CHAPTER VI

PROFIT-SHARING, BONUS AND THE CONCEPT OF COPARTNERSHIP.

From the foregoing, it is seen that almost all the known schemes of profit-sharing in India are of the cash profit-sharing type with the exception of a few which satisfy the main tenets of conventional schemes. Whether such schemes have arisen as a result of the awards of the Industrial Tribunals or they have emerged from previous agreements between employers and workers, they have helped labour to share in the profits of the concern in which they have been working especially when they reach abnormal proportions. But it is doubted whether the scheme of cash profit-sharing has ushered in a period of better industrial relations with increased efficiency and enhanced output. "The International Mission on Productivity in India" in their final report has expressed themselves strongly against the present practice of cash bonus as an incentive to higher productivity. It has recommended that this form of profit-sharing could, with advantage, be replaced by equitable payment by result schemes,
on a weekly basis, which would give the workers as much as the present awards. Even in the field of better industrial relations in this country, profit-sharing in its present form does not seem to have exerted much of a salutary influence. Although there is feeling both among employers and workers that it has prevented industrial relations from going worse, industrial relations exhibit evident signs of deterioration.

The reasons for these gloomy results are not far to seek. In the first instance, the bonus payment is too remote and small to exert any energising influence on the workers. The basic fallacy that underlies such a system is that what spurs on the one to action will, when divided, stimulate the many.

But much more important than this is the psychological attitude of the worker to his share of the profits. The worker has never been a sharer in profit and when he actually gets an extra, it is quite likely that he should put it on one of the categories which experience had made him

2. Vide statement on page 207 of Chapter X of the Thesis.
familiar with. If he were a share-holder, he might have an opportunity of understanding the fluctuating and problematic nature of profits. The bonus will appear to him as a reward for services already rendered, a deferred wage or a windfall. If he thinks of it as the former, he will wish it to be regularised in the form of higher wages. On the contrary, if the share of profit is looked upon as a matter of right, the worker will continue to expect it and will be disappointed if it is stopped or reduced. This attitude of mind has been responsible for the wreckage of quite a number of bonus plans both in the United Kingdom and United States of America. Few employers who have practised profit-sharing for long seem prepared to claim that this comparatively small sum serves as an incentive to greater output and increased diligence except perhaps in the month before dividend is declared. There is, however, a generally accepted view that a bonus can influence the conduct of the foremen and employees holding responsible positions and to this extent, it can have an influence on the firm's output.

If then both theory and experience combine to point towards the ineffectiveness of cash profit-sharing
as an incentive to greater industrial output and to
the maintenance of better industrial relations, what
should be the next step to achieve these highly
cherished objectives? The I.L.O. Mission's
recommendation that the current system of cash
profit-sharing be "replaced" by equitable payment by
result schemes, with payment on a weekly basis"
should merit consideration. But to make the bonus
which is not enjoyed by the workers in India almost
as a matter of right, conditional on individual or
group performance, is likely to invite all the elements
of trade dispute. A more desirable course seems to
be the introduction of incentive schemes (payment by
results such as piece work) to jobs which have
traditionally been paid on a part-week basis) over
and above the prevailing bonus schemes, as has been
successfully done in the TISCO since 1943. Every
progressive industrial concern in England believes
in such incentive schemes. Nearly half of the
INDIAN CHEMICAL INDUSTRY's payroll benefits from
such incentive schemes. With regard to fostering
better industrial relations in India, especially at
a time when the second Five Year Plan is being

Scheme of Profit-sharing".
implemented, it is to be achieved by some sort of democratic control in industry. Our quest as to how best this could be done leads us to what is called the concept of COPARTNERSHIP in industry.

Copartnership denotes an attempt which has been made in many industrial concerns to create within the frame-work of the enterprise itself a sense of partnership, of identity of interest between the parties engaged in a common venture. It tries to liquidate the socially disintegrating and industrially sectionalising influence of the present method of production. It is based on the belief that the business structure of any community depends on the active and willing cooperation of workers of all grades, each of them contributing the best work and the most diligent thought in an atmosphere where rewards of activity and diligence are distributed in a way which appeals to the workers' sense of justice. Copartnership in a nutshell, is an attempt to translate into industry, to the extent possible, the idea of government based on the consent of the governed. The primary requirement is a leadership capable of inspiring those who have to obey orders and of earning their confidence that the working
arrangements of the business are so organised that the workers can earn as much as industry can afford, that they too as well as the owners of the capital or management have a sense of proprietorship in the concern and that their abilities are utilised for the common benefit.

There is no generally agreed definition of the term copartnership and so far as is known, there has been no attempt to arrive at a definition by international agreement. By implication, the term covers any arrangement in which a business is so organised and conducted that the employees feel that by virtue of their services, they are genuinely partners with the employers in a joint undertaking although there is no partnership in a legal sense. This is broadly speaking, the objective of every firm with an enlightened industrial relations policy, but it is manifestly impossible to identify those particular undertakings which could be said to have achieved this objective and which are therefore examples of copartnership. There is, however, a more rigid conception of copartnership system as being one which ensures that there should be a sharing of profits with employees supplemented by arrangements
for the employees to acquire some share in the control of the undertaking by owning share capital or in other ways. The scope of the concept was sufficiently defined by L.W. Mundy when he said "the idea is simple......The principle is that all workers shall become partners in the business in which they work; such partnership will confer the right to share in prosperity or profit, to share in ownership or capital, and to come into knowledge and consultation about the business."\(^5\)

To clinch the matter further, its cardinal features are three in number.

(a) The sharing with the employees of predetermined portion of net profits of the business in accordance with a scheme which has got the prior consent of all concerned.

(b) The enabling and encouraging of employees to acquire capital in the undertaking which employs them.

(c) The granting of a share in the management of the business to the employees by the setting up of copartnership committees, work councils or other channels of consultations along with information and ideas which can flow freely between employer and employed.

---

To be a real success, no scheme can afford to exclude the workers from any one of these three spheres. Their presence in the other two is essential to their completely successful presence in one of them. Let us try to deal with each of these points at some length.

**PROFIT-SHARING.**

The question that is posed often enough is as to how labour is theoretically entitled to a share in the profits of the concern when they are already receiving wages or salaries for their work and why the owners should voluntarily forego part of the profit which is legitimately theirs. An answer to this has already been given in the beginning of the thesis.

**EMPLOYEE-SHAREHOLDING.**

Share-holding should in fact be regarded as the ideal keystone of the arch of copartnership, the aim of which is to produce a happy shop of employees with a developed sense of their responsibilities. Employees of the company are in the same position as other people in buying its shares on the stock exchange; but some companies have introduced schemes with special
shares which can only be held by employees. These schemes all vary in some detail though all of them are devices of saving and are intended to increase the interest of the employees in the success of the business. Where profit-sharing and share ownership are linked together, the whole or part of the amount due to an employee may be invested in special shares. Acquisition of shares may be voluntary or compulsory. In some case, the decision is left to the employees as to how much he will take in cash and how much he will invest in shares. Thus in the Bryant and May Company Ltd., employees may use the amount of their profit bonus or any part of it for the purchase of the partnership stock. A notice is issued by the Trustees to all employees participating advising them of the amount of bonus due to them and inviting them to state on a form provided, whether they wish to receive such amount in cash or to subscribe for partnership stock to the full extent or for any less amount of stock. In other schemes, the employee is required to invest the whole or a specified proportion, often one-half of his share of profits.

6. Vide Appendix. p. iii
In some companies, shares can be bought by instalments paid by deductions from wages or they may be bought out of personal savings. Usually, the shares are sold to employees at par. Another inducement is to pay an increased rate of dividend, in some schemes a double rate, to employees who own shares equal to a year's wages or half a year's wages. Inducement may be given for employees to buy shares by offering them at less than market price. An alternative to the purchase of shares is for the whole or part of each employee's share in profits to be put into a savings account and a fixed rate of interest paid on the credits thus accumulated. Thrift is encouraged and many workers with long service accumulate large number of shares which increase their interest in the business and tend to minimise labour turn-over. Sometimes, it is argued that employees should not "put all the eggs in one basket" and that if their savings are accumulated in the company where they work, they may in times of depression lose both their savings and jobs. This is one of the reasons why some schemes provide safeguards to maintain the value of the shares.
Because of their smaller risk of capital loss, business which are stable and less liable to wide fluctuations are more suited for share-holding.

The rate of dividend paid on special shares is usually the same as that on ordinary shares. In some companies, however, special preference shares are issued with a specified rate of interest; they may be cumulative or non-cumulative and may or may not participate and receive additional interest if dividends beyond a given rate are paid to ordinary shares. Where a company has profit-sharing and share ownership, the employees receive their share in the profits and also interest or dividends on the shares they hold. A typical example is to be found in the Johnson Bros. Dyers Ltd., Liverpool. Some schemes provide for higher dividends to be paid on employee shares than on ordinary shares.

The total number of special shares which may be issued for employees is fixed in some companies. In some schemes, a fixed number of notional shares or certificates of no par value and unsaleable is issued and the dividends on these shares distributed to the employees. But this is essentially a method of determining the amount of profits to be distributed rather than a system of share-holding by employees. In some companies, the total number
of shares are increased from time to time. For example, the Bryant and May Company Ltd., started with an initial stock of 200,000 shares of £1/- each. It was increased to 250,000 in 1935 and was further raised to 300,000 in 1951.

Some schemes limit the number of shares that any employee may hold. Alternatively, the maximum holding of an employee may be related to his annual wages, that is, the holding not to exceed double or four times this amount. Allocation is arranged in some companies so as to prevent a small number of better paid employees from holding a sizeable portion of the shares issued. In a few companies "good conduct" is made a condition for the allotment of shares to enable employees to become copartners, recommendation being made by their foremen or the heads of their departments.

Where special shares are held by the employees, restrictions are imposed on the holders. Ordinarily, the shares must be relinquished to the company on death or on leaving the company's service whether by resignation or dismissal. Some schemes allow holders to retain their shares when they retire. In general, the shares being for the benefit of the employees, they must be returned to the company as
soon as the holder ceases to be employed by it, except that some schemes treat shares as savings for old age. Usually, when shares are sold back to the company, or to the trustees appointed under the scheme, the price paid, is the par value, but in some schemes, the market value is paid. The first method has the advantage of protecting the savings of the work people against loss; but it weakens the value of the scheme as an education in the risk run by investors of capital. Funds are often put in reserve as a guarantee of the par value of the shares and are administered by the trustees. When shares are thus protected against capital loss, they represent a stake in the business as measured by dividends and not by changes in capital value of the shares.

Employees who own special shares are usually precluded from selling their shares whenever they wish as ordinary share-holders are at liberty to do. The latter can therefore exercise their own judgement when to sell to make a profit or avoid a loss; but since employees holding special shares are not able to do this, they are guaranteed the par value. Thus some rules provide that employees should not
transfer or sell shares, or pledge them as security for loans.

Others allow an employee to sell some of his shares, if the value of his holding is more than the amount of an year's wages, but only the surplus beyond that amount. Some schemes give greater freedom, for example, by the company or the Trustees undertaking to buy shares or authorising holders to sell them to other qualified employees. In some companies, the Directors can require employees to sell back their shares and this could be used to terminate a scheme. In the event of the company itself being wound up, some schemes provide that employees' shares shall rank equally with ordinary shares in the distribution of the assets. But in others, they participate in the asset only up to the par value of the shares.

In general practice, it has been found that the best type of schemes allows for:

(a) The shares are to be ordinary shares of the company inscribed as "Employee Shares".

(b) Purchase to be voluntary out of savings or by profit-sharing allocation.

(c) The number of shares held by any one employee to be restricted.
(d) Voting-rights to be same as for ordinary shares purchased in the open market.

(e) The shares to be relinquished on termination of service.

(f) The shares to be then sold only to another employee or to the share Trustees or to be transferred by the secretary of the company.

(g) The sale to be at price not exceeding the par value of the shares, which should invariably be given a guaranteed minimum value.

(h) Some means should also be devised in order to give priority to employee shares, should a winding up becomes necessary.

It has been found by Professor Charles Gide, that by far the most successful in practice has been the profit-sharing type in conjunction with the automatic accumulation of part or whole of the profits so shared into the capital of the company. 7

If, however, an employee wishes to buy additional shares out of his wages as well, every facility should be rendered for him to do so. There are cases where shares are issued to employees in

instalments. Such a system is in vogue in the United States of America. Share-holding should be regarded as the cornerstone of copartnership.

**LABOUR PARTICIPATION IN MANAGEMENT.**

Just as each of the three factors — capital, labour, and management — is essential to production, so also it is necessary to give the workers a share in each, if copartnership is to harmonise effectively the interest of all concerned in industry and to give all alike an identical interest in raising efficiency. Schemes do exist in which the workers have a share in only one or two out of the three, and these schemes are useful as milestones on the way to complete copartnership. But practical experience from an examination of schemes in operation in foreign countries shows that where a scheme rests on one or two legs only, it will be unsteady and that a full realisation of the objects of copartnership cannot be achieved by anything less than a complete scheme.

Copartnership with employees implies that they have some share in the management of the business. This may range from consultation in work councils and partnership committee, to attending and voting at

8. "Profit-sharing and Stock Ownership" by Bryce M. Stewart and Walter J. Cooper. op.cit.
general meetings of the company and electing employee representatives to the Board of Directors, though this last method is exceptional. Many companies supply information regularly to their employees about the financial position of the company, its problems, policies and prospects. Addresses on these matters are periodically given by the Managing Directors, and summaries published in the Works Magazines. Representatives of the employees take part in many firms in the management of Welfare Schemes and social activities. In these various ways, the status of the employees is raised and their understanding, interest and influence in the business in which they work are increased.

Some schemes exclude holders of employee shares from any direct part in the management of the company, provision being made that they have no voting rights or rights to attend meetings of the company. In some companies, even where as a result of the operation of profit-sharing and employee share ownership over many years, the employees are not given such rights. An example of this type is to be found in Messrs J.T. and J. Taylor Ltd. Though the workers own more than half the capital of the company and draw in their dual capacity as share-holders and profit sharers,
of the profits of the undertaking, they have no voting rights. The company only undertakes to make a full statement to them yearly. Possessions of shares without a voice in control is of little value in raising the status of the employees. Especially in a society where control is based on ownership, such a thing seems paradoxical. In principle, it is desirable that the employees should be able to acquire the right to vote. In other schemes, employees who own shares have the same rights as other shareholders to attend and vote at general meetings. In this respect, the plan of the Bryant and May Ltd., where when employees have acquired fifty employee partnership shares, they secure the right to attend the annual general meeting, has much to commend it, because it ensures that those with longer service and greater interest in the firm acquire greater responsibility.

A few schemes go further, and provide that employee share-holders shall be represented on the Board of Directors, though usually their representatives are in a minority and therefore control over

policy does not get into the hands of the employees. Before nationalisation of the gas industry in Britain, many gas companies had profit-sharing and copartnership schemes which provided that employee share-holders would elect three representatives on the Board of Directors, but that there would be at least five other Directors, thus leaving in a minority the Directors representing the employee share-holders. Only those employees who have considerable service with the company, for example ten or twelve years, can be nominated for election as Directors.

ADMINISTRATION OF COPARTNERSHIP.

Various methods are adopted for the administration of profit-sharing and copartnership. Some are controlled by the Directors of the company, and other by a Joint Committee half of whom are nominated by the Directors and the other half elected by the employees from among them. Candidates for election must usually have had not less than a specified period of service with the company, often five years and in copartnership schemes must hold at least 25 shares. In some companies the number of shares he holds, for example, one vote for every

25 shares from 100 to 300 and one more for every 50 after 300. Some Joint Committees merely decide what amount of the available funds shall be distributed and how much shall be carried forward for equalising dividends over several years. Often, provision is made that a company can terminate its profit-sharing or copartnership at any time.

THE VALUE OF COPARTNERSHIP.

Experience with the working of the copartnership plans has shown that the greatest advantage that is derived from them is the possession of a happy shop. It is already seen that cash-bonus sharing has nothing to commend except a transient feeling of satisfaction on the part of the employees. A significant example of the failure of the cash bonus profit-sharing scheme is to be found in the Proctor and Gamble Soap Manufacturers of the United States of America. This firm started cash profit-sharing on the firm belief that such sharing would itself give rise to a sense of common interest which would eventually lead to a harmonious and contented service on the part of labour. But so shockingly were the results of the experiment,
that the sponsor had to give it up in preference to a system under which the employees had to qualify as participants by acquiring shares in the company which required them to invest some portion of their own savings. This scheme has been in operation since 1903 and has proved a success. Another example has been the King County Press Ltd., at Waikato, which has successfully operated a copartnership scheme, for a fairly long period. By this scheme, labour shares to the total number of 20,000 were issued by the firm to its employees in proportion to their wages with additions for length of service and efficiency as the Directors decided, but the total number issued was limited in view of the voting rights carried by them to 2/5th of the number of ordinary shares. Profits are allocated first to a 7% cumulative dividend on the ordinary shares and then to a non-cumulative payment on each labour share equal to 7% on an ordinary share. The balance after making provision for reserves, is divided equally between capital and labour until 9% has been paid on ordinary shares. The holders of labour shares are entitled to attend and vote at all general meetings of the company and to enjoy all the privileges of

12. Bowie "Sharing Profits with Employees" op.cit. p. 110
the ordinary share-holders. The scheme was started in 1927 and the dividend paid on labour share has varied between 5 & 7%. During the great depression of 1929-1932, no payment was made. Commenting on this, Mr. A.E.C. Hare, an authority on the Industrial Relations in New Zealand remarked "There seems little doubt that the profit-sharing side of the scheme has not proved the success which the workers hoped and has given rise to some disappointment, the amount received annually in dividend only amounting usually to between two and three weeks' wages. The system of labour Directors, however, and the consultative voice in the management of the business which they secure have undoubtedly been a success". 13

A good deal of light has been thrown on the utility to a firm of profit-sharing and copartnership by some researches undertaken by the United States Senate Committee on Finance in 1937. The results of the research are based on the questionnaires sent to several hundred companies and would appear to be the first attempt that has been made to evaluate quantitatively the value of profit-sharing and copartnership

schemes in promoting loyalty. These results have been worked up into charts by the Investigators concerned.

The important conclusion drawn was that those firms which practised the more advanced type of profit-sharing and copartnership are proved to be less affected by labour troubles than others. It may be objected that the firms which carry on advanced profit-sharing and copartnership are just the firms which would have enlightened labour policy so that their greater freedom from labour troubles may be due to their attitude and not to their copartnership plans. Apart from this objection, the figures are conclusive and their statistical soundness is unquestioned.

One of the clear tests of loyalty is the absence or otherwise of strikes. The results of the questionnaires on this subject to 732 companies are tabulated in the following figure. By way of explanation, it should be pointed out once more that the United States Senate Committee accepted a far wider definition of profit-sharing than was accepted in Great Britain. Therefore, the figure includes many schemes which do not belong to the
conventional type. It will be seen that 23.4 per cent of the firms with no profit-sharing copartnership plans reported strikes whereas only 9.9 per cent of the firms with profit-sharing or copartnership schemes in which all employees could participate reported strikes. A most interesting result of these figures is that from the loyalty point of view, the introduction of plans in which labour does not share (that is bonus and inducements to Executives and Keymen) is almost worse than useless. This type of schemes results in higher incidence of strikes than no schemes at all.

From the incentive point of view, there is no reason to doubt the general observation that the grant of a bonus to an executive has a greater incentive effect than a bonus granted to an employee. But where the incentive bonus is granted to Executive only, its salutary effect is offset by worsening labour management relations. This is particularly the case where there is one plan for labour and another for executives — an arrangement which no doubt draws the workers' attention to disparities between his share of profits and that of the Executives. A fact which is brought out by the charts is that two groups of companies with
special schemes for Executives had a lower incidence of major strikes, about 16% as against 18.7% in firms with no schemes of any sort. It is only in the matter of minor labour troubles that they have a worse record than the companies without any plans.

<table>
<thead>
<tr>
<th>Percentage of companies in U.S.A. reporting strikes by various groups.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Total Sample = 782 companies)</td>
</tr>
</tbody>
</table>

**Notes on the above figure:**

Column, A: 62 companies where labour shares in some plans but not all.

Column, B: 83 companies with a plan in which labour does not share.

Column, C: 320 companies with no plans for any one.

Column, D: 312 companies where labour shares in all plans.

In view of the fact that the above figure includes many plans which do not conform to the traditional pattern, figure II is of interest as a check. The column showing "Partnership plans" may be taken to include schemes which would satisfy the main tenets of profit-sharing and copartnership since they include those plans such as profit-percentage, stock ownership and wage-dividend wherein the employee has a definite interest in the fluctuations of the profit. The "non-partnership plans" include pension schemes and bonus granted at the discretion of the management, without being automatically linked to profits. It will be seen that figure II confirms the value of true profit-sharing and copartnership in decreasing strikes and labour turn-over. It is also reported as conducive to increased efficiency and loyalty.
Industrial Relations record of 312
companies in U.S.A. separated as to
partnerhip and non-partnership plans.

Source: U.S. Senate Report 610.
Finally, figure III analyses the return of 234 companies with plans in which all employees participate, and again bring out the favourable result achieved by true profit-sharing and copartnership schemes. The bonus plans in column "B" refers to a bonus granted more or less arbitrarily at the discretion of the management. The "profit-percentage" and "wage-dividend plans" either distribute a fixed percentage of profits irrespective of whether a dividend is declared, or distribute a dividend on wages in proportion to any dividend on stock. It will be seen that this latter group, which is the true copartnership group, makes the most favourable showing.
234 commercial companies in U.S.A. with only one plan and labour shares in it.

Column, A: Pension plans (86)
Column, B: Bonus plans (81)
Column, C: Profit percentage and wage dividend plan (77).

Major Strikes

Minor Strikes

It will be seen that this latter group (c) which is the true copartnership and profit-sharing group makes the most favourable showing showing pension plans are too remote to be effective.

Source: U.S. Senate Report, 610.
The comparatively poor record of pension schemes is interesting. It is found that a pension scheme is too remote to be an effective output incentive and these figures suggest that it is not outstanding in securing employee good-will. Yet on its merits, no one could deny that a pension scheme is one of the most beneficial long-term means of raising the status of the employee. The fact that results which indicates that there is a large element of philanthropy and less of business value in running a pension scheme is probably a reflection on the short-term outlook taken by labour. An examination of 87 true profit-sharing plans shows that those which saved the bonus for the worker had a better loyalty record than those which distributed the bonus in cash. The tendency of the worker to take his bonus for granted, increases his standard accordingly, and then shows disappointment and resentment if the annual profits do not provide a bonus, is suggested in the Report as an explanation.

LABOUR'S ATTITUDE TO COPARTNERSHIP SCHEMES.

The trade union movement has on the whole been hostile to profit-sharing and copartnership for the good reason that historically, the purposes for which it was often introduced militated against the prime objectives of the movement. It was used as a weapon
to fight the inroads of trade unionism into the ranks of labour; but such of the schemes as were started towards this dubious end soon came to grief. But today, the old hostility has diminished into indifference as the movement has acquired greater confidence in the security of its objectives, and latterly, there have been signs of a positive willingness to acquiesce in or even to welcome schemes if the relations in the firm were such that from the trade union point of view, the scheme could do no harm. In many of the present schemes, there is embodied in the constitution of the scheme arrangements for safe-guarding the position of the unions in everything which legitimately concerns them.

This change of attitude on the part of trade unions is attributed partly to the marked increase in the number of schemes introduced and maintained in the United Kingdom since the last war.14. A recent survey conducted in the schemes now in operation in Great Britain serves to show that it is only where the employers and unions fail to work together amicably in other respects that there is any trouble over copartnership. 15

In a copartnership industry, the trade union has got a very constructive role to play. The management of business in the modern world is such a difficult and complex affair that it requires thorough study and training before it is taken up. The participation that is given to labour in management by the copartnership scheme renders it necessary that labour should give their serious attention and study to the problem of business management. Though they will not be asked to hold key positions in the initial stages, they must secure the necessary training to take up the onerous duty whenever called upon to do so. Any step to under-estimate its vital importance will be fraught with dangerous consequences.

Lenin, during the early stages of the Russian Revolution thought that capitalism has so simplified and routinised methods of business operation that socialised industry could be operated by anyone "who can read and write. The ability to observe record and to make out receipts — this with knowledge of the four rules of arithmetic is all that is required". The Manager was thought to be merely an instrument concerned with the siphoning off the "surplus-value" created by the workers. Therefore Factory Committees took over

the functions of the owners and managers of the enterprises in which they were employed. But after some time, Lenin saw that this would not work, because the workers were not trained to deal with the problems of supply, manufacture and distribution. A few years of operating without trained and authoritative business management resulted practically in the drying up of economic activity in all parts of the country. Therefore, the old Managers were called back to meet the deteriorating situation. As to "drying up" the following figures are very eloquent.

<table>
<thead>
<tr>
<th>Year</th>
<th>Index of Production in Soviet Russia.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Index: 100</td>
</tr>
<tr>
<td>1913</td>
<td>100</td>
</tr>
<tr>
<td>1916</td>
<td>109.4</td>
</tr>
<tr>
<td>1917</td>
<td>75.4</td>
</tr>
<tr>
<td>1918</td>
<td>43.4</td>
</tr>
<tr>
<td>1919</td>
<td>23.1</td>
</tr>
<tr>
<td>1920</td>
<td>20.4</td>
</tr>
</tbody>
</table>

Source: "Communism in Action" prepared by the Legislative Reference Service of the Library of Congress in 1946 (Quoted in Road to Prosperity).
This is the reason why trade unions have started in recent times to give their increased attention to the training of labour in the art of business management. A typical example is Yugoslavia. 17

In conclusion, it is to be observed that there are at least a few conditions which any scheme of copartnership must fulfil if it is to be permanently successful and satisfactory to every one.

(1) It must be simple
(2) It must place no financial risk, nor liability upon those who have not acquired the reserve of capital which alone could enable them to face such a liability.
(3) It must be unselfish.
(4) It must enable all to share in the prosperity of each.