BUSINESS.

[FROM OUR OWN CORRESPONDENT.]

BOSTON, Mass., Dec. 23.—While co-operative factories in this State are comparatively failures, as I have endeavored to show in a former letter, Massachusetts co-operative stores have proved a decided success. There are not less than 42 of the latter in active and successful operation in various manufacturing towns in the State; and the establishment of others is almost daily reported to the State authorities and labor organizations here.

Though none of the most successful of these stores have as yet reached the magnitude and wealth, or extended their aid and direction to so many branches of industry and trade as the famous store of the "Equitable Pioneers of Rochdale"—pioneers also of Co-operation throughout the world—there is not one of them but is upon a better and stronger financial footing than the Pioneers at the same age. The Massachusetts co-operative stores, at their present age of three years, are pigmies compared to the Rochdale stores, as they now exist after 25 years' operation; but they are giants compared to the same enterprises, when, like themselves, at present, only three years old. For the 12 poor weavers of Rochdale who founded the "Equitable Store"—fascinating title to a poor English laborer!—each of these 45 towns can point to ten times as many hewers in wood, spinners of cotton, delvers in iron, and workers in leather, as their stockholders subscribing dimes where the weavers gave pence. The Rochdale stockholders, in the twenty-fifth year of their enterprise, numbered about 7,000; there are already not less than 4,000 stockholders in the Massachusetts stores to begin with, and many of these own numerous shares, whereas each Rochdale subscriber could have but one. How many co-operative stores and stockholders there will be twenty-five years hence can hardly be imagined. The Pioneers began operations on $75 capital; numerous Massachusetts stores have begun with ten times as much, and in two or three instances with as large an amount as $4,000 or $5,000 of paid-in capital. When these stores shall have been in operation as many years—a quarter of a century—as the Rochdale stores, perhaps they, too, will beable to report, as the "Equitable Pioneers" did last year (!) that 7,000 stockholders, with a capital of $1,000,000, have been enabled to run clothing, dry goods, boot and shoe, and grocery stores, several butcher shops, a farm, a cotton factory, a corn mill, maintained a public library and reading-room, a building, a life, and a burial society, and, after supplying stockholders and customers generally with all the necessaries and many of the luxuries of life at less than the retail prices, have divided among the stockholders a profit of 33 per cent on the capital stock.

How much of this may be done in the future remains to be seen; it is more to the purpose just now to tell what has already been done.

AN EXPLODED SYSTEM OF CO-OPERATION.

A system of co-operation was authorized by the the Massachusetts Legislature 22 years ago. It was modeled in theory on the Rochdale plan, of which much was heard and little understood at that time; but, practically, it was simply a combination of housekeepers to purchase various commodities at wholesale and divide it among themselves at cost. This was known as the Protective Union System, and numerous clubs or divisions, as they were called, were organized in accordance with it. The name "Protective" was derived from the design of the union, which was, in the plain English of those who have to buy but never sell, "Protection from the rapacity of dealers!" "Whereas," exclaims with something of the manner and eloquence of the Tooley-st. tailors, the preamble to the Constitution of one of the few surviving divisions of the Protective Union,

Whereas, the Producing Classes receive so small an equivalent for their toil, that in most cases no surplus remains after the purchase of the necessaries of life; and whereas, they, with their small means, are subjected to a disadvantage in making their purchases alone, which a union of their little capital with that of their brother laborers would overcome; therefore, in order to establish a just and economical method for the production, distribution and consumption of the fruits of Human Industry; to relieve society of the burden of sustaining useless functionaries in the several departments of mercantile, civil and social life; to establish such a system of exchange as shall protect and ennoble, rather than spoliate and degrade, Labor; to associate Producers into an organization for their mutual benefit and improvement, and *to secure to each the strength of all*, we adopt and establish the following articles of agreement.

Commendable as this purpose was, the system on which it was based had three very radical defects. First, it confined the benefits to a limited number of persons; secondly, while it restricted the shares to a few, it did not prevent one person from buying up and owning all the shares; and, thirdly, it made no provision for the increase of the necessary capital. Before these defects were understood and corrected many of the pioneer lodges had paid the natural penalty of a defective Constitution and died, or turned, by the absorption of shares, into individual enterprises. Only a few of them have managed to survive by adopting a superior system of general and not restricted co-operation. These are at South Weymouth, Lynn, Charleston, and Worcester. I have just returned from a visit to "Protective Union, Division No. 42, Worcester," where, by the kindness of its Manager, Mr. Samuel A. Pratt, I have learned its history and manner of operation. It is the history, really, of the old co-operative system of this State, and as one may learn as well from the mistakes as the successes of others, I relate it briefly, premising that the success in this instance resulted from the early discovery and renunciation of the now evident errors.

THE WORCESTER BRANCH.

The Worcester Division of the Protective Union was organized in 1848. Seventy heads of families combined and subscribed each $10 to form a capital with which to purchase their grocery supplies. Mr. Pratt was made the agent or purchaser of the concern; his business was to buy supplies at the lowest rates and sell them to the members for cash at the cost price, plus the freightage, salary, rent, and other expenses; and to other customers than members, at a fair profit—a small fixed percentage being agreed upon. I do not know what this percentage was, but it was a little less than grocers usually expect to realize; in other words, the rates of charges of the Division were a little lower than other stores to general customers, and a great deal lower to members. The idea was that the profit from outside custom would pay the entire expense of the establishment. The results, practically, were that the 70 shareholders obtained their groceries at a saving of 17 per cent, while the non-shareholding customers reaped the important benefit of having prices regulated. "We have regulated prices in the grocery trade in this town for 22 years," said Mr. Pratt, "and for that reason we are heartily sustained by outside custom." The Union Store does not aim to greatly undersell its rivals as much as to keep prices from violently fluctuating; it prohibits speculation, and leaves prices to be regulated by the demand and supply. As an instance of this, Mr. Pratt mentioned that on one occasion flour advanced $2 50 a barrel when he had a large lot on hand. He sold it to stockholders at cost, saving them $2 50 per barrel; but he was compelled to advance the price to non-stockholders, as otherwise the lot would be bought up by speculators. But in order to prevent other stores from advancing the price unreasonably, he sold the lot in retail quantities at the wholesale price of the day.

It was found that the profits from the sale to non-stockholders were more than the expenses, for these were really provided for by the charges above the cost to stockholders, and the profits gradually swelled the capital until the value of shares advanced to $19 and then to $17. This suggested the importance of increasing the capital and extending the trade to non-customers. It was resolved to develop the business and increase the capital by admitting others. The shares were increased to 150, of the par value of $25, each shareholder restricted to one share, and a sinking fund established. The business at once grew in proportions. When the capital had increased to $15,000 and the shares had reached $100 in value it was (unwisely, perhaps) decided to increase the business no further, and cash dividends have since been made. On the $15,000 capital Mr. Pratt informs me that an annual business of $128,000 has been done for some years. The 150 stockholders have received for three years past their groceries at cost and a cash dividend of $30 per share of the profits of the custom to non-stockholders, in all about 37 per cent saved on their expenditures. The advantages to the non-stockholding customers have been, as before stated, the very great but indirect ones arising from the regulation of prices in the county. This "regulation of prices" effect extends not merely to the stores in Worcester, but to the country trade also; farmers in the vicinity huckstering their fresh eggs and vegetables and fruits about the streets find the rates fixed for them by the Union store, and many of them find it more convenient and profitable to do business through the Union store. The constitution of the club was amended in 1866 to suit the new law, and practically, with the exception that members get their goods at actual cost, the store is now conducted on the co-operative system.

The South Weymouth Union Store in 1861 adopted the same system virtually, and as its profits during the war, when prices were continually advancing, were large, the shares have advanced from $25 until they are now worth $250. I have not visited this store; my informant, however, is excellent authority on the subject. The Charlestown store, established in 1864, on the Protective plan, reorganized in 1866 on the Co-operative system, and has been one of the most successful. As its success has been that of a co-operative and not a protective store, and illustrates the advantages of the system, I shall reserve the details for a future letter. The Lynn Grocery Company has increased its shares from a par value of $10 to $17 50, employing a capital of $4,000.

PROFITING BY EXPERIENCE.

The defects of the old system were discovered only after many failures. At length the co-operatives were educated by sad experience to perceive that the difficulty lay in the non-restriction of shares per person, the non-extension of trade, and the non-increase of capital—it is a grand mistake in any business, private, corporate, or co-operative, to allow one partner to monopolize the capital, to repel custom or to distribute or divert the profits into other channels. All successful merchants will swear to the truth of these propositions. If the Worcester Union or the Charlestown store with the start which they now have were to carry out the true principles of co-operation for twenty-five years they would control or at least regulate the entire trade of their counties. When the Massachusetts co-operatives had discovered their mistakes they went before the Legislature, and obtaining in 1866 a new law, organized new associations on a more perfectly co-operative plan. Although the law was framed for the benefit and has been taken advantage of by all classes and trades of people, its passage was chiefly due, I am assured, to the Order of the Knights of St. Crispin, a powerful trade organization of this State, having 117 lodges, 30,000 members and casting at the last State election a vote of 14,000. Upon this law the new system of co-operation is based. I give below a synopsis of this law, as I believe it is strange to the statute books of most States, and since it has been found admirably suited to its purpose, it may be worthy the study of legislators and co-operators. It will be seen that the important features of the law are: 1. It fixes the capital stock at a large limit, $50,000. 2. It limits each shareholder to $1,000 value in stock, thus preventing the absorption of the business by one or two capitalists. 3. It limits each stockholder to one vote, thus regulating the direction. 4. It authorizes dividends to be paid to non-stockholding customers as well as to stockholders, thus encouraging the former to trade with the association. 5. It prevents the scattering of the profits by providing against any payment of dividends until after 10 per cent of the profits shall have been laid aside as a contingent fund, said fund to accumulate until it is 30 per cent of the capital stock; and, 6, it exempts $20 of stock from attachment.

SYNOPSIS OF THE LAW.

The act is headed "Law of Massachusetts, in relation to the formation of Co-operative Associations:"

SECTION 1. Seven or more persons, male or female, of legal age, are necessary to form an association. The purpose may be trading, manufacturing, or agricultural.

SEC. 2. Provides that business must be done only in the place named in the articles of agreement.

SEC. 3. Provides for a Board of Managers, to consist of a President, Treasurer, and at least three directors, to be elected by the stockholders.

SEC. 4. Each association can make its by-laws, regulate meetings, &c.

SEC. 5. The amount of capital stock of such association shall be fixed and limited in its articles of association, and it may be any sum not exceeding $50,000. The association may increase or diminish its amount and its number of shares at any meeting of the stockholders, especially called for that purpose, and within thirty days after the passage of any vote increasing or diminishing its capital stock, shall cause such vote to be recorded in the clerk's office of the place where its business is carried on, but no share shall be issued for less than its par value.

SEC. 6. Requires annual statements of condition of association, showing amount of stock, par value of shares, number of shares issued, names and residences of stockholders, and number of shares owned by each. (It has been found that great difficulty arises from the failure of the law to prescribe a form for this statement; hardly any two are alike, and the aggregate results are not attainable.)

SEC. 7 (in full). Such association may take, hold, and convey such real and personal estate as is necessary for the purposes of its organization, and may sue and be sued in its associate name; and no member thereof shall be entitled to hold or claim any interest therein exceeding the sum of $1,000; nor shall any member, upon any subject, be entitled to more than one vote.

SEC. 8 (in full). No certificate of shares shall be issued to any person until the full amount thereof shall have been paid in cash. No person shall be allowed to become a shareholder in such association except by the consent of the managers of the same.

SEC. 9. Board of Managers made liable for all debts in case of failure to make returns.

SEC. 10. Describes how judgments against associations may be recovered.

SEC. 11 (in full). No shareholder shall be personally liable for any debt of the Association after the full amount of the capital stock is paid in and *certificates issued therefor*.

SEC. 12 (in full). There shall be such distribution of the profits or earnings of such Association among the workmen, purchasers, and stockholders as shall be described by the by-laws, at such times as therein prescribed, and as often at least as once in twelve months; *provided*, that no distribution shall be declared and paid until a sum equal at least to 10 per cent of the net profits shall be appropriated for a contingent or sinking fund, until there shall have accumulated a sum equal to 30 per cent in excess of such capital stock.

An important amendment to the law, designed to make co-operative stocks a favorite with the working classes, exempts shares to the amount of $30 from attachment. It is as follows:

SEC. 1. Shareholders in coöperative associations organized under the provisions of chapter 290 of the acts of the year 1866, may hold shares therein not exceeding in the aggregate the par value of $30, which shall be exempt from attachment and from being taken on execution.

THE AGGREGATE RESULT.

As before intimated, the returns made by the Associations, according to law, are not uniform nor complete. It is impossible to compile from them a statement of the am