

THE
 ARTIZANS', LABOURERS', AND GENERAL
 DWELLINGS COMPANY, Limited:
 ITS PAST AND PRESENT MANAGEMENT
 AND POLICY.

BY
 WILLIAM SWINDLEHURST,
Formerly Manager and Secretary of the Company.

LONDON:
 PRINTED BY PEWTRESS & CO., 15, GREAT QUEEN STREET, W.C.

P R E F A C E .

—:0:—

DURING the last two or three years the Shareholders in the Artizans', Labourers', and General Dwellings Company have been the recipients of numerous communications having direct reference to the position, prospects, and management of the Company. I have no desire to increase this already numerous list of publications, the general tendency of which has been to bewilder, confuse, and otherwise mislead the Shareholders by their conflicting statements. My present object is—now that I have obtained an opportunity of being heard—to place before those interested in the prosperity of the Company certain facts and observations which, if I mistake not, will considerably modify, if not altogether remove, some of the adverse opinions held as to the policy pursued by the former management. I do not write to gain any personal end, but to vindicate a policy that has been systematically, if not wilfully, misrepresented.

W. S.

28, ESSEX STREET, STRAND, W.C.,

July, 1879.

THE ARTIZANS', LABOURERS', AND GENERAL
DWELLINGS COMPANY, LIMITED.

It will be unnecessary to direct attention to any events connected with the history of the Artizans', Labourers', and General Dwellings Company prior to the year 1877, except as indicating what will probably not be denied, viz., that from 1874 when the three Arbitrators investigated the position of the Company, through the agency of an accountant and of surveyors of their own selection, there was, on the part of certain influential Shareholders whose pecuniary interest in its capital was very small, a distinct and decided hostility to all the plans and proceedings suggested by the then Board of Directors. The question of paying dividends out of estimated profits was the favourite point of attack, though it met with but scant support at the annual meetings, at two of which a distinct expression of opinion was given in support of the policy adopted by the Board. One of the most active opponents had formerly been a Director, and had thus an opportunity of making known his views, and giving effect to his opinions. But what was his conduct? According to his own statement he attended but one meeting, when a feeling came over him, "he could not say exactly what it was that caused the feeling," that it was a Board he should not like to work with until he knew more about them, but he allowed his name to remain pending the result of some enquiries. Ultimately he withdrew his name. This was a strange and most unbusinesslike proceeding. He was either hasty and imprudent in joining the Board of Direction, or, having joined it, he was guilty of something very like neglect or indifference to the interests of the Shareholders in voluntarily absenting himself from the Board Meetings while still nominally on the

Direction. Possibly if he had adhered to the trust reposed in him he might, by his great administrative ability, have prevented the "mismanagement and irregularities" which he has since deplored, and the responsibility and blame for which he has cast upon the Shareholders because of "the want of energy on their part." Might not the Shareholders well retort that when he occupied a position involving a duty to them, his energy was characterised by a policy of abstention?

After the retirement of the Arbitrators, in January, 1876, nothing of great moment occurred until the Shareholders were startled by the receipt of a pamphlet from Mr. John Pearce, in May, 1877, and by the concurrent presentation of a requisition to the Board of Directors, urging them to convene a special meeting to consider the propriety of appointing a Committee of Investigation to enquire into the position of the Company generally. It will be remembered that the Directors issued a statement in reply to Mr. Pearce's strictures, and concluded by expressing their willingness to accede to the appointment of an impartial Committee, excluding all persons who had openly committed themselves to the disputants on either side; and further offered to place in the hands of such Committee their conditional resignation. The special meeting was held in due course, on the 2nd June, 1877, and a resolution was passed appointing a Committee of Shareholders to enquire into certain specific matters and such other matters relating to the general business of the Company as they may deem necessary. Sixteen Shareholders were then nominated as the Committee, with power to fill up from amongst the largest Shareholders any vacancies caused by refusals to serve. The Committee, as finally constituted, consisted of fourteen gentlemen, the majority of whom were known to hold opinions adverse to the policy pursued by the Board of Directors, whilst the remainder, though largely interested in the Company, were more or less indifferent to the enquiry, and certainly could not be said in any way to represent the

views of those entrusted with the management. It was appointed by the Shareholders to make an impartial investigation into certain allegations made in various pamphlets and circulars and generally to enquire into matters relating to the business of the Company. It was not brought into existence by the Shareholders for the purpose of obtaining evidence to support any foregone conclusion, or in order to frame an indictment against the Directors and myself, though had that been its ostensible object a different course of proceeding could hardly have been adopted than that which took place. In the first place, the management of the Committee was left in the hands of those whose hostility to the Board was most pronounced; the services of Mr. Pearce (author of the pamphlet impugning the policy and conduct of the Board) were secured, not only to suggest the persons to be applied to for evidence, but also to act the part of a prosecutor; the witnesses examined were principally discharged servants and contractors, or *servants who had surreptitiously and in violation of their duty communicated information which they were not entitled to disclose*; and in order, I presume, to act consistently throughout, the Committee resolutely refused to allow the solicitor of the Company or a shorthand writer appointed by the Board to be present either to watch the proceedings, or to take a faithful report of the evidence from which they were to draw their conclusions. The published letter from Dr. Baxter Langley, asking that the solicitor and a shorthand writer should be allowed to be present at the sittings of the Committee of Investigation, also contained a request that if any accusation should be made against, or any imputation cast upon any member of the Board, or any officer of the Company, such member or officer should be furnished with a memorandum of the charges made, and of the allegations upon which such charges are founded. In answer to these requests, the Hon. Evelyn Ashley, M.P., as Chairman of the

Committee of Investigation, replied:—"I am desired to say that it [the Committee] is not prepared to accede to your request to allow the solicitor of the Board and a shorthand writer, to be appointed by them, to attend the meeting of the Committee. The Committee consider that their investigation should be conducted independently of the Board, who, it is hoped, will place at their disposal, and that of the professional men employed by them, all necessary books and papers, and when the Committee have reached the proper stage, *they will certainly place before the Board a statement of any complaints or accusations requiring explanations or answers*, should such be made against the Directors or any officer of the Company, *in order that they may have ample opportunity of answering the same.*" Respecting the last remark, I have only to observe that no statement of the kind mentioned was ever placed before the Board, and that when I resigned the appointment of Manager and Secretary to the Company in order to remove any difficulty caused by personal opposition, and acquainted the Committee of such resignation, I was not even then informed of any charges having been made. In the course of the evening, however, I was arrested at my own house; so that so far from having an ample opportunity of answering or explaining any allegations founded on *ex parte* evidence, the most effective means were adopted for closing my mouth and utterly preventing the possibility of my rebutting the statements made against me. It is then manifestly clear that from first to last the Committee of Investigation were actuated by a spirit of hostility and antagonism to the Directors and myself, and conducted their proceedings in a manner repugnant to every principle of common fairness and justice. In order to justify this unseemly haste, and to obtain a warrant for my immediate arrest, the Chairman of the Committee of Investigation (the Hon. Evelyn Ashley, M.P.) swore an affidavit that he had good reason to believe I was about to leave the country, an assertion which was

absolutely without foundation in fact. Had I desired to absent myself there were abundant opportunities for doing so, but from the first I never displayed the least anxiety to evade the responsibility of my position. I fully anticipated that the Investigation Committee would faithfully carry out their own resolutions and distinct pledges to our Board, and that when they had exhausted the evidence of those witnesses who were put forward by Mr. Pearce, they would give us an opportunity of learning the nature of the "complaints or accusations requiring explanations or answers," in order that the same might be answered. But even this slight modicum of justice was denied us, and we soon painfully learned that the promise was illusory and deceptive. In view of the circumstances that have since transpired it may be difficult to convince the Shareholders of what was then passing in my mind, and of the course I should have adopted in the event of being called before the Committee of Investigation to explain the various facts connected with the purchase of the Company's estates. But I am nevertheless entitled to say that when I received certain sums of money, they came in the shape of a gift and I accepted them as such, without the slightest knowledge or the faintest suspicion that in so doing I was acting in contravention of any law; and I venture to say even more than this, viz., that if I had been examined before the Committee of Investigation on this matter and my attention had been directed to the statute forbidding the receipt of such moneys, I should voluntarily have refunded the entire sum so received. It may and probably will be said that ignorance of law is no excuse; but surely it is an important factor in determining the motive by which any one is actuated and in showing whether or not there was any criminal intent. On the latter point I might have referred with some degree of pride to the fact that I was the founder of the Company, that from its commencement I had been the Secretary and Manager,

that I had piloted it through its early struggles and brought it up to its present success, and that during the intervening eleven years my salary had only averaged a trifle over £200 per annum. These considerations, when coupled with ignorance of the law and a willingness to refund all money improperly received, would I think have commended themselves to the minds of reasonable men. But, as I have already stated, the Committee of Investigation acted from the first as if thoroughly imbued with a feeling of hostility and bitterness to the Board of Directors and myself, and the deliberate exclusion of any explanations or suggestions I had to make and my sudden arrest were merely the corollaries of what had gone before. The only practical verification I can now offer of the above assertions is that I and my family have voluntarily handed over to the Company an agreed amount of £5,000, being nearly five-sevenths of the amount received by me on the purchase of the estates; in addition to my having endured the imprisonment to which I was sentenced. I submit with some confidence that the refunding of £5,000 at the time when I was actually expiating the offence is the best indication possible of the spirit in which I should have met the Committee of Investigation.

Having commented on the mode in which the Committee conducted their enquiries, I have a few observations to offer upon the conclusions they came to. And here I might observe, parenthetically, that by sending their report to the press and circulating it among persons who were not Shareholders, great damage might have been, and probably was, inflicted upon the Company. Under ordinary circumstances, such a course would be fatal to any business undertaking. The findings of the Committee were as follows:—

1. That the Board appeared to have systematically abnegated their proper functions by leaving almost everything to the Secretary and Manager.
2. That no tenders for the supply of materials seem to have ever been called for.

3. That cheques for payment were not passed at the Board meetings, but that Directors signed from time to time a large number of blank cheques.
4. That frequently no accounts were placed before the Directors before they signed the cheques.

And, the Committee go on to say, "under these circumstances it is not very extraordinary to find that in many cases materials were purchased at an extravagant cost." Before referring to these statements in detail there is one general observation which I wish to make, and which will be found to be fully illustrated subsequently; and that is, that it is easy for those who are not burdened with the cares and responsibilities of office to lay down abstract rules and principles of conduct, but I suggest that very little reliance should be placed upon these, especially if it should afterwards appear that those who, when out of office, tendered this good advice carefully avoid putting it into practice when they have an opportunity afforded them of securing its realisation. Though these findings were stated with some ostentation by the Committee of Investigation, a little reflection will show that, even if true, they were in effect of very trifling importance. I cannot agree with the statement that the Board abnegated their functions unless it simply means that there was, on most questions, a perfect accord between the Directors and myself. As to applying for tenders the experience we had gained rendered such a course unnecessary, as we knew where to make purchases to the advantage of the Company, despite the allusion to Mr. Frankenburg, about whose claim I purposely remain silent, as it will soon be the subject of judicial decision. Findings numbered 3 and 4, as to cheques and accounts, refer simply to a method adopted as a matter of convenience, it not being always possible to obtain Directors' signatures at the moment when required. There might have been force in the allegation if it could have been said that cheques had been misapplied or misappropriated; but it will be seen

that nothing of the kind is suggested. Now let us test the value of these findings by their own statements, and in doing so, the reader is reminded that eight of the twelve gentlemen who signed the report of the Committee of Investigation are now Directors of the Company, and have therefore an opportunity of carrying out their suggested reforms.

"We found that the Board appeared to have systematically abnegated their proper functions, by leaving almost everything to the Secretary and Manager. . . . The number of Directors should also be somewhat increased, so as to allow of Committees being formed for the various branches of business."—Report of the Committee of Investigation.

"He thought the better number (of Directors) in a Company like this was ten, as, with that number, the work of the Company could be divided amongst Committees."—Mr. Ashley's speech, August 3rd, 1877.

"In my opinion, no Company can be successfully served by its officials unless they are left quite untrammelled, and only responsible to the Board. . . . The official must have all the responsibility and enjoy all the credit, and the less he is interfered with, even by the Board, the better."—Mr. Ashley's letter to Mr. Pearce, Nov. 5th, 1877.

"Mr. Pearce comes forward with practical charges. He says that he suggested that the Board should be split up into Committees. I opposed the system of Committees very strongly. . . . As to the Building Committee, the majority of the Board, after careful investigation, have declined it."—Mr. Ashley's speech, March 27th, 1878.

The above quotations clearly show that proceedings which, when conducted by the former Directors and myself were open to serious animadversion, become evidence of practical wisdom when undertaken by our successors. It is scarcely necessary to pursue this matter further, but it is nevertheless an interesting fact that Mr. John Pearce brought against the new Board of Directors the same accusation which they, when sitting as the Committee of Investigation, alleged against my colleagues. He said: "When I got upon the Board at first, the esteemed Chairman, the Hon. Mr. Ashley, was away in Ireland, and I found the business—all that constituted the vital business—of the Company was in the hands of the Secretary and Manager, and not of the Board."

Appended to the report of the Investigation Committee is

a report from Messrs. Price, Waterhouse, & Co., respecting the accounts of the Company. I have no wish to say anything that is not respectful of this firm, but it is a well-known fact that almost every professional accountant has his own particular mode of keeping books and preparing balance-sheets. Accountants are, in fact, like doctors, and the patient who calls in half-a-dozen of them may have as many different remedies prescribed. The question of paying dividends out of estimated profits has long been a vexed question, but as the authority of Mr. Waterhouse is put forward, it may be as well to place it in juxta-position with the testimony of an accountant of at least equal eminence, I mean Mr. Chadwick, of the firm of Messrs. Chadwicks, Adamson, Collier, & Co.:—

“We are of opinion that the system, adopted by the Directors, of estimating profit on building operations is a wrong one; and that it is unwise for a Company such as this, unless under very exceptional circumstances, such as might arise in a firm on the transfer of interests on a change of partnership, to base its profit or loss upon the valuation of its assets, when those assets are of the nature of the Company's large estates, *the market price of which, being subject to constant fluctuation, is so difficult to ascertain with exactness.*”—Messrs. Price, Waterhouse & Co.'s report, July 19th, 1877.

“A gentleman had spoken of the valuation being an increase on the price paid, plus the expenditure on the estates. That might be so, or it might not; but when they remembered that *the properties were freeholds in the neighbourhood of London, it was not a subject of surprise that the valuation should be in excess of the expenditure on the estate. . . .* If after making every deduction for all the liabilities, the assets fairly valued and accurately ascertained overbalanced the expenditure, *they had a surplus to deal with as they thought fit. . . .* They (Messrs. Chadwicks & Co.) were called in to speak to the truth of the accounts, and they did that most emphatically.”—Mr. Chadwick's speech, February 26th, 1876

Messrs. Price, Waterhouse & Co. speak of the property of the Company being subject to constant fluctuations in price, but I would remind them that the only “fluctuations” that have yet taken place have been in the nature of advanced rents, as for instance, a fourth-class house at Shaftesbury

Park, which in 1875 was let for 5s. 9d. per week, is now charged 7s. 6d., and the same has occurred in respect to the other classes of houses, so that the "fluctuation" has been steadily going on in one direction only, and that not the direction usually indicated by that word. Exception is taken to Mr. Marr's valuation (adopted by the Company), which proceeded upon the assumption (generally accepted as an incontrovertible truth) that the value of a house is the sum it will bring in the market, but the Shareholders of the Company should bear in mind that when an independent valuation was made by Messrs. Davies & Emanuel at the instance of the Arbitrators, their valuation (endorsed also by Mr. Arthur Cates) was more than £2,000 in excess of that made by Mr. Marr. There could then be no ground for alleging that the valuations were put unfairly high in order to show a good margin of profit; but if any doubt existed as to this, it would be set at rest by Mr. Chatfeild Clarke, the Architect to the Committee of Investigation, who reported as follows: "I have made a careful and detailed estimate of the cost of the largest class of house hitherto built on the estates, and I have come to the conclusion, that taking all expenses into account, they are produced at too great a cost to be sold remuneratively at the prices hitherto obtained." The houses, it seems, were worth more than the sum at which they were sold and valued, and it is quite evident that the present Directors are of that opinion, since they have raised the selling price of the houses in question from £315 to £420, and the ground rent from £4 10s. to £5 per annum. If one of these houses is worth to a purchaser £420, its valuation as an asset at £315 can scarcely be considered inordinately high.

With Mr. Chatfeild Clarke's report I propose to deal very generally, as, with the exception of a favourable reference to the Cann Hall Estate, it consists simply of a denunciation of everything done and of all materials used at the time

when I was Manager. It is, indeed, of such a partisan character and makes such sweeping assertions that I think it unnecessary to refer specifically to its allegations. At the Extraordinary General Meeting held on the 3rd August, 1877, for the purpose of receiving the report of the Investigation Committee, Mr. Ashley appears to have maintained a discreet silence as to Mr. Clarke's report, and he even went so far as to pay a tribute to the late management in reference to the selection of the three large estates. The Queen's Park estate he spoke of as being "magnificently placed," and he went on to say to the Shareholders:—"There is no doubt whatever you have a good future before you. It seems to me that you have very fine estates, and that when these estates are properly developed you will derive a very large income from them." As Mr. Ashley was so seldom complimentary to the late management of the Company, I thank him for this small meed of praise, though it came rather late in the day, and at a time when he thought he could afford to be generous. If Mr. Ashley, however, was not greatly enamoured with Mr. Clarke's report, evidently Mr. Pearce was, as he said that a considerable portion of the property was "shabbily built and would be very expensive," and then, directing his observations to the proceedings of the new Directors, he continued:—"I thought the better way was to initiate a better system of building, putting up a better class of houses which would not so rapidly deteriorate, as many of those would; although we have put in hand one hundred houses, yet, as far as I can ascertain, there has been no improvement. The old lines have been followed, and *the execution of the work in some particulars has been worse than it was under the old management.* . . . I venture to say that there is no building job within 20 miles, in any civilized community, in which there has been such fearful waste *as exists on the Queen's Park Estate.* I reported waste, I reported bad work, I reported defects in construction," and so on. He

further stated that he was fortified in these opinions by a practical man upon whose judgment he could rely. These strong expressions of disapproval, coming from the mouth of a Director, naturally irritated the Manager and put him upon his defence. And to this defence I wish specially to direct attention as furnishing a striking contrast to the wholesale denunciations by Mr. Chatfeild Clarke. The Manager (Mr. Muller) said :—

“The plans of the houses and of the estates were all settled before I came, and it would not be wise, and it would be to the great detriment of your property, to alter everything and say that all that Mr. Swindlehurst had done was bad. *What he had done as to the whole system of building, and all the details of the business, was good and sound.* It had grown up among him and his friends, originally poor working men, who wanted houses. They found that a nice, cosy house in an open position was a requirement, but they also found that houses to please the artizans of England should have some ornamentation outside. I am quite certain that everybody would have blamed me if I had said, ‘All that has been done is bad; we shall have new houses and no nice ones. We shall have plain workmen’s houses, and derive large ground rents from large gentlemen’s houses.’ If I had acted thus, everybody, and Mr. Pearce above anybody, would have blamed me for introducing a principle that was totally and perfectly against the ultimate objects of the Company. . . . *Now, Gentlemen, those houses are being built, without exception, by the same men who built your houses before. They are being built by those who gave the lowest tender for that work; and they are being built, I can assure you, at least as well as before, and, in many respects, better.*”

It will thus be seen that when we get the actual *bonâ fide* opinions of those who have ample opportunities of judging (not by a mere casual visit, made for the purpose of preparing a hostile report or adverse criticism) we obtain what, in

effect, though perhaps not intentionally, amounts to a vindication of the policy and management of the former Directors and myself. If anything further were required on this point the practical experiment which the present Board has made will supply the deficiency. At the Annual Meeting, held on the 27th March, 1878, Mr. Samuel Morley, M.P., representing, if I may say so, the views of those who opposed the former policy, said: "I believe we should be acting wisely not to be our own builders. I believe we shall thus get our work better done, more expeditiously and more economically done, than by buying the materials, where we are subject to all the temptations to which the manager has referred." Mr. Morley can never be accused of reticence,—he is always willing to express his opinion,—but, unfortunately, it is not always a wise one. I shall not attempt, however, to refute this particular expression of his views, but will leave that to Mr. Ashley who, at the Annual Meeting held in March, 1879, said:—

"At the Shaftesbury Park Estate we invited tenders for the erection of 48 houses, which were tendered for by eighteen selected builders, and we accepted tenders from two of them. Our object in inviting those tenders was to ascertain whether we were building cheaply or dearly, *and the result has satisfied us that we were building cheaper than any responsible builder would undertake to build for us. . . .* This will throw considerable light upon the discussion which took place at the last Annual Meeting as to whether we should or should not continue to build ourselves, *and this practical test has satisfied us that we can build considerably cheaper than others will build for us. . . .* We are therefore proceeding with the erection of about 300 houses on the Queen's Park Estate, *and the principle we adopt is, as heretofore, to supply nearly all the materials ourselves, obtaining contracts for the labour from small contractors for erection of the houses under the careful supervision of our Manager."*

This experiment fully corroborates my own experience in the management, and confirms literally the statement that I

have repeated at many meetings, in opposition to Mr. Ashley and his friends, that the difference between building ourselves and building through the agency of contractors represents a substantial profit which we were justified in treating as such in our accounts.

The next question to be alluded to is as to the alleged deficiency of capital, about which there has been, I maintain, a considerable amount of misrepresentation. Messrs. Price, Waterhouse & Co., point out that this so-called deficiency amounts in round numbers to £78,000, of which £62,800 has been repaid to Shareholders in the shape of dividend, the remainder being money expended on printing and advertising and as commission for placing shares. These figures are true enough as far as they go, *i.e.*, the sums referred to have been appropriated in the way above described, but they are utterly fallacious as establishing the fact of their being a deficiency to that amount. To prove this, Mr. Waterhouse and the Directors are obliged to revert to the position that the estates represent only the money expended upon them, yet Mr. Ashley himself, when reporting the result of the experiment of building by tender, said:—“*This practical test has satisfied us that we can build considerably cheaper than others will build for us.*” I contend that this admission goes to the root of the whole matter, and that the difference between the price at which the Company can build, and the market value of the houses when built, plus the increased value of the land by building upon it, represents the wages of supervision, interest on the capital employed, and profit strictly so-called, or these items taken together constitute what is popularly known as profit. I do not admit, nor do I think any reasonable man will contend, that the money expended on the estates is the real measure of value, and I cannot better illustrate what I mean than by the experiment made by the present Board. Mr. Ashley says, the Company builds “considerably cheaper” than a contractor will build. Suppose that instead of the

Company having erected the houses themselves at Shaftesbury Park they had employed builders to do so at a considerably higher price, would this increased cost—which is in itself an unnecessary and profitless expenditure—have contributed an increased value to the estate? I think not. On the contrary, I should say that it would diminish the margin of profit, but certainly not increase the value of the property. The Directors themselves evidently have some misgivings as to their own opinions on this subject, for in the Eleventh Report they “recommend that the difference between the actual value of the Company’s assets and the total expenditure be ascertained by careful valuation of the estates and other properties, and that the amount of the deficiency (*if any*) be written off the capital of the Company by a reduction in the nominal value of each share.” Mr. Ashley followed up this report by a speech, in which he stated that the Directors were in no hurry about the valuation, and that they would rather wait until a further development, which I suppose meant advance, of the rental had taken place. He then spoke of his being sanguine enough to expect that in the course of the coming year the *natural increase of value* would so far reduce the deficiency as to render a valuation unnecessary. How soon Mr. Ashley and his colleagues have forgotten the gloomy forebodings of Mr. Waterhouse, whose theme was not the “natural increase,” but the “constant fluctuation” of value. I venture to submit that, whatever the result, the Directors were in duty bound to have a valuation of the Company’s estates, as a matter of justice and common fairness to the former Directors, and thus conclusively establish the fact whether there was a deficiency or not. This would have set the matter at rest, and would have been much more to the purpose than ill-advised and sensational speeches about a deficiency of £100,000. On turning to the Twelfth Report I find that the Directors “have not thought it advisable to authorise a special professional valu-

ation of the estates, but have had a careful valuation made by their own officials, and the result gives them every reason to hope there will be no necessity, as suggested in the last Report, to reduce the nominal value of the shares in order to write off the wasteful expenditure in the past." The so-called "deficiency of capital" has now been modified and transformed into a "wasteful expenditure," and the impending reduction of capital by writing off £100,000 has been rendered unnecessary owing to the "careful valuation made by their own officials." It would be interesting, if not instructive, to see this important document which has wrought such a wonderful change in the proposals of the Directors. The "natural increase of value," referred to by Mr. Ashley, cannot in one year have made up the enormous deficiency which the Board have distinctly stated to exist, while the mere taking of the valuation can only have had the effect of increasing the knowledge of the Directors. It is evident, therefore, that this document contains information of great value, and ought to be communicated to the Shareholders. If the Directors themselves attach so much importance to it as to render the promised professional valuation and the reduction in the value of the shares from £10 to £8 alike unnecessary, it is about as valuable a communication as could well be made to those who have invested money in the Company. Shall I make a shrewd guess at the reason why it has not been issued? There is only one motive by which they could be actuated in detaining from the Shareholders the facts contained in the "careful valuation," and that is, that they do not wish to admit the inaccuracy of their own statements as to the alleged deficiency. I will even go further than this, and say that at the time when they issued the last Balance Sheet they had, in the valuation then lying before them, *unmistakeable evidence that Queen's Park and Shaftesbury Park were worth above £100,000 more than the amount at which they stood in the Balance Sheet*, so that in fact the

alleged deficiency is altogether illusory. I do not make this assertion lightly, but have good reason for believing it to be true, and I challenge the Board of Directors to produce the "careful valuation" made by their own officials,—and therefore likely to err in under-estimating rather than over-estimating values,—and thus let the Shareholders learn the whole truth about the matter. This question is one of great moment to my late colleagues and myself, and though I cannot hope that the Directors will be induced by anything I can say to act justly or generously to me, I put it to the Shareholders to insist upon being supplied with a copy of the valuation, when they will be able to deduce their own conclusions. Under these circumstances I maintain that I am justified in taking the admission of the Directors as conclusive against them that the assumed "deficiency of capital," or, as it is now called, "wasteful expenditure," is, in truth, a portion of the increased value of the Company's property.

I do not intend to say much as to the estates of the Company beyond correcting one or two mis-statements, made as it seems to me, for the simple purpose of prejudicing the Shareholders against the retention and development of Cann Hall. The reference I complain of was made in Mr. Pearce's pamphlet, which indeed is singularly full of inaccuracies, and I give it side by side with Mr. Chatfeild Clarke's opinion:—

"It is currently reported that the Cann Hall Estate is below the level of the main sewer, and consequently it cannot be drained without expensive pumping machinery."—Mr. Pearce's Pamphlet.

"The estate has two good frontages; lies high and well for development, in a neighbourhood where a small class of house is in evident demand from the number built during the last few years, and from its proximity to three Railway Stations, I should augur well as to its future realization."—Mr. Chatfeild Clarke's report.

The above quotations illustrate the disagreement as to *facts* among the opponents of the former Board of Directors and show how unreliable are many of their statements. The

Government Ordnance Survey puts this land at from 15 to 30 feet higher than the Broadway, a leading thoroughfare at Stratford. The top of the embankment of the northern outfall sewer is 15 feet below the high road frontage of the Estate and 30 feet below the Wanstead Common frontage. While referring to this Estate I wish to express the opinion that a great mistake has been made in selling it for £40,000, and the view taken by Mr. Ashley at the Meeting on March 28th, 1879, was *not* a satisfactory explanation of the transaction. Mr. Benjamin Whitworth, M.P., at a previous meeting strongly opposed the suggestion of selling the estate, and stated that from his experience on the Metropolitan Railway he "found that by keeping property for four or five years in London and the neighbourhood, its value increased 'enormously.'" Despite this good advice the Directors decided to sell the Cann Hall Estate and accordingly put a reserve price of £40,000 upon it. Mr. Ashley said they "had the opinion of very eminent men in the City of London, versed in such matters, that the estate would not realize that amount; but as that sum was bid for it at the sale we sold it." I do not know what Mr. Ashley thinks now of the opinion of the "very eminent men in the city," but it is quite clear that their opinion was not very accurate or reliable. Even had it been deemed advisable to sell the property at all, the time chosen to do so, in the midst of commercial depression almost unparalleled, was most inopportune. The purchasers are realizing a large profit on the transaction, the Estate being worth a considerable sum beyond that obtained for it. I hope the Directors did not sell it at that price, in order to lead to the inference that the Company had paid for it more than it would realize in the open market. As to Queen's Park I need say nothing, Mr. Ashley having spoken of it in the most glowing terms; whilst the Rev. Mr. Cazenove and Mr. J. J. Aubertin have at Shareholders' meetings echoed the praises uttered by many eminent men who have visited Shaftesbury Park.

Great credit has been claimed by the present Board for what they call a more economical management than previously existed, and they have instituted comparisons in some few instances with the view of establishing that position. Without troubling the Shareholders with calculations upon the matter, I may say that if in the comparison the quantity of work done and number of buildings erected are taken into account, it will be found that the present expenses are relatively greatly in excess of those incurred under the former management. Small economies have been effected, it is true, by the discharge of clerks having low salaries, while on the other hand the Manager enjoys a salary far higher than any ever given before, and this at a time when very few buildings indeed have been erected. It is the old story of commencing the economy at the wrong end. The increased revenue of the Company has also been paraded with a great flourish as evidence of superior management, but an examination of the facts will show that this is derived from the completion of houses that were far advanced when I resigned office, and from the less satisfactory source of an *enormous increase in the rents of the cottages*. This has produced a very natural irritation on the part of the tenants, and what is even worse, it has to a certain extent militated against the original scheme and intention of the Company. An inordinate increase of rents produces one of two results, either to make it no longer possible for the tenants to continue the occupancy, or it compels them to take in lodgers, and thus the evil of overcrowding is introduced. I understand that the latter is now not unknown on the estates, owing to the enormous increase of the rentals, and that there are many instances of two families living in one house, which, I need hardly remark, is contrary to the policy on which the Company was founded. I have been informed that the ostensible reason given to the tenants for the increase of the rents was that there was a deficiency of £100,000, and that the Company had, therefore,

no alternative but to augment the revenue in this way. Now, if that is an accurate account of the representation made to the tenants, and, as I have shown in an earlier part of this pamphlet *the deficiency does not exist*, there is no longer any defensible ground for maintaining the present high rentals, at a time when all classes, and the working classes more especially, are suffering from the extreme stagnation of trade. Again, many of the attractions of Shaftesbury Park were of a social and intellectual character. I instituted Science and Art Classes, Flower Shows, Concerts, a Co-operative Society, Volunteer Corps, Band of Hope, and a Temperance Society, and took an active part in them with the view of inculcating habits of thrift, sobriety, education, and self-reliance among the residents. I have good reason to believe those efforts were fully appreciated. Here again there has been a sad falling off, owing to the want of encouragement, sympathy, and support from the authorities.

It has been alleged in local papers and elsewhere that the late Directors failed to carry out all the promises made for the improvement of Shaftesbury Park as respects a Railway Station, Baths, &c., but I may be permitted to observe that as far as opportunities were afforded to us we endeavoured to do so. We memorialised the Railway Companies concerned, and made proposals of an alternative character, by which we hoped to secure the making of a station upon the Estate. Unfortunately we did not succeed in inducing them to accept our proposals. I may also further state that had my connection with the management continued, all those promises would have been performed to the full extent of our ability. But though, to some extent, prepared to learn that there was not the same good feeling existing as formerly between the tenants and the Company's officials, I was amazed to find that the Directors had so far disregarded the health and enjoyment of the residents as to build upon the open space of Brassey Square. Though there

was no covenant in any deed or conveyance of the Company undertaking to reserve this square as an open space, the Company was morally, if not legally, bound by the distinct pledges made by its officers, and the deprivation is a great injustice and wrong to the inhabitants. It may be true that some signatures were obtained,—in a manner which I will not stop to describe,—for the purpose, I suppose, of asking the Directors to do that which they were resolved to do; but even if a *bonâ fide* application had been made to build upon the Square, the Directors should have hesitated, even on the ground of public health, to violate the undertakings of their predecessors, on the faith of which many houses had been purchased. It is an instance of that miserable economy which is incompetent to take a broad view of the requirements and necessities of a large population. After this I should not be surprised to hear that a proposal had been made to cease planting the footways with trees, and to build houses in future devoid of all external ornament or architectural decoration, on the ground that these are mere superfluities not required for working men's dwellings, and are incident only to a policy of "wasteful expenditure."

In conclusion, I venture to submit that in the foregoing pages I have abundantly proved that from the time when the Arbitrators succeeded in picking a quarrel with the then Directors, there was a small faction in the Company determined to thwart and frustrate as best they might the proposals emanating from the Board; that on several occasions after raising the question of the payment of dividends out of estimated profits, the Shareholders distinctly decided against them; that they still maintained their hostility to the Board, and allied themselves with Mr. Pearce, who published and circulated to persons other than Shareholders a pamphlet most damaging and injurious to the Company; that the Committee of Investigation sat with closed doors, received evidence hostile to the Board, and gave no opportunity for testing the value of such

evidence, or of rebutting it; that had I been called before the Committee I should have explained the circumstances connected with the purchase of the Estates, and on being satisfied of the impropriety or illegality of the receipt of the money would have refunded it; that though Mr. Ashley introduced a Bill into Parliament to enable persons accused of offences to give evidence on their own behalf, he and his colleagues took measures to prevent my giving any explanation; that after undergoing punishment I voluntarily refunded to the Company an agreed sum of about £5,000; and that the present Board of Directors have on divers occasions made allegations against the policy and former management of the Company, which are either incorrect or convey an erroneous impression. I trust also that I have, temperately and calmly, and without indulging in personalities, or unwarranted fervour of language, vindicated the past management from the aspersions cast upon it, and proved that the Directors and myself were actuated by a sincere and earnest desire to benefit the Company, which I may be pardoned for saying I had the honour of founding, and also of conducting from its small and humble beginning, until it attained a success quite unprecedented in the history of building companies, and attracted the attention of our own and Foreign Governments.

Note.—I embrace the present opportunity to thank most cordially those Shareholders,—numbering some hundreds,—who signed the Memorial which was presented to the Home Secretary on my behalf.