

# Mutual Aid

## *The Evolution of Friendly Societies in Britain*

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1993

In this paper David Green briefly describes the evolution of one of the most significant working class welfare movements ever to have emerge in Britain – *the friendly societies*. These were self-governing mutual benefit associations founded by manual and skilled workers to provide against hard times – *sickness, accident, old age, death and support to widows and orphans*. They strongly distinguished their guiding philosophy from philanthropy which lay at the heart of charitable work. The mutual benefit association was not run by one set of people with the intention of helping another separate group, it was an association of individuals pledged to help each other when the occasion arose. Any assistance was not a matter of largesse but of entitlement, earned by the regular contributions paid into the common fund by every member and justified by the obligation to do the same for other members if hardship came their way. They began to gain prominence as local clubs in the mid to late 18<sup>th</sup> century, meeting in the evening after work, often in the back room of a public house and holding their common fund in a wooden chest or strong-box. However, by the beginning of the 20<sup>th</sup> century they had grown in scale to number more than 26,870 registered societies with some 6.6 million members. Over time many of the smaller societies either merged or affiliated into national federations with carefully managed investments. Estimates indicate that around another 2.4 million workers were members of unregistered friendly societies. If these assumptions are valid, then 75 percent or more of the then 12 million workforce must have been covered by some form of voluntary provision.

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### **Contents:**

- Introduction
- Origins
- The Rise of the Federations
- The Societies and Participatory Democracy
- Training Grounds for Democracy
- Respect for the Rules and for Each Other
- Friendly Societies at the turn of the 19<sup>th</sup> Century
  - Dividing Societies
  - Deposit Societies
  - Holloway Societies
  - Unitary Accumulating Societies
- Conclusions
- References
- Further Information

### **Introduction**

Most histories of welfare provision tend to equate the improvement of welfare services with the growth of government involvement (Green & Cromwell, 1984). Over the years the welfare state filled the gaps supposedly left by the market. More careful examination of the evidence, however, shows that the reality was very different. People in need because of their inability to earn enough to support themselves whether temporarily or permanently, were supported in a rich variety of ways. Family and neighbours played their part but because their help was informal and undocumented historians have tended to underestimate it. Charity was also important and it is often supposed that organised welfare before the welfare state was left to charities, but by far the most important organised method by which people met the needs of their fellows was mutual aid. In Britain the friendly societies were the most important providers of social welfare during the 19<sup>th</sup> and early 20<sup>th</sup> centuries.

The friendly societies were self-governing mutual benefit associations founded by manual workers to provide against hard times. They strongly distinguished their guiding philosophy from philanthropy which lay at the heart of charitable work. The mutual benefit association was not run by one set of people with the intention of

helping another separate group, it was an association of individuals pledged to help each other when the occasion arose. Any assistance was not a matter of largesse but of entitlement, earned by the regular contributions paid into the common fund by every member and justified by the obligation to do the same for other members if hardship came their way. They began as local clubs, holding their common fund in a wooden chest or strong-box, but the 19<sup>th</sup> century saw a gradual evolution of national federations with hundreds of thousands of members and carefully managed investments.

During the 19<sup>th</sup> century and until early this century most families took pride in being self supporting but wages were such that, if the breadwinner fell ill or died, hardship was the invariable result. The philosophy forged by this harsh reality was mutual aid. By the early years of this century the friendly societies had a long record of functioning as social and benevolent clubs as well as offering benefits: such as sick pay when the breadwinner was unable to bring home a wage due to illness, accident or old age; medical care for both the member and his family; a death grant sufficient to provide a decent funeral; and financial and practical support for widows and orphans of deceased members. Medical services were usually provided by the lodge or branch doctor who was appointed by a vote of the members, but most large towns also had a medical institute, offering the services now provided by health centres. The societies also provided a network of support to enable members to travel in search of work.

The first Act of Parliament dealing specifically with friendly societies described them as societies:

*“of good fellowship for the purpose of raising from time to time, by subscriptions of the several members ..... a stock or fund for the mutual relief and maintenance of all and every the members thereof, in old age, sickness, and infirmity, or for the relief of the widows and children of deceased members.”*

This description comes from the *Act for the Encouragement and Relief of Friendly Societies* passed in 1793. Of course, friendly societies existed long before this Act was passed. Among the oldest was the Incorporation of Carters, founded in 1555 at Leith in Scotland, but it was not until the 18<sup>th</sup> century that the number of societies expanded rapidly.

Membership of the friendly societies grew steadily during the 18<sup>th</sup> century. By 1801 an authoritative study by Sir Frederic Eden estimated that there were about 7,200 societies with around 648,000 adult male members out of a total population of about 9 million. This can be compared with a figure based on the Poor Law return for 1803 when it was estimated that there were 9,672 societies with 704,350 members in England and Wales alone (Godsen 1961, pp4-5).

By the time the British Government came to introduce compulsory social insurance for the 12 million persons under the 1911 National Insurance Act, at least 9 million were already covered by registered and unregistered voluntary insurance associations, chiefly the friendly societies. In 1910, the last full year before the 1911 Act, there were 6.6 million members of registered friendly societies, quite apart from those not registered. The rate of growth of the friendly societies over the preceding thirty years had been accelerating (Godsen 1973, p91; Beveridge 1948, p328). In 1877, registered

membership had been 2.75 million. Ten years later it was 3.6 million, increasing at an average of 85,000 a year. In 1897 membership had reached 4.8 million, having increase on average by 120,000 a year. And by 1910 the figure had reached 6.6 million, having increased at an annual average rate since 1897 of 140,000.

It was at the height of their expansion that the state intervened and transformed the friendly societies by introducing compulsory national insurance.

## **Origins**

At first the societies were local gatherings of men who knew each other and who met regularly to socialise, usually at a public house. All members paid a regular contribution which gave them an agreed entitlement to benefit. Some divided any surplus annually, often just before Christmas; others accumulated funds beyond a year. Some of the societies had no written rules; others had elaborate rulebooks. Each society was completely autonomous and it was this self-governing character which was always one of the strongest attractions to members. They were organisations which could be speedily adapted in any way to meet members' needs as and when they arose. When government introduced a scheme for registration, very many societies preferred not to register, because to do so meant putting a legal limitation on their ability to adapt. As P.H. Godsen, the leading historian of the friendly societies, comments: *"If a majority of the members wanted to spend part of their contributions on an annual feast they were not prepared to put themselves in the position where agents of the government might try to prevent them from doing so"* (Godsen 1961, p18).

## **The Rise of the Federations**

Many early clubs were organised as dividing societies, that is each member paid an equal amount into the common fund and if there was a surplus after the payment of benefits at the end of the year, it was divided up equally among members. Such societies retained their popularity well into the 20<sup>th</sup> century, but their disadvantages soon became apparent. First, the lack of an accumulated fund meant that they sometimes ran out of cash, and second, because of the annual renewal of membership very sick people were sometimes excluded at the year's end. These flaws led to the emergence of federations with accumulated reserves and a right to continued membership so long as contributions were paid.

Federations began to develop from early in the 19<sup>th</sup> century and became known as affiliated orders. By the time of the Royal Commission on the Friendly Societies of 1874 there were 34 of them with over 1,000 members each, with the Manchester Unity of Oddfellows and the Ancient Order of Foresters alone accounting for nearly a million members between them.

Sometimes the growth of federations was the result if a central organisation setting up new branches and sometimes of local sick clubs banding together or joining an existing federation. The largest society, the Manchester Unity of Oddfellows was founded by Robert Naylor who, along with other friends, had been holding meetings for convivial purposes at the Ropemakers' Arms in Salford. In 1810 a regular branch called the Abercrombie lodge was established, and Robert Naylor became the Manchester Unity's founding member. Membership expanded fast and new lodges

were opened. Between 1810 and 1814 Abercrombie lodge also encouraged existing lodges to accept their leadership. The first record of a union of lodges, formed “*for the purpose of affording each other mutual support, protection and advice,*” is the year 1814. From that time the Independent Order of Oddfellows, Manchester Unity grew rapidly. In 1838 it had 90,000 members; by 1848 some 249,000 and by 1876, just over half a million.

The emergence of federations had considerable implications for the internal government of the societies. The prevailing ethic in the earliest clubs was that everyone should have an equal say in common decisions. And since it was possible for all the members to meet in one place the normal practice was for decisions to be taken in a general assembly of all members. These early meetings were not only to reach decisions, but also for enjoyment, as the rules of the early clubs reflect. Invariably, they provided for the maintenance of order as well as the distribution of beer to members.

The early institutions of manual and skilled workers tried out several different methods of self-government. First, there was the *referendum*: members who could not all meet in one place could still all vote. Second, there was the solution of having a *governing branch*, with power rotating from branch to branch. Third, there was the *delegate meeting*, each delegate being closely bound by the instructions of his constituents. Fourth was the *representative assembly*, comprising elected members free to take the decisions they believed best, in the light of the facts of which they were aware and their constituents’ wishes or interests as they saw them.

Gradually, a *three-tier federal structure* emerged – *branch, district and unity* – which combined significant local autonomy with representation at district and unity (*national*) levels. In the affiliated orders the branches – known as *lodges* among the Oddfellows and *courts* among the Foresters – retained wide powers, though final decision-making authority rested with an annual or biennial assembly. This assembly was known by different titles in different orders, though most retained the tradition of a movable meeting to guard against the emergence of a geographical centre of power. In the Manchester Unity of Oddfellows the governing body was originally known as the *Annual Movable Committee*; in the Ancient Order of Foresters the *High Court*; in the Independent Order of Rechabites, Salford Unity the *High Movable Committee*; and in the Grand United Order of Oddfellows as the *Biennial Movable Delegation*. Each assembly was empowered to make, annual, or amend the rules of the order. And each concluded with the election of the president, and the executive committee, which usually comprised the chief officers and between six and a dozen other members.

The most important duty of the executive committee in any order was to supervise the management of the districts and lodges. It was obliged to examine books and accounts, to protect minority interests in the lodges, and to ensure that the society’s rules were observed. It also acted as a final court of appeal for disputes which could not be settled in lodges or at district level. The chairman of the executive committee, who was also the president of the order, was usually appointed for one year. He was given various titles: *Grand Master, High Court Ranger, Chief Shepherd, Most Worthy Patriarch and High Chief Ruler*.

The most important official was the *Grand Secretary*, sometimes with that title, at other times variously called the *Corresponding Secretary, Permanent Secretary, or*

*High Court Scribe*. The societies prided themselves on the absence of barriers to the advancement of any member to senior office:

*“ ... the rights of every individual member are scrupulously respected and guarded; each individual has equal rights and privileges; merit alone is the medium through which posts of honour may be arrived at, and no artificial barriers are permitted to prevent virtue and talent from occupying their fitting station.”* (Ancient Order of Foresters, 1857)

And just as labour parties in Western democracies demanded that parliamentarians should be paid to permit wage earners to compete on equal terms, so the friendly societies ensured that want of cash did not deter their members from holding the highest offices.

It was only later in the 19<sup>th</sup> century that an intermediate level of organisation was introduced between local branches and the national level. It was found advisable to spread the liability for death benefit more widely than amongst members of each branch, where even a few deaths in rapid succession could exhaust a small fund. Many societies evolved a district structure to spread risk. Each district took its authority direct from the central body, but was governed by a committee of representatives from the individual branches. Apart from controlling the funeral funds, the districts also served as intermediate courts of appeal, and supervised the management of the various lodges, examining accounts and intervening where necessary. Lodges were required to send in yearly balance sheets and reports, to the district as well as to the central body. (Baernreither 1893; Langridge 1867) However, some branches disliked the additional control that the district system entailed, and refused to affiliate.

By the mid-19<sup>th</sup> century this process of evolution from local club with its participatory democracy to the three-tier structure with a representative assembly and a full-time chief executive officer was well under way. But the original ideal of pure democracy retained much force and was often the yardstick against which proposed changes in the decision-making structure were judged. During the heyday of the autonomous local sick club it was generally held that everyone was equally well-equipped to hold office, a common belief in other working-class organisations, especially when new. For example, in the leading article in the *Clarion* published soon after the establishment of the Independent Labour Party in 1893, the editor (in the view of Sidney Webb the most influential member of that party) declared:

*“It is tolerably certain that in so far as the ordinary duties of officials and delegates, such as committee men or members of Parliament, are concerned, an average citizen, if he is thoroughly honest, will be found quite clever enough to do all that is needful ... Let all officials be retired after one year’s service, and fresh ones elected in their place.”* (Webb 1913, p36)

The friendly societies retained much of this spirit, and over many years structures evolved which balanced the need for competent performance of organisational duties and the desire for the maximum participation of members. But this strong commitment to vigorous local democracy did not mean that the desire of members to participate could be taken for granted. The Grand United Order of Oddfellows found

it necessary to emphasise the importance of participation to members undergoing initiation:

*“Whoever enter this Order for the mean and selfish object of paying his contributions and receiving its pecuniary benefits, without, so far as in him lies, aiding in the arduous labours of conducting the business of his Lodge, is to be regarded as an unworthy intruder; but we trust that you will run a nobler and truer course; proving by your conduct that you are worthy of the Order.”* (Grand United Order of Oddfellows 1865, pp42-43)

Not that such appeals were always heeded. By the end of the century complaints in the friendly society magazine indicate many branches were finding it difficult to secure good attendances at meetings. From the beginning lodges fined members for non-attendance of lodge meetings. The 1907 rules of the *Robert Gordon* branch of the Foresters, based in North Shields, laid down that members residing within two miles of the court meeting place in the *Clock Vaults* in Wellington Street, would have to pay a fine of 3-pence for absence at quarterly summoned meetings, unless they gave a satisfactory written apology. (Ancient Order of Foresters 1907) Members were also required to pay their contributions on the meeting night. In the Foresters, for example, the usual rule was that contributions must be paid to the secretary on court nights and at no other time. But some members just looked in to pay and then left. Others waited till the end of the quarter, by which time contributions *had* to be paid, and then called in briefly to pay.

## **The Societies and Participatory Democracy**

The friendly societies are of special interest because they sought to combine a high level of control by individual members with efficient administration. The welfare state is commonly criticised for excessive centralisation but this has not been a problem faced only by governments. Once the affiliated orders had ceased to be purely local clubs, the balance of power between the centre and the branches was a constant concern.

The affiliated societies produced a number of unique solutions to this age-old problem, solutions which minimised the costs and maximised the advantages for efficiency which a high level of participation can bring. The approach taken by the Foresters was that all lawful authority originated “*with and from the Members at large*”. Power in the members, says the Foresters’ first lecture, “*is like the light of the Sun – native, original, inherent, and unlimited by anything human. Power in our Officers is only borrowed, delegated, and limited by the intention of the Members, whose it is, and to whom all officials are responsible.*” In the branch, all Foresters met on equal terms:

*“In the Court, and before the law, no one is greater than another. All meet there on terms of perfect equality .... No office is too high for the poorest to aspire to; no duty too humble for the richest to stoop to. Intelligence to govern, ability to exercise authority with becoming humility, yet with the requisite firmness, and personal demeanour to ensure respect, are all the qualifications for office required; and these are in the power of every Member to acquire.”* (Ancient Order of Foresters 1879)

The early clubs gave the branch chairman the power to impose fines for misconduct and the affiliated orders followed their example. The Foresters' Court *Old Abbey*, based in Guisborough, empowered its chief ranger to fine members' 3-pence for interrupting another or 6-pence for swearing or using abusive or insulting language. (Ancient Order of Foresters 1877)

At the same time, the federations as well as early clubs were keenly aware of the need to prevent presiding officers from abusing their powers. Most societies impressed their expectations on a new chairman at his installation ceremony. The chief ranger in the Foresters took the following oath on assuming office:

*"I, [name], having been elected Chief Ranger hereby solemnly promise and declare before you and the Brethren present, that I will do all within my power to promote the general welfare, peace and harmony of the Court and I will endeavour to act with impartiality in all matters connected with the office to which I have been appointed."* (Ancient Order of Foresters 1879)

In the Grand United Order of Oddfellows an incoming chairman (Noble Grand) was reminded of his responsibilities by the installing officer:

*"Worthy and Respected Brother, in taking upon you the duties of the Noble Grand, do you feel that you are taking upon yourself a serious responsibility?" "I do."*

*"Are you willing and determined to discharge your duties with faithfulness, and without prejudice or partiality to anyone?" "I am."*

*"Your qualifications should be of the highest order. In the first place, you should have a thorough knowledge of the Laws by which, as Oddfellows, we are governed. It would be well, therefore, if you would rigidly examine yourself in this respect, so that, if deficient, you may vigilantly apply yourself to study ..."*

*"One who holds your office should have an affable and temperate disposition; he should be able to look with composure upon a moral tempest, unruffled by its rage, contemplating only how he may repress its violence, and produce a calm. Whilst strict, he should be gentle; whilst firm, untainted by severity; and in wielding the instruments of justice, he should always aim at the spot whence spring reflection and moral consciousness."* (Grand United Order of Oddfellows 1865)

The societies did not wholly rely upon moral appeals. Rules also laid down what a chairman could and could not do. The *General Laws* of the Foresters, for example, stipulate that if the presiding officer vacated his chair *"without permission of the assembled brethren, or without first providing some competent person to succeed him"*, or refused to put to the vote *"any proposition that has been legally made"*, he could, if the offence was not *"so flagrant as to cause a motion for his deposition"*, be fined 5-shillings for the first offence, 10-shillings for the second, and up to 21-shillings for subsequent offences. (Ancient Order of Foresters 1857)

A stronger method of preventing abuse was to provide for an officer to be instantly deposed. The Foresters provided:

*"That in order to make every officer responsible to his constituents for the becoming and faithful discharge of his trust, and more readily to check insolent demeanour, or*

*to prevent and abuse of power ... the assembled High Court or any District or subordinate Court, shall have the power of ... immediately deposing him or them.*" (Ancient Order of Foresters 1857)

In a number of societies the lodge opening ceremony also served to inhibit the tendency of officeholders to become too powerful. In the Manchester Unity, at the beginning of every meeting, each office holder was required solemnly to state the duties he owed to lodge members. The elective secretary was required to recite his duties as follows: "*To enter every particular transaction, or minute, without prejudice, and explain the same when required by you [the chairman] or a majority of the Lodge.*" The financial secretary, in his turn, had to say: "*To keep a fair and impartial account between every member and the Lodge; to explain and balance such whenever required by you or a majority of the Lodge, and as far as in my power lies to keep the accounts clear and intelligible.*" (Independent Order of Oddfellows 1976)

In the early clubs the rotation of office was employed to ensure a sharing of the burdens and advantages of office, but gradually rotation gave way to regular elections. In the Manchester Unity, for example, with the exception of the financial secretary who held office at the pleasure of the lodge, it was customary for leading offices to change hands at each six-monthly or annual election.

### **Training Grounds for Democracy**

Each friendly society had its peculiarities. But the affiliated orders share a tradition and are, for most purposes, comparable. In the Manchester Unity the new member was eligible for any of the assistant offices: *warden, guardian, conductor and assistant secretary*. The guardian's task was to guard the door and ensure that the correct password was given. The conductor helped new members through the initiation ceremony. The warden examined each person in attendance to establish their right to be present, and had custody of the lodge regalia. Each lodge also had *two secretaries, the elective secretary and the financial secretary*. The main task of the elective secretary was to take the minutes of the meetings. Each of these positions, except that of the financial secretary, was expected to change hands at every election.

The financial secretary was elected at a summoned meeting – held once per quarter and to which every member had to receive a written invitation at least seven days in advance – and thereafter held office at the pleasure of the lodge. It was usual for lodges to try to find a competent person and keep him in this position for it was on his shoulders that the main duties fell. Sometimes branches found it difficult to come by a capable secretary. This was one of the costs of self-organisation. Many branches were made up of members skilled in manual occupations but with no experience of administrative work. And embezzlement was not unknown.

In addition to the two secretaries, each lodge also had three major offices: *the noble grand chairman, the vice grand or vice-chairman and the immediate past noble grand*. These offices changed hands regularly. All members were expected to seek to occupy these positions – to "*go through the chairs*" as it was called – and were required to prove themselves by holding the minor offices and by taking the degrees of the order. The degrees took the form of ceremonies lasting around 15 minutes and were progressively awarded to members as they came to play a fuller part in the

running of the lodge. At the degree ceremony the societies' ideals were explained in the form of a lecture from the chairman.

To be eligible for election as the vice grand a member must have held two assistant offices, served as elective secretary, and taken two minor degrees. To be eligible for the position of noble grand a member must have taken all four minor degrees, have served as vice grand, and be able to deliver the lectures "*in a proper manner*".

But what was expected was not mere turn-taking. The holding of office was also a process by which the member could learn new skills. And for many manual and skilled workers the lodge offered opportunities for self-improvement lacking in the workplace. But the policy of changing the chairman every six months also carried with it the risk that the newcomer might be incompetent. To overcome this danger and to ensure that ready advice was available to the novice, each noble grand would appoint two supporters, *a right and left supporter*. They would sit on either side of him at meetings and whisper advice as the meeting proceeded. Traditionally, the noble grand chose an experienced right supporter, a member who had previously held the office and who was well informed about the rules and procedures. The left supporter was a friend whose task was to give unflinching moral support. In this fashion a high level of sharing of office was combined with efficient performance. And manual and skilled workers, whose role in the workplace was perhaps mundane and narrow, were able to develop their talents and share in the satisfaction of knowing that they were doing their bit to maintain the ideal of mutual service which inspired the friendly society movement.

On completing a term as noble grand the member automatically served a term as the immediate past noble grand. Neither the noble grand nor the immediate past noble grand were permitted to stand for election as noble grand until 12-months had elapsed. The vice grand was also ineligible to stand again for the position of vice grand. This ensured a high level of turnover and made it more difficult for the lodge to be dominated by a self-appointed clique. There was also a provision preventing district officers from holding elective lodge offices which helped to ensure the independence of the lodges from the district organisation.

A member who had held offices could seek to hold still higher positions. An individual who had served in the four minor offices, taken the minor degrees, served as vice grand, noble grand and immediate past noble grand, became eligible to sit for the past grand's degree, or purple degree. If successful he became a member of the past grand's lodge and was eligible to hold office at the district and unity levels. The district officers were: the district secretary, district grand master, district deputy grand master and immediate past district grand master.

Above the district was the grand master, the deputy grand master and the immediate past grand master. These positions were subject to annual elections. The board of directors comprised these three officers and nine other individuals elected by the annual conference. They retired annually but could stand for re-election. Each was required to hold the purple degree. The grand secretary was a full-time appointee, elected initially by the annual conference and holding office at its pleasure.

## Respect for the Rules and for Each Other

The leading societies invariably had an elaborate rulebook, which was almost an object of reverence to the manual and skilled workers who made up the membership. Before the rules every member was equal. Moreover, the rules were not externally imposed, they had been fashioned over the years by the members themselves: adopted, adapted, annulled and revised regularly as circumstances changed. If the rules imposed constraints, as they must, they were constraints freely accepted by every member.

Friendly society members were proud of their rules. They were proud, not of the rules *per se*, but of the principles they embodied. The rules laid down what every member must contribute and what his rights were, and stipulated the duties of office holders. They limited the powers of office holders and ensured a sharing of the pleasures and burdens of office. And the rules maintained the autonomy of the branches from the district and unity levels within each federation. The societies were in a real sense ruled by laws rather than ruled by men, and to that extent they were admirable training grounds for participation in the democratic process of the nation.

## Friendly Societies at the turn of the 19<sup>th</sup> Century

During the latter part of the 19<sup>th</sup> century new types of friendly society began to develop as conditions changed. When classifying the types of society it is customary to distinguish between societies which provided sickness benefit - *general societies* - and those which did not - *specialised societies*. The payment of sickness benefit was for most societies their biggest single task.

In 1910, before the 1911 National Insurance Act had made its impact, there were 26,877 societies of all types with 6,623,000 registered members. (Beveridge 1948) The general societies evolved into a variety of different types of mutual associations and can be sub-divided into: *orders and branches; unitary accumulating societies; dividing societies; and deposit or Holloway societies*. The table below provides an overview of the scale and extent of general societies in 1910.

### Registered Membership of General Friendly Societies (1910)

Type of General Society	Number of Branches or Societies	Number of Registered Members
Orders and Branches	20,580	2,782,953
Unitary Accumulating	3,117	1,277,185
Dividing Societies	1,335	292,909
Deposit or Holloway	81	381,491
<b>TOTAL</b>	<b>25,113</b>	<b>4,734,538</b>

Source: Beveridge, (1948) *Voluntary Action*, Table 21.

The total membership of *special friendly societies* in 1910 was 1,888,178 of which:

- 855,962 members were in death and burial societies;
- 403,190 members in societies providing for shipwreck and miscellaneous losses; and
- 329,450 members in societies providing medical care. (Beveridge 1948, *Voluntary Action*, Table 22)

[*The above breakdown does not add up to the total membership and some 299,576 members are unaccounted.*]

According to Beveridge, three aspirations contributed to the formation of friendly societies:

- the first was the desire for *security in sickness*;
- the second a desire to *avoid a pauper funeral*; and
- the third to save a *lump sum for emergencies, old age or spending on a substantial item*. (Beveridge 1948, p21)

The affiliated orders were primarily concerned with sick pay, medical care and funeral benefit, though as the 19<sup>th</sup> century progressed they directed their attention more towards deferred annuities for old age and endowment assurance.

The following sections provide brief outlines of the key characteristics of each of the general societies which evolved.

### **Unitary Accumulating Societies**

The accumulating societies without branches were thus named to distinguish them from dividing societies which did not accumulate funds for more than a 12-month period. Most unitary accumulating societies were local in character, but one or two stood out from the crowd. Hearts of Oak was the largest of the unitary friendly societies. It started in 1842 with 12 members. By 1856 its membership was 5,000 and by 1872 it had grown to 32,000. It was governed by an assembly of delegates representing 231 areas into which the country was divided. Before 1911, efforts were made to keep alive the local spirit but after the introduction of national insurance these efforts were abandoned. It paid sick pay, death benefit and also offered endowment insurance. It prospered under national insurance, and at the beginning of the Second World War (1939) it had 444,000 members. (Beveridge 1948, pp 41-42)

### **Dividing Societies**

The dividing societies, however, laid greater stress on saving and shared any annual surplus among members. The weakness of the dividing principle was that as the members aged the benefits got larger and the annual surplus smaller. But this lack of actuarial calculation (*the theory and practice of statistics especially for mortality, sickness, retirement and unemployment*) was also its advantage. By paying a higher contribution than was strictly necessary, members knew the benefits would usually be covered and that any surplus would be returned to them. It also provided a good check on malingering, since each member had an interest in a surplus remaining at the year's end. Beveridge quotes evidence given to the Royal Commission of 1874 by the Reverend Portman of Steeple Fitzpaine in Somerset. He acknowledged that it might

initially seem improvident to divide the surplus each year, but drew attention to the advantages. A *lump* of money of 25 to 30 shillings now and then was a great boon to the agricultural labourers. And he had found it was not wastefully spent, but rather used to purchase an item such as a pig, or shoes or clothing. According to Beveridge, “*The whole of rural England is or was a collection of Steeple Fitzpaines.*” (Beveridge 1948, p44)

### **Deposit Societies**

The same desire for a balance between saving, on the one hand, and security in sickness and provision against death, on the other, led to the formation of deposit and Holloway societies. The earliest deposit society was founded in 1831, but the idea did not catch on until later. In 1868 a society was formed at Albury in Surrey which in 1872 became the National Deposit Friendly Society, by far the largest of its type. Each member made a contribution which, after a deduction for management, went partly to a common fund for sick pay and partly to a personal account which accumulated at interest. Members could choose the size of their contribution so long as it was no less than 2-shillings per month and no more than 20-shillings. This contribution then determined the benefit: the daily rate of sick benefit was the same as the monthly rate of contribution. In addition, each member was urged on joining to make an initial deposit to their personal account of between 3-pence and £30. This deposit did not affect the rate of benefit, though it had an effect on its duration.

Sick pay was drawn partly from the common fund and partly from the member’s personal account in a proportion which varied with age at joining. It was payable until the member’s personal account was exhausted. This meant that a person who did not experience much illness would accumulate a large surplus by retirement age. It also meant that someone who was ill for long periods could exhaust his personal account, but in such cases the member received *grace pay* for the same period that sick pay had already been drawn. As a result of these incentives, the National Deposit Friendly Society had a low sickness experience.

Benefits were paid as follows. Sick pay for males who joined between the ages of 16 and 30 was paid 25 percent from their personal account and 75 percent from the common fund. Grace pay was 75 percent of benefit. Benefit for males who had joined when they were 40 to 50 was paid half from the common fund and half from the personal account and grace pay was half of sick pay. Membership of the National Deposit Friendly Society in 1872 was about 1,000; in 1899 some 46,000 and by 1900 some 210,000. (Beveridge 1948, pp45-50) After the introduction of national insurance the society grew rapidly and by 1939 it had 1,462,183 members.

### **Holloway Societies**

Holloway societies were based on principles invented by George Holloway who, in 1874, founded the Working Men’s Conservative Friendly Society in Stroud. It also combined saving and sick pay but on different lines from the National Deposit Friendly Society. the contribution was substantially more than was necessary for sick pay and the whole contribution went into a common fund. Each year the surplus was divided equally and credited to personal accounts which earned interest. The contribution was the same for all ages up to 30 but increased each year thereafter. Holloway societies also differed in that an individual could increase his share of the distributed surplus by holding more than one share in the society (up to 10 shares).

The essential idea was to pay more than was necessary for sick pay in order to build up a surplus for old age. However, unlike the National Deposit Friendly Society, it was not possible to run out of sick pay. The two largest Holloway societies were the Ideal Benefit Society of Birmingham (founded in 1893) and the Tunbridge Wells Equitable (founded in 1881).

## **Conclusions**

To sum up: a precise estimate of the number of persons on low incomes who joined friendly societies can not be made, and we are forced to rely on the testimony of contemporary observers. From this evidence it can reasonably be inferred that a considerable number of poor persons did join friendly societies, including the large national federations. Many others did not join but there is no indication that the friendly societies actively deterred the poor from joining – indeed they were proud to have them. But there were many who ranked among the low paid, and particularly those in irregular or seasonal work, who found it difficult to keep up the contributions.

Friendly societies came in all shapes and sizes and it was this flexibility that formed an important part of their attraction to all spectrums of the working classes – tradesmen, manual workers and the poor. As Beveridge argued in his 1948 book - *Voluntary Action*, it was remarkable how so many of the great institutions that proved popular began as a meeting of a dozen or so people in the evening after work, often in the back room of a public house. Some failed and some succeeded. In doing so, argued Beveridge, they changed the world:

*“In a totalitarian State or in a field already made into a State monopoly, those dissatisfied with the institutions that they find can seek a remedy only by seeking to change the Government of the country. In a free society and a free field they have a different remedy; discontented individuals with new ideas can make a new institution to meet their needs. The field is open to experiment and success or failure; secession is the midwife of invention.”* (Beveridge 1948, pp58-60)

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## Further Information

**Source:** *Chapter 3 – The Evolution of Mutual Aid*, from David Green's excellent book on the welfare provision through mutual associations prior to the establishment of the UK welfare state after 1945.

### *Reinventing Civil Society: The Rediscovery of Welfare Without Politics*

Choice in Welfare Series No. 17

David G. Green

Institute of Economic Affairs

ISBN 0 255 36279 X 166pages

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