Providence with Patronage: The Royal Berkshire Friendly Society 1872–1972

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Introduction

In recent years the number and range of friendly society studies have expanded, with interest growing among social historians seeking greater understanding of class and cultural relationship, local historians who focus on activities within particular villages, towns or regions, and historians who are concerned with specific aspects of friendly society work, such as medical provision and thrift.[1] Nevertheless, the subject remains surprisingly under-researched, attracting only passing reference in many social history texts – and still less has its potential been exploited by economic and business historians.[2] Overall, the level of awareness remains limited, especially in relation to the wide diversity of motivation, organisation and attitude which existed within the friendly society sector. Yet, as this writer has demonstrated elsewhere, individual societies had their own character and much can be learned from analysis at a micro level.[3] The present paper examines an enterprise acknowledged by the Chief Registrar as one of the country's 'principal registered friendly societies,' namely the Royal Berkshire Friendly Society, a highly respected and influential organisation which operated for almost a century, with, at its peak, a membership of more than 17,000.[4]

II The Royal Berkshire Friendly Society – Foundation

The Berkshire Friendly Society was founded in 1872,[5] when according to a survey undertaken by its promoters, discounting the town of Reading 'whose inhabitants were not generally of the class that such a society as that contemplated,' 159 benefit clubs in Berkshire, with an aggregate membership of 13,700.[6] Membership in the localities reached

13 per cent of the population, but elsewhere was as low as 3 per cent, and the county average of only 8.7 per cent indicates a level of provision, which was the fifth lowest in the country.[7]

Most Berkshire clubs were small, though branches of the large national affiliated orders also operated in the county. Unfortunately, the survey does not distinguish between the two categories, but examination of Chief Registrar's Reports suggests that some thirty Foresters' courts, nineteen Oddfellows' lodges and five branches of other orders were active in 1872. Some of these had village headquarters, but they tended to cater for the higher paid urban worker, leaving the independent village club as the main type of friendly society available to the Berkshire rural labourer.

Although some were well managed, the condition of many village benefit societies was far from satisfactory and their activities were widely condemned. Ninety-eight of those in the Berkshire survey met at a public house, an association which, critics argued, encouraged not only excessive alcohol consumption but also the diversion of expenditure away from insurance. Moreover, with operations confined to a single location and small membership – the survey average was only 86 – village clubs experienced difficulty in securing competent management and ran high risks from insurance of small numbers. But by far the greatest weakness was the widespread failure to recognise the true extent of liability to members. In constructing their insurance tables, most clubs made insufficient allowance for the increasing probability of sickness with advancing age. Therefore, although in the short term contributions might comfortably exceed claims, giving an apparently healthy reserve, many societies were operating in a state of disguised severe actuarial deficiency. Ultimately, unless the deficiency could be rectified, these would fail; ex-members, though they may have contributed for many years, would be left without insurance cover. According to the survey, 74 Berkshire clubs were not registered at the Registry of Friendly Societies, and the insurance tables of these were subject to no external scrutiny at all. Of these, 67 demonstrated a complete disregard of their obligations by periodically dividing their reserve among the members, a practice which would eventually bring about their collapse as members grew older and the benefit fund was exhausted by the resultant increase in claims.

The defects of friendly societies were recognised long before 1872, and were being tackled both by societies managed by working people themselves and by those in which other classes played a prominent role. In rural counties, particularly, the leading farmers, squire and parson took an active interest in friendly society management, and several – including Hampshire and Wiltshire – County Friendly

Societies, subsidised and supervised by the gentry and Anglican clergy, offered soundly-based insurance through a network of village branches.[8] In Berkshire, however, although local landowners and clergy often supported village clubs, none had taken the initiative in forming a county-wide organisation, until in 1872 George Portal, the newly-installed Rector of Burghclere, came forward.

Three years earlier, when Rector of Albury in Surrey, Portal had established a village friendly society which differed from the common assurance type in that the annual excess of contributions over benefit payments was not added to a permanent common fund, but was instead credited to members' individual accounts.[9] When a member fell sick, a proportion of his benefit was paid from the year's pooled contributions, but the remainder was drawn from his own account. Since members could pay additional sums into their accounts and were free to make withdrawals for purposes other than sickness, the club also acted as a savings bank. When, however, a member's account was exhausted, either by benefit payments or by other withdrawals, he could make no further claim on the society and his sick pay would cease. Portal saw in this 'deposit' principle the solution to the problem of unsound friendly societies, for it discouraged malingering (since this would deplete the deposit upon which future benefit entitlement depended) and, more importantly, it limited the extent of the club's liability to members; correctly administered, a deposit friendly society could not become insolvent. He therefore set about promoting the scheme more widely, and by 1871 the Albury village club had grown to become the Surrey Deposit Friendly Society with around eight hundred members and branches across much of that county. There his ambitions might well have rested, but his new incumbency brought new opportunities, and Portal soon began to canvass support for an expansion of his Society into Berkshire.[10]

In February 1872, members of the Newbury Chamber of Agriculture met to consider a paper by the Revd J.L. Errington on the subject of benefit societies. Portal spoke in explanation of the principles of the Surrey scheme, and it was agreed that a public meeting should consider a County Society. It was chaired two weeks later, by Portal, who advocated a deposit society, to be affiliated with his Surrey enterprise, only to be opposed by G.C. Cherry. Cherry chaired the Hungerford Board of Guardians, was Vice-Chair of the Berkshire Sessions, and, in the previous year, had been High Sheriff; he was also a leading Tory. Cherry argued that the deposit principle remained unproven, and proposed a soundly-based assurance scheme similar to those in Wiltshire and Hampshire. The meeting eventually agreed to compromise, resolving to create a society with both assurance and deposit sections, and a committee was constituted to liaise 'with influential persons in different parts of the county to ascertain their views and make all the necessary arrangements'.[11]

Portal eschewed compromise, rejecting the invitation to join this committee, and in August he independently planned to open a Berkshire and Hampshire branch of what had by then been renamed the National Deposit Friendly Society, ironically destined to become one of the largest societies which continues to play a significant role in insurance provision at the present day. However, Cherry now took the Berkshire scheme in hand, 'carried out the whole arrangements' by which the project was launched, and is acknowledged as the Society's founder.[12]

The constitution of the Berkshire Friendly Society was formally approved in November 1872, at an 'important and influential' assembly chaired by the County's Lord Lieutenant. There were two classes of membership, benefit members who contributed 'in order to obtain any benefits for which provision is made by the Rules and tables of the society,' and honorary members who paid 'not less than £5 by donation or 5s. by yearly subscription.' In principle, the members controlled the Society, for each had one vote in the annual elections to the Committee of Management. This body took overall responsibility for Society policy but, because of its large size – it comprised President, Vice-President, five Trustees, Chairman of each agency (all honorary members), Representative (benefit) Member from each agency and twelve others (including a minimum of six benefit members) – most of the work was delegated to an Executive Sub-Committee which met every month. At agency level, management was undertaken by the Agency Sub-Committee which also met monthly to consider membership proposals, investigate and authorise benefit claims, inspect pass-books and examine the Agents' accounts. It consisted of the agency Chairman and Representative member and at least three others, as elected annually by members.[13]

Under the supervision of the relevant committees, day-to-day administration was undertaken by the Society's paid officers. The principal executive was the Secretary, whose salary was initially set at the substantial sum of £100 per year, and he was supported by a Treasurer, two Auditors, a Consulting Physician and five Arbitrators. At branch level it was the responsibility of the Agent to prepare membership proposals, collect contributions and settle claims, and for this he was paid annually

> not more than two shillings per head for every Member within his Agency making assurance for Sickness, and not more than one shilling per head for every other Member, with an allowance of five per cent. on all donations and subscriptions which he may collect from Honorary Members.

Each agency also appointed a qualified Medical Officer to examine candidates for membership, and visit sick members at least once a week to supply necessary medicines and to authorise benefit claims.[14]

In accordance with the decision taken in March, the Society offered both assurance and deposit facilities. Assurance members contributed for sick benefit ranging from 4s. to 10s. per week payable until the age of sixty-five, seventy, or for life, and were entitled to full pay for fifty-two consecutive weeks, half-pay for a further fifty-two weeks, and then quarter-pay for the remaining period of sickness. Policies were also available for payment of a sum at death, for endowments payable after a specified number of years, and for pensions from sixty-five or seventy. Those who joined the deposit section set their own daily benefit 'rate', within the range 6d. to 3s., and they contributed the amount of their rate as monthly premium.[15] Entrants to the Society were enrolled into one of four categories depending on age and state of health, which determined the amount in each shilling of benefit payable from the common fund, 9d., 8d., 6d. or 4d. If a member's deposit, or 'rest', became exhausted, he could draw the common fund element of his benefit for a further final three months as 'grace pay'. Because of this limit on the Society's liability, older and less healthy men could be admitted into the deposit section, as could women, who were excluded from the assurance section by the lack of female sickness data of sufficient accuracy for the construction of reliable insurance tables.

With its well-defined management structure and understanding of sound actuarial principles, the Berkshire Friendly Society was typical of the County Friendly Society, and like them, in the words of the Friendly Societies Commission, 'invariably established, not by the working classes, but for them.'[16] By 1872, the Oddfellows and the Foresters had demonstrated that urban working men could run their own organisations, but Cherry and his supporters denied this capacity to their rural labouring counterparts. As the Bishop of Oxford argued,

> he would be very glad to have it proved that . . . agricultural labourers, were capable of managing a great benefit society. He was sure they were not . . . Poverty and ignorance would probably always need some aid from the wealthy and instructed.[17]

His philosophy was shared by all these involved in the Society's creation, for at no point were working people themselves consulted. Neither were they – or would they ever be – expected to play a leading role in he management of its affairs.

III The Royal Berkshire Friendly Society – Operation

The Berkshire Friendly Society was established in response to the particular circumstances of the 1870s. Its promoters could not have foreseen the fundamental changes which were subsequently to occur, and still less could they have imagined that their Society would continue to operate into the 1970s. Broadly, its ninety-nine years of existence can be divided into three sub-periods. The first, which ended with the passage of the 1911 National Health Insurance Act, saw the friendly societies at their most powerful, both ideologically and in relation to insurance provision. During the second, between 1912 and 1947, the emphasis was switched, albeit reluctantly at first, from self-help to administration of the state scheme and business-orientated private insurance. Finally, after 1947, friendly societies struggled to survive on their private business alone, initially managing to meet existing obligations, but experiencing severe difficulties in attracting new members in an increasingly sophisticated and competitive insurance market. Although there was a degree of continuity across these periods, they do represent fundamentally differing environments and it is therefore appropriate to examine the Society's experience within each.

1872–1911

The Berkshire Friendly Society was founded in the confident expectation that it 'had only to be known in order to receive a great accession of members,' and that 'when poor men saw a sound friendly society and deposit society brought to their own doors, and have the leading farmers and the clergymen of the parish connected with its management . . . they would be led to avail themselves of its benefits.' Therefore the new Society's first priority became to gain the support of influential people throughout the county. Such people were, of course, likely to be involved with existing benefit clubs, so they had to be approached with tact. Assurance was given that 'it rested entirely with those interested as to whether they would have any branch formed in their parish,' and that 'the society did not profess to be a rival society, but it intended to supply a want. If there were existing societies sound, solid and trustworthy, then that want was supplied.' Where that was not the case, 'there was no more important work for gentlemen with leisure and ability to take up than to form agencies in connection with such a society as this.'[18]

From around an initial dozen, agencies increased to nineteen by 1880, and to thirty-six by 1911. The Anglican clergy played the most active role. In 1896 only four of the thirty-four agencies did not have a church representative on their committee, and in no less than twenty a clergyman served as Agency Chairman.[19] Local landowners and gentry also served on agency committees and if their subscriptions were the primary component of the Society's management fund, the most important person at agency level was the agent himself. As J.Y. Stratton, a writer involved with the Kent Friendly Society, observed, 'The society is fortunate which can secure a staff of agents who combine the happy knack of attracting industrious men and lads, with the business talents essential to the due care of its property.' Stratton perceived that 'the plain straightforward tradesman who does the business of the society with fidelity and despatch, is but a poor hand at bringing in new members,' and recommended the village sub-postmasters.[20] For the Berkshire Friendly Society, however, an examination of agents' occupations in 1907 (one of the few dates for which details are available) reveals only one sub-postmaster among the twelve for whom occupation can be traced. Two farmers, two clergymen and one gardener also held agencies at that time, but the largest group, schoolmasters, of whom there were six, rose to eleven by 1920.

Although the Society was formally governed by the democratically elected Committee of Management, this was in reality a self-perpetuating body dominated by a small number of individuals. These were linked by personal friendship, Anglican religion, Conservative Party politics and common public service interests. Principally, policy was determined by the Vice-President and President, supported by a few long-serving committee members and trustees. Cherry was the first Vice-President, serving until his death in 1887, and in this capacity he continued to exert a major influence on what had been, largely, his creation. But he worked in close collaboration with the President, Richard Benyon of Englefield House, Conservative MP for the county, Chair of the County Sessions and former High Sheriff. Benyon was 'ardently attracted to the Church of England' and, as patron of several Church livings, became renowned from his financing of church building and restoration projects. In the field of social welfare, he was best known locally as President of the Royal Berkshire Hospital, but he also devoted considerable energy to the Berkshire Friendly Society and, particularly, to the annual festival which was held between 1877 and 1888 at Englefield Park. Here, up to seven hundred members and guests were entertained at an event which was intended to promote the society and to bring together the members of the different agencies. On Benyon's death in 1897, the Presidency passed to Capt. A.W. Cobham of Shinfield Manor, associated with the Society from its foundation and

Cherry's successor as Vice-President. Cobham, too, had served as High Sheriff, worked alongside Benyon as Vice-President of the Royal Berkshire Hospital, and shared his predecessor's attachment to the Church, being 'in religious matters . . . an earnest Evangelical.' On his elevation to the Presidency, Richard Benyon's son, J. Herbert Benyon, was elected Vice-President, and these two continued to occupy the Society's key positions for the remainder of the pre-National Insurance period.[22]

From the outset the Society did not seek to attract urban workers, in the belief that 'country people should work together in insurance and not mix themselves up with town people.'[23] The benefit members were, therefore, 'mostly agricultural labourers.' In March 1874 these totalled only ninety-seven in the assurance branch and thirty-one in the deposit branch, though the two sections had increased to 559 and 183 respectively by the end of the decade and, by 1890, to 692 and 436. Soon after that date, the deposit total overtook that of the assurance branch and by 1912 it embraced 66 per cent of the Society's 2,282 benefit members.[24] Clearly, the deposit scheme, in which the members retained individual ownership of their funds, proved the more attractive option, despite Management Committee attempts to steer applicants towards assurance provision. The Committee still had reservations about the deposit principle, largely on the grounds that once a member's rest and grace pay entitlement were exhausted, his benefits would cease.[25]

> Then the man went out of the society disappointed and annoyed, and he and his friends probably thought the whole concern a bad one because the man had not received twelve months' sick pay.[26]

In the event, however, these fears proved unfounded, for whilst many members treated their rests as savings bank accounts, most were careful not to deplete them unnecessarily by making excessive withdrawals. Despite its acceptance of older and less healthy members, sick benefit claims in the deposit section between 1874 and 1890 averaged 3.7 days per member, in comparison with 4.3 in the assurance branch. The incidence of malingering, too, was lower among deposit members, for in only three years between 1883 and 1900 did the average duration of their benefit claims exceed that of their assurance section counterparts. Most deposit members fully understood the necessity of maintaining their rest, whereas many assurance members lost their benefit entitlement by insuring only up to the age of sixty-five or seventy and failing to subscribe for a pension thereafter, or by interim default. Over the twenty-five years for which figures are available between 1875 and

1910, assurance membership lapses totalled 1,339, in comparison with only 612 on the deposit side.

As in other County Societies, very few benefit members became involved in the Society's management. Perhaps, as has been argued, 'people objected to the ethos that excluded ordinary members from any kind of role in the club, apart from paying subscriptions to and receiving benefits from the self-appointed gentry and clergy.[27] Certainly, benefit members were given little encouragement to participate in management, although attempts were made to foster a sense of fellowship and loyalty. Society medals were struck, agency feasts were held and, most significantly, the annual Whitsun Festival at Englefield Park became a major social event bringing the members together and providing a tangible supplement to the insurance advantages of membership. Even this was organised not by the benefit members themselves but by others and all the expenses were met personally by Sir Richard Benyon.

Evaluation of the Society's performance in the pre-national insurance period is problematic. Viewed as a non-profit seeking business, an indication of its operating efficiency might be obtained by relating the benefits received to contributions paid. The evidence is, however, difficult to interpret because contributions were calculated to take full account of long term commitments, in contrast to many village clubs. This brought inevitable complaints that County members 'have to pay more and receive less than in the local clubs,' which were firmly rejected, with the comparability of its premiums with those of other County Societies and of the affiliated orders. The county 'did not pretend to be a cheap society', but contended that 'the payments were the lowest possible consistent with the due performance of those engagements they had undertaken'.[28]

Certainly, the scale of contributions was founded on sound actuarial advice, but whether it was the 'lowest possible' depended also on the capacity to prevent fraudulent claims, maximise return on invested funds, and minimise administration costs. The first particularly posed difficulties for any County-type society for, as Sir George Young observed, 'patronised societies are . . . obliged to be strict since their constitution does not enlist so strong a feeling in their members against imposition.'[29] Frequent appeals to the members for vigilance against malingering and the withholding of ill-health information by applicants for membership suggests continuous abuse. But there is no evidence to suggest that the level of fraud was excessive – deceit was more difficult to practise in rural communities than in more anonymous urban environments – and the scale of the problem was much diminished by the expansion of the deposit section in which there was far less incentive to cheat.

The County Societies were also at a disadvantage in obtaining maximum returns from their investments, since they were particularly strict in complying with the Registrar's rules. Initially, the Berkshire deposited all its funds in the Reading Savings Bank, but this 'did not earn money enough to answer the rate at which their tables were formed', and most assets were redirected into higher interest investments. By the end of 1882, 40 per cent of the funds were on loan to the county whilst British local government securities represented 26 per cent, and Great Western Railway stock a further 25 per cent, leaving only 6 per cent deposited in the savings bank.[30] Three years later colonial securities were purchased and subsequently these, together with domestic local government stock, became the principal investment types. Thus, by 1896, 42.1 per cent of total funds were held in British local government stock and Australia/New Zealand stock accounted for another 36.4 per cent. The remaining holdings were in Railways (13.9 per cent), Berkshire county mortgage (5.4 per cent) and cash/short term deposits (2.2. per cent). And by 1914, in consequence of the higher rates of interest obtainable from colonial stock, 40.8 per cent of funds were invested in Australia/New Zealand, 5 per cent in Africa and 1.2 per cent in India. Domestic local government securities had fallen to 22.7 per cent, whilst Railways represented 13.2 per cent, county mortgage 10.4 per cent, and cash/short term deposits 2.9 per cent. Additionally, 2.2. per cent of the funds were invested in War Loans and 1 per cent had been advanced to a member in the Society's first personal mortgage.[31]

The varied and changing investment portfolio proves the Society's awareness of opportunities, and of the need to balance safety with rate of return. Nevertheless, because of constraints imposed by the Registrar, they 'had always a difficulty in investing their funds, and they were bound to invest them in good securities. Good securities did not yield so much as bad ones.'[32] Stratton estimated that 4 to 4.5 per cent could be earned with 'no difficulty' from authorised securities and the Society's assurance tables had been framed on the assumption of a 3.5 per cent return, but in the event even this could not always be achieved.[33] For example, over the five year period to 1887, investments earned less than 3 per cent, 'chiefly owing to the depression of the times, and to the low rate of interest paid on all good securities since the National Debt Conversion Act came in,' whilst over the next five years, 'the frequency of disturbance and panic in the financial world' brought additional difficulties. The Society's funds were managed by men competent and experienced in financial affairs, and who strove to meet the targets implicit in the construction of the tables. But 'they had to work under less favourable conditions than those which prevailed when these tables were drawn up' and therefore faced an on-going struggle.[34]

The third determinant of friendly society business performance was the efficiency of central administration in which the County Societies claimed a decisive advantage. Professional administration was not cheap and predictably led to accusations that 'establishment charges were very large . . . compared with . . . the small local clubs.' But the Society believed that 'the advantages . . . more than compensated for any little additional expense,' and as it frequently reminded critics, management costs were met from honorary subscriptions.[35] The Society was 'one of the best managed . . . in the kingdom', and successive valuations by independent actuaries revealed exceptionally strong financial positions.[36]

Doubtless the Society's promoters drew satisfaction from such endorsements, but business efficiency, in itself, was inadequate; they ultimately aimed at the comprehensive reform of county friendly society provision, achieved automatically once people became aware of the new society's advantages. Landowners and clergy would enthusiastically establish agencies and rural labourers would quickly recognise their superiority over shaky local clubs.

Unfortunately, this did not occur. By 1910 the Society's adult membership stood at 1,762 which, although greater than most County Societies, was far below the 18,834 attained by the largest (Hampshire).[37] And within Berkshire, whilst considerable progress towards sound friendly society provision had been made, the affiliated orders rather than the County Society were the main agents of reform; in 1910 the Manchester Unity Oddfellows had more than eight thousand adult members and the Foresters nearly 9,500. But perhaps most telling is the comparison with the Compton Pilgrims Benefit Society. This was a remarkable organisation which, like the Berkshire Friendly Society, catered mainly for the rural labourers, but which was financed and managed entirely by the members themselves.[38] At the time of the County's foundation, the Compton Pilgrims was a small club serving, predominantly, its home village; by 1910 branches established across the county accounted for 3,318 members – almost double that of the County's. The officers were bitterly disappointed by the failure to attract more members, which they could not understand. The Society 'was based on rules which would bear the test of any actuary and . . . would always be solvent, come what would,' and the Hampshire and Wiltshire County Societies, 'working on almost the same rules as those which regulated this society,' seemed have found no difficulty in recruiting members. 'Therefore,' asked Benyon in 1877, 'why should the men of Berkshire be behindhand?'[39]

The answer lay in the timing of the Society's foundation. All County Societies experienced problems after 1870 in an environment of agricultural depression, increasing competition from the affiliated orders, and growing independence of mind among rural workers, reflected in agrarian trade unionism. Indeed, one observer's assessment of County Societies was that 'the time of high tide has passed with them, and it will never come again'.[40] The judgement was over-pessimistic – only one (Nottinghamshire) was 'beaten out of the field by the Odd Fellows' – and well-established societies including the Hampshire and Wiltshire with extensive agency networks continued to progress.[41] But conditions were certainly not propitious for a new society, particularly one so closely identified with patronage as the Berkshire.

Interpretation of friendly society activities in the context of patronage and inter-class relationships is controversial. One view is that the societies presented a means for the imposition of middle class values upon a subordinate working class. Thus, friendly societies, according to Obelkevich 'took pains to express their deference to the neighbourhood social elite as well as to endorse respectable morality,' while Howkins perceives an 'increasing penetration of the moral values established among the middle and upper classes . . . into the lives of the poor.'[42] However, other writers, although agreeing that friendly societies fostered ideals of respectability and social harmony, see indigenous working-class motivation.[43] On this hypothesis, all classes were moving towards a consensus of values in the mid- to late Victorian period, and friendly society members, whilst welcoming middle and upper class approval, nevertheless rejected patronage and declined to surrender their independence. The experience of the paternalist County Societies is especially relevant to this debate, since they served one of the least sophisticated sections of the working class. If social control, inculcation of values and deference were to operate anywhere, surely it would be here. Certainly, Berkshire's promoters were well aware of the potential 'to promote those kindly feelings which exist between men and men, and which were especially bound to exist among the members of such societies as this.' The Fête, in particular, 'promoted harmony,' and 'arrest[ed] that disintegration of society which threatened them . . . at the present day.' The Fête gave the clergy and gentry a platform to justify and defend their privileged position. But it would be a mistake to infer from speeches at such formal gatherings that social control was their primary objective. And neither was there any sustained attempt at political indoctrination, despite the Society's close Conservative connections. Indeed, 'subjects of a political nature' were expressly avoided as they 'might possibly lead to a difference of opinion.' Leaders held political and social views typical of their class and inevitably, and on occasion, these surfaced, though they did not see the Society as a vehicle for promoting their opinions. The tremendous enthusiasm of Cherry, Benyon, Cobham and their colleagues and the amount of time and energy which they devoted to the Society demonstrates a firm commitment to the cause of sound friendly society provision *per se*. Their belief that it was their public duty to act on behalf of rural labourers incapable of making their own arrangements may be challenged, but their motives were nonetheless sincere.[44]

Even if leaders of County Societies had sought to impress their values on the membership, they could have succeeded only if the latter were susceptible to such influence. But by the 1870s this was not generally the case. As Stratton, a strong advocate of County Societies, recognised from his experience in Kent, 'the notion of patronage has become generally distasteful to the sturdy Briton.'[45] Neave's study of friendly socieities in Yorkshire's East Riding found 'little sign' that the clergy and gentry 'had any real success in imposing their views upon the membership,' and a similar picture emerges for Berkshire.[46] When the Society's failure to attract more members was debated in 1878, one subscriber complained that 'they could not move in a village without the people thinking they had ulterior motives,' whilst an agent reported frankly that 'when he spoke about the society he was immediately told "Oh, you are the Squire's man, and he wants to get us all under his thumb".[47] The Oddfellows, Foresters and the independently-minded Compton Pilgrims made solid progress in Berkshire before 1911, but the County Society was retarded by its association with patronage. The Berkshire was not devised as an instrument of social control, but it was perceived as such, and rejected by many members of a far from deferential rural working class.

1911–1947

The National Insurance Act became law in December 1911, instituting a contributory sickness insurance scheme that was compulsory for the great majority of male and female workers. Primarily to protect the interests of friendly societies, it was determined that the scheme would be administered by private sector insurance enterprises acting as 'approved societies' on behalf of the state.[48]

Like most others of sufficient size, the Berkshire applied for approved society status, and National Insurance administration soon became a major component of its work. Principally because of a relatively low incidence of sickness among rural workers, its State section persistently achieved valuation surpluses above the average for its class, and under the Act a proportion could be distributed to members as additional benefits. The Society therefore proved to be a popular choice for National Insurance applicants.[49] In 1913, the first year in which benefit payments were made, its State section membership was 2,715, and by 1946, when the ending of the approved society system was announced, the total had reached 10,600.

The Society tackled the administration of National Insurance with skill and enthusiasm, but its primary interest remained in voluntary provision. Although circumstances were now very different from those at its foundation, it retained its paternalistic structure, with J. Herbert Benyon succeeding Cobham as president in 1913, and the continuing dominance of honorary members on the Management Committee. And, whilst its ambitions were now more modest, it still saw its mission as the encouragement of self-reliance and thrift. Ultimately, this was assisted by the advent of National Insurance, since State members could be persuaded to take out additional voluntary cover and fixed management costs could be shared between the two sections. Initially, however, the impact of State provision was adverse. National Insurance was not a close substitute for the deposit scheme, but in 1912, 'owing to the fact that, there being no definite information as to the operations of the Insurance Act, the members not unnaturally formed an opinion that the money in their 'Rests' was in danger.' Many, therefore, reduced their deposits, putting at risk their insurance entitlement. The problem was only temporary, for rests were soon restored as the new provisions became better understood, but for the assurance section, compulsory National Insurance posed a more serious threat. In 1913, assurance receipts declined by 8 per cent, 'mainly due to the fact that many members, compelled to pay 4d. per week for State insurance, have been obliged to reduce their old rate of contribution.' Some even went so far as to discontinue entirely their voluntary provision and, as a result, assurance membership fell by more than 14 per cent between 1912 and 1916.[50]

In 1914 these difficulties were compounded by the outbreak of war since, obviously, 'when the society's tables were compiled the Committee of Management did not know that it would be necessary to allow for war risks.' Over the course of the war, rests were returned to the relatives of fifty-four deposit members, whilst the assurance fund paid death benefit for eighteen members killed in action. There were also 'a considerable number of claims . . . to be met in the case of discharged and wounded soldiers.' But, against this, the Society benefitted financially from the high incidence of membership lapse among young men who had enlisted, and whose contributions had been calculated to allow for increased probability of sickness in older age. It also derived an actuarial gain from the deaths of young assurance members who had insured against sickness only. Overall, these gains went a considerable way towards offsetting the costs, so that in 1916 it was reported that, 'in spite of the troublous times, the society was doing well', and in 1918 it was confirmed that 'the effect of the war upon the funds of the society has been less serious than might have been expected.' The immediate problem caused by the war was not the strain on the Society's finances, but the delay imposed on the readjustment necessary to meet the challenge of National Insurance.[51]

But in the longer term, the war and its aftermath proved costly, for security values fell with economic depression and the collapse of the international economy and this brought about a substantial fall in the value of the Society's investments. By 1926, the market value of these had fallen to 90 per cent of purchase cost. Fortunately, this could be balanced against the large reserve built up from past valuation surpluses, giving the Society time to readjust its asset portfolio. Investments were switched from foreign securities to government war loan and, increasingly, to private mortgages. The latter not only maintained a fixed value, but earned higher interest than most securities and, furthermore, provided an attractive additional service for members. By the time of the 1937 voluntary section valuation, assets had been restored to a level comfortably above their purchase cost. 'The greater part' were then held as stock exchange securities, with most of the remainder as mortgages on property; the latter proportion increased to 'practically one half' ten years later.[52]

Asset depreciation certainly caused concern, but since it could be offset against reserves, it did not threaten the Society's existence, and its financial situation remained strong throughout the inter-war years, with all voluntary section valuations recording substantial surpluses. Even during the 1929–31 Slump, 'in spite of the general depression in industry and the consequent ravages of unemployment,' the Management Committee could 'report . . . continued successful activities'.[53] Serious problems did not arise during the Second World War, when both contributions and sickness benefits (though not death claims) were suspended for serving members. Indeed, throughout the period 1911–1946 the 'financial position may be regarded as one of great strength and the society may be recommended with the utmost confidence.'[54]

Yet financial soundness could not guarantee popularity, especially now that the Society's voluntary section had to compete with obligatory National Insurance. Moreover, the motivation for friendly society membership was changing, for whilst in the past many had joined from moral conviction or for the fraternal advantages of membership, it was now becoming rare 'to find a Friendly Society which . . . attracts to itself anything like the group loyalty' of old. In the inter-war period, friendly societies came to represent, in the words of Lord Beveridge, 'not good fellowship but a means of insurance by contract.'[55] Consequently, their ability to attract new members became increasingly dependent not on their underlying ethos but on the range of services offered and promoted.

With both a financially sound assurance branch and well-established deposit scheme, the Berkshire was strongly placed to meet this challenge. Even so, it was some years before its voluntary membership grew. In 1917, fourteen of the Society's thirty-seven agents failed to send in even a single proposal and one speaker in 1918 lamented that 'other insurance societies in the county were going ahead by leaps and bounds and were making new members by the thousands while their own society had to be content with making them in ones and twos.' It proved especially difficult to recruit new members into assurance although, ultimately, the Society was more successful than most, achieving a net increase of 130 per cent between 1912 and 1947, when aggregate membership of assurance-type friendly societies fell by around 10 per cent. In contrast, the aggregate membership of deposit societies soared by more than 500 per cent in the period as people came ot recognise the advantages of combining supplementary sickness cover with the facility of a savings bank.[56] In the pre-National Insurance era, the Berkshire discouraged deposit members from using the Society as a savings bank, but now it recognised changed needs. By the 1920s it explicitly promoted the savings bank facility as an incentive for joining the deposit scheme. And whilst before 1911 the deposit branch had been viewed as second best to assurance, in the inter-war years it became acknowledged as the principal element of the Society's independent work. Between 1912 and 1947, deposit membership grew by 265 per cent to reach 5,669, more than three-quarters of the Society's voluntary total.

1947–1972

From the outset, approved society administration of National Insurance had been widely criticised for the inefficiency of having several thousand separate units and the inequity of differing benefit levels across societies for identical contributions. It was, though, the comprehensive welfare reforms inspired by the Beveridge Report that finally brought the system to an end. Then, under the terms of the 1946 National Insurance Act, sickness and unemployment insurance were combined into a single system administered directly by the state.

As a strong advocate of voluntary action, Beveridge had proposed a role for the friendly societies in the new scheme, but his advice was rejected and 'the marriage of 1911 between the State when it entered the field of insurance against sickness and the voluntary agencies with a hundred years' experience in the field . . . [was] . . . followed in 1946 by complete divorce.'[57] Moreover, it was a divorce from which the socieities obtained poor settlement, for not only did the philosophy underlying the Welfare State undermine their self-help ideology, but also, on a practical level, they were deprived of the income and potential independent section members that National Insurance administration had brought.

The outlook indeed appeared bleak, and many societies must have shared the fears of the Berkshire's Secretary that,

> many of the public understood this to be the end of Friendly Societies. A great many of our members withdrew . . . The young folk became obsessed with the idea that the State would look after them from the cradle to the grave and that membership of a friendly society was unnecessary.[58]

This was not a view with which the Society could agree. 'We have

> endowments, endowment assurance, life assurance, and for all these types of business there is a brisk demand. It is in the provision of these three types of insurance that the future prosperity of our society lies.[59]

Yet such optimism could not alter the fact that, squeezed between an expanded state sector and an increasingly sophisiticated commercial insurance industry, the Society's relatively small scale and still considerable reliance on voluntary management set it at enormous disadvantage. In 1950, H.A. Benyon, Lord Lieutenant of Berkshire and President of the society, bravely but erroneously claimed that 'the society is not only holding its own but continues to develop at this time of difficulty for all friendly societies.' The assurance branch was failing to attract substantial endowment business; the deposit branch could not match the interest rates offered elsewhere. The 1951 Annual Report acknowledged that since 'the introduction of National Insurance in 1948, the Society passed through the most difficult period in . . . their 79 years' history.' And when an eighteen per cent fall in membership between 1947 and 1953 was followed by further decline, the Society was forced to abandon its optimistic pretence. In 1960, the Secretary appealed for 'a return to an era when men saw the need to avail themselves and their families, especially in times of sickness, of the benefits and services afforded by friendly societies,' he was in effect, admitting defeat.[60]

Yet, despite its dwindling membership, for many years after 1946, the Society's finances still seemed sound. Valuation reports continued to show an assurance fund surplus and, as late as 1964, the Secretary asserted that 'the financial position of the Society was excellent.'[61] Gradually, the problem of depreciating investments returned. By 1952, the stock exchange securities, half the total assets (the remainder being mortgages on property), were losing value again, and within a decade the market value of total assets had fallen seventeen per cent below purchase cost. But even then, with accumulated valuation surpluses well in excess of this deficit, no immediate problem appeared, and not until the 1967 valuation reported a further drop in asset values to just 74 per cent of book value – creating a deficit almost double the Society's reserves – were the Society's full difficulties revealed.

Essentially the problem centred on the cost of administration met from the interest earned on valuation surpluses; but now these were needed to offset asset depreciation. Total assets still exceeded liabilities to members, but the excess was less than the capitalised value of future management costs. Whilst, therefore the Society could continue to function in the short term, it could do so only by further depleting its reserves. Inevitably the time would come when these would no longer be sufficient to cover management expenses. Emphasising the seriousness of the situation, the valuer called for radical measures, with three suggestions. The Society could be dissolved, its engagements could be transferred to another society, or it could retain its identity under the management of another society with spare administrative capacity. Understandably the Society was reluctant to accept any of these. Its scale of operations was much reduced, with now only one collector and four sub-collectors in the field, and membership little more than half of that in 1947, but it retained 'an excellent reputation' in the county and the support of many 'influential members of the community.' However, with a continuing slide in membership and a rapidly deteriorating financial position, the Secretary and the two office assistants resigned their posts towards the end of 1970, leaving administration in the hands of the auditors. With the aim of adopting the valuer's third option, the auditors approached a large national friendly society, the Hearts of Oak, which agreed to mount a 'rescue operation', mindful of 'the possible damage to the reputation of the Friendly Society movement if . . . [the Berkshire] . . . were allowed to founder without assistance being extended'. However, when staff from the Hearts of Oak took over the running of the Society in March 1971, they discovered many lapsed policies and a 'woefully inadequate' administrative system. They concluded the Society could not be saved; the remaining members were transferred to preserve their entitlements. In 1972 the centenary year, the Berkshire was brought to an end.[62]

Conclusion

The County Societies occupy a position of considerable importance in the English friendly society sector. In the pre-National Insurance era they were among the best managed and most soundly based of all, and exemplified friendly-society paternalism at its strongest. In the nineteenth century their influence over much of southern and eastern England was substantial, and even after the introduction of National Insurance in 1911, they continued to make a major contribution to welfare provision until long after the Second World War.[63] Yet, despite the growing interest in friendly societies among historians, the County Societies have so far been virtually ignored. The present paper goes some way towards rectifying this situation. By exploring the interaction of social and business influences in one of the largest and most respected of all County Societies, the study unravels the complex nature of friendly society behaviour and, suggests new items for future research.

Notes

[1] Differing views on the social and cultural significance of friendly societies are put by (for example) J. Obelkevich, *Religion and Rural Society: South Lindsey 1825–75* (Oxford, 1976); T.R. Tholfsen, *Working-Class Radicalism in Mid-Victorian England* (1976); G. Crossick, *An Artisan Elite in Victorian Society* (1978). The contribution of friendly societies to medical provision is investigated in D.G. Green, *Working-Class Patients and the Medical Establishment* (Aldershot, 1985), whilst P. Johnson, *Saving and Spending: The Working-Class Economy in Britain 1870–1939* (Oxford, 1985) examines friendly societies in the context of working-class saving behaviour. D. Neave, *Mutual Aid in the Victorian Countryside* (Hull, 1991) contains an extensive bibliography of local and regional studies.

[2] P.H. Gosden's, *The Friendly Societies in England 1815–1875* (Manchester, 1961) remains the only general introduction. The same author's *Self Help: Voluntary Associations in Nineteenth-century Britain* (1973) extends the analysis to the end of the nineteenth century, but no comparable study exists for the post-1900 period.

[3] M. Bee, 'The Compton Pilgrims Benefit Society: A Friendly Society Case Study', *Southern History*, 11 (1989), pp. 69–89.

[4] Report of Chief The Registrar of Friendly Societies for 1910, Parliamentary Papers (hereafter P.P.) 1912–13, LXXXII.

[5] The Society did not adopt the prefix 'Royal' until 1892, though from its foundation Queen Victoria agreed to serve as Patron, as did successive monarchs throughout the

Society's lifetime. For brevity, the title 'Berkshire Friendly Society' is used throughout this study.

6 *Reading Mercury* (hereafter *R.M.*), 30 Nov. 1872. The survey statistics which follow in the text are taken from this source.

7 Owing to the paucity of statistics for unregistered societies, precise cross-county comparison of friendly society membership cannot be made, but registered society figures suggest that membership was generally lowest in rural counties. (P.P. 1878–9, LXI.)

8 County Societies operated in Cambridgeshire, Dorset, Essex, Hampshire, Herefordshire, Kent, Nottinghamshire, Rutland, Shropshire and Wiltshire. In addition, societies with similar characteristics but only partial county coverage served Buckinghamshire, Devon, Gloucestershire, Middlesex, Oxfordshire, Somerset, Staffordshire, Suffolk and Surrey. Almost all had been established before 1850. In 1872, the Hampshire Friendly Society (founded in 1825) had 63 branches and 6,322 members, whilst the Wiltshire Friendly Society (founded in 1828) had 7,130 members in 101 branches. (P.P. 1874, XXIII, pt. I; P.P. 1873, XXII.)

9 The deposit principle was devised by the Reverend Samuel Best for his Abbotts Ann Provident Society, founded in 1831. It does not, however, appear to have been taken up by others until the late 1860s when it was adopted not only by Portal's Albury society but also, alongside assurance schemes, by the county societies for Hampshire and Wiltshire.

10 *R.M.* 3 Aug. 1872.

11 *R.M.* 9 and 16 Mar. 1872.

12 *R.M.* 3 and 24 Aug. 1872, and 26 May 1877.

13 *R.M.* 30 Nov. 1872. *Rules and Tables of the Berkshire Friendly Society* (Reading, 1872), Rules 3 and 4, p. 7.

14 *Ibid.*, rule 17, p. 12.

15 To discourage dishonest claims, the rate could not exceed three-quarters of the member's usual daily earnings.

16 Royal Commission appointed to inquire into Friendly and Benefit Building Societies (hereafter RCFS), Fourth Report, P.P. 1874, XXIII, Pt. I.

17 *R.M.* 30 Nov. 1872.

18 *R.M.* 30 Nov. 1872 and 25 Apr. 1874.

19 Royal Berkshire Friendly Society Annual Report, 1896. (Berkshire Record Office, Benyon Family papers, D/EBy Q34.)

20 J.Y. Stratton, 'Friendly Societies, state action and the Poor Law', *Journal of the Royal Agricultural Society of England*, 43 (1882), pp. 153–86, esp. p. 165.

21 *R.M.* 31 July 1897.

22 *R.M.* 17 Apr. 1913.

23 *R.M.* 27 Apr. 1889. Even when towards the end of the century agencies were opened in the towns, this was done not to recruit higher-paid urban workers, but to 'meet . . . the convenience of members who have been attracted to Reading and other Urban Districts of the County.' *R.M.* 24 Apr. 1897.

24 *R.M.* 27 Apr. 1889. The figures exclude membership of the juvenile section, created in 1885 as a feeder into the main Society and admitting children between the ages of four and fourteen. It did not, however, prove very attractive, and throughout the pre-National Insurance period its membership remained small.

25 This criticism was frequently levelled against deposit societies. In practice, however, members' rests were augmented by the return of what remained in the common pool at the end of each year (in the Berkshire Friendly Society, before 1911, this amounted to between 11d. and 8d. per shilling of contribution) and by voluntary additional deposits. And the permanence of cover offered by assurance societies was, anyway, often illusory, as the many failures of village benefit clubs testify.

[26] *R.M.* 7 June 1884.

[27] J. O'Neill, 'A Search for Independence? Friendly Societies in Nottinghamshire 1724–1912', *Bulletin of Local History East Midland Region*, 13 (1988), pp. 111–15. Quotation p. 113.

[28] *R.M.* 15 June 1878, 7 June 1879 and 22 Apr. 1899.

[29] RCFS Fourth Report, P.P. 1874, XXIII, Pt.II.

[30] *R.M.* 23 Apr. 1881, and 28 Apr. 1883.

[31] Royal Berkshire Friendly Society Annual Reports, 1896 and 1914.

[32] *R.M.* 19 June 1886. Thus, in the early 1870s, when investments authorised by the Chief Registrar were earning between 3% and 4%, unregistered village clubs, outside the Registrar's supervision, were able to obtain 6.5% to 7% by lending to trade and investing in houses and land. (Appendix to Sir George Young's Report, contained in RCFS Fourth Report, P.P. 1874, XXIII, Pt.II.)

[33] Stratton (1882), p. 166.

[34] *R.M.* 27 Apr. 1889, 28 Apr. 1894, and 24 Apr. 1898.

[35] *R.M.* 27 Apr. 1878. In the 1870s, management expenditure was running at between £120 and £150 per year, of which £100 was the Secretary's salary. Since membership growth did not bring a proportionate increase in management expenses, the administration cost per member fell sharply from £0.67 in 1875, to £0.21 in 1880 and to £0.14 by 1900.

[36] *R.M.* 28 May 1892. Independent quinquennial valuation of registered friendly societies was compulsory under the terms of the 1875 Friendly Societies Act. Only the assurance section was valued to ascertain whether the assets were sufficient to cover liability to members, as calculated in accordance with estimated sickness probability. The deposit section was not subject to valuation since the Society's liability to deposit members was simply the amount held in their accounts.

[37] All friendly society membership figures quoted for 1910 are taken from the Chief Registrar's Report for that year (P.P. 1912/13, LXXXI).

[38] Bee, *loc. cit.*

[39] *R.M.* 26 May 1877.

[40] J.F. Wilkinson, *Mutual Thrift* (London, 1891), p. 170.

[41] RCFS Fourth Report, P.P. 1874, XXIII, Pt.I.

[42] Obelkevich (1976), p. 86.; A. Howkins, 'The Taming of Whitsun: The Changing Face of a Nineteenth-Century Holiday', in E. and S. Yeo (eds.), *Popular Culture and Class Conflict 1590–1914* (Brighton, 1981), pp. 187–208, esp., 197.

[43] See, for example, Tholfsen *op. cit.*, pp. 288–305, and G. Crossick, 'The Labour Aristocracy and its Values: A Study in Mid-Victorian Kentish London', *Victorian Studies*, XIX (1976), pp. 301–28.

[44] *R.M.* 26 May 1877, 3 June 1882, 19 June 1886 and 28 Apr. 1887.

[45] Stratton, *op.cit.*, p. 164.

[46] Neave, *op.cit.*, p. 92.

[47] *R.M.* 28 Apr. 1878.

[48] B. Gilbert, *The Evolution of National Insurance in Great Britain* (London, 1966) provides a detailed account of the background to the Act. Although the government's intention had been to restrict approved society status to non-commercial insurance organisations (primarily friendly societies), eligibility was extended to commercial businesses in response to pressure from the powerful industrial insurance companies.

[49] Whilst National Insurance was compulsory, insurees could apply to join an approved society of their choice. Societies which offered greatest additional benefits could attract most applications, but they could also be most selective in making admissions and so perpetuate their advantage.

[50] *R.M.* 26 Apr. 1913 and 22 Apr. 1914.

51 *R.M.* 22 Apr. 1916 and 27 Apr. 1918.

52 Valuer's Report for Quinquennials ending 1937 and 1947. (Registry of Friendly Societies, London, File: Berkshire 8 F(D).)

53 *R.M.* 9 May 1931.

54 *R.M.* 23 Apr. 1920.

55 W. Beveridge and A.G. Wells, *The Evidence for Voluntary Action* (London, 1947), pp. 20, 293.

56 *R.M.* 27 Apr. 1918. Much of the increase in deposit society membership can be attributed to the phenomenal success of the NDFS. By 1910 its membership had already reached 219,000 and by 1946 this had increased to 1,582,854 – 64% of total deposit society membership.

57 Beveridge and Wells, *op. cit.*, pp. 80–1.

58 *R.M.* 23 Apr. 1955.

59 *R.M.*26 May 1947.

60 *R.M.* 22 Apr. 1950, 26 Apr. 1952 and 30 Apr. 1960.

61 *R.M.* 2 May 1964.

62 Hearts of Oak Benefit Society, Executive Council Report, 1972 (Hearts of Oak Insurance Group, London).

63 Of the eleven County Societies, nine survived beyond 1946, five survived into the 1980s, and the Kent into the 1990s.