

## CHAPTER III

### INDUSTRIAL ACCIDENTS, ILLNESS, AND PREMATURE DEATH: COMPENSATION

IT is not surprising that the United States compares unfavorably with other countries in the number of its industrial accidents. Our haste, our recklessness, our eager desire to equip our plants with the latest and largest machinery and appliances, all contribute to this result. It is matter for surprise, however, that we go on dealing as we do with the victims of industrial accidents. Instead of treating them generously, or even justly, we continue to permit compensation for their injuries to depend on the operation of a law of negligence which has been discarded as barbarous and out of date by the rest of the civilized world.

Under our employers' liability laws, an injured workman can recover damages only in case he can convict the employer of fault. An employer is

## SOCIAL INSURANCE

bound to use reasonable care for the safety of his employees while they are at work. This is held to include providing a reasonably safe work place and reasonably safe tools and appliances, exercising reasonable solicitude in the hiring of fellow-servants, and drafting reasonable rules for the regulation of the employment. It rests, of course, with the courts to determine what is "reasonable" in these different connections, and by their decisions a number of defenses have been accepted as valid which seriously weaken the employer's responsibility. In the first place, "contributory negligence" on the part of the injured workman serves, in the absence of statutory limitation, as a complete bar to recovery. Closely related to it is the "assumption of risk" which is always presumed on the part of the workman and which, in New York State, for example, will bar recovery even when injury results from a clear violation by the employer of the requirements of the labor law, provided the employee knew of the violation and nevertheless continued at his employment. Finally, the so-called fellow-servant rule is a happy expedient for reducing corporate responsibility for accidents to the very lowest terms. Under it the injured workman cannot recover from the com-

## ILLNESS AND PREMATURE DEATH

mon employer if the injury is due to the negligence of a fellow-workman or "fellow-servant." Recognition that some employees are vice-principals of the corporate employer even under the common law, and extension of the vice-principal relation by statute prevent the "fellow-servant" rule from entirely relieving corporations from responsibility for accidents to their employees, but in most of the states the general rule, even when so amended, goes far in this direction.

Unless it can be proved that the accident is due to the negligence of the employer, as thus legally circumscribed, the whole burden of loss and expense which it entails, as well as the pain and suffering which it causes, must be borne by the injured workman and those dependent upon him.

There are many persons, lacking neither in humanity nor intelligence, who defend this law as essentially fair and just. The principle on which it rests, that is, that every one should be responsible for his own acts and omissions, and only for his own acts and omissions, seems to them reasonable, even necessary. If the employer is negligent, the workman injured in consequence of such negligence is certainly entitled to damages. But if he is not negligent, why, they ask, should the

## SOCIAL INSURANCE

employer be made to pay compensation? Why punish a person for what is not his fault?

To answer these questions wisely we must turn from abstract principles to a consideration of the social consequences of the policy, which, by implication, they justify. Our employers' liability law presumes, as the courts never tire of pointing out, that reasonable regard for their own interest will lead workmen to shun hazardous employments unless the wages offered are sufficiently high to compensate them for the risks they run. The law also presumes, apparently, that workmen are sufficiently intelligent and forethoughtful to use their higher earnings to insure themselves against the accidents to which they are exposed.

If these presumptions were borne out by the facts of industrial life, founding accident compensation on negligence might be defended. But there is not the slightest evidence to support them. In notoriously dangerous employments, such as those of the deep-sea diver or the sand hog engaged in tunnel construction, wages are indeed higher than in safe employments, but by no means as much higher as they should be to offset the risks of such occupations. On the other hand, in employments where the risk is less notorious, as, for example,

## ILLNESS AND PREMATURE DEATH

that of trainmen on American railroads, wages are not appreciably higher than they are in comparatively safe employments. If economists ever gave countenance to the belief that competition tends to adjust wages to the degree of hazard in different occupations, they have long since abandoned the theory. Authority after authority might be cited to prove that this legal presumption is without foundation in fact. Nor is it difficult to understand why the self-interest of wage earners fails to deter them from entering dangerous employments. The average workman, whatever his employment, is an optimist. He may know that a certain proportion of his fellow-workmen is likely to be killed every year and a larger proportion injured, but he personally does not expect to be either injured or killed. Thus, a railroad trainman in the United States may learn from the reports of the Interstate Commerce Commission that in a normal year about one in ten of his fellow-employees will be injured and one in one hundred and twenty-five killed. But it does not occur to him to expect that he will be either injured or killed, and in most employments, because of the lack of accident data, the employee has no means of comparing the risks that he incurs with the risks

## SOCIAL INSURANCE

encountered in other industries. For these reasons, wages in dangerous trades continue, year after year, little if at all above the wages paid in comparatively safe employments.

Moreover, the number of wage earners who are sufficiently forethoughtful to insure themselves against accident is so small as to be negligible. It follows that, even when wages are slightly higher because of the danger of the occupation, the result is normally merely a somewhat higher scale of living on the part of the wage-earner's family, no adequate provision being made against accidents when they arise.

It is impossible to determine accurately what proportion of injured wage earners do, as a matter of fact, secure indemnity from their employers under the present law. According to the reports of the Employers' Liability Insurance companies, on the average less than one eighth of the accidents that are reported to them result in the payment of indemnities. That the proportion must be very small is proved by every investigation into the causes of accidents. Such investigations show that one half or more of the accidents that occur are due to the risks of the industry, *i.e.* cannot be fairly attributed to the negligence either of the

## ILLNESS AND PREMATURE DEATH

employer or the employee; they just happen.<sup>1</sup> Of the remaining one half the greater number are, in the eyes of the law, due to the negligence of the employee or of his fellow-employees. Considerably less than one fourth can be traced to the negligence of the employer in a sense that renders him legally liable. The practical result of saying that the employer shall be made to pay compensation only when he is personally at fault is, therefore, to render a large proportion of the victims of industrial accidents dependents on public or private charity. The maintenance of these unfortunates, for which employers disclaim responsibility, becomes a burden on society.

It is in the light of these facts that we must consider the justice and adequacy of our present employers' liability law. Wages are not appreciably higher in dangerous than in safe employments. Even in employments where they are higher, it is very exceptional for wage earners to insure themselves against accidents. Under the present law

<sup>1</sup> An oft-quoted German table ascribes 42 per cent of the accidents in a certain year to the hazard of the industry. An equally authoritative Austrian table puts the proportion at 70 per cent. The only states in this country, Wisconsin and Minnesota, to investigate this question show similarly wide variations. Thus, in Minnesota, in 1906-1907, 54 per cent were due to the industry; in 1907-1908, 71 per cent.

## SOCIAL INSURANCE

more, probably many more, than one fourth of those who suffer industrial accidents have to bear the resulting loss in earnings without any help from the employer. Industrial accidents are thus one of the most common causes of poverty and dependency in our American communities.

Negligence is clearly too narrow a basis on which to rest society's policy with reference to accidents. Employers object to being made liable for accidents which are not due to their negligence, but why, it may be asked, should they not be liable? The majority of accidents, whether to men or to machinery, to trainmen or to trains, are necessary incidents of industry as it is now carried on. It is taken as a matter of course that those who embark in industry for their own profit should bear the loss connected with accidents to their plant or equipment. Experience shows that they are quite able to insure themselves against these risks, and to pass on the cost of insurance to consumers as one of the normal items in the expense of production. Why should they not also bear the loss resulting from personal injuries to their employees? That these injuries do not result from their negligence is beside the question. They are regular and necessary

## ILLNESS AND PREMATURE DEATH

consequences of carrying on industry as they carry it on, and as directors of industry they should be required to meet these as well as other expenses involved in production. No one is under any compulsion to embark in an industry against his will. If he does embark in an enterprise, does not the interest of society require that he should be prepared to meet all of the expenses which the prosecution of the industry entails? To be sure, he pays wages to his employees, but these are not sufficient to compensate them for the risks they run. If they are to be compensated, it must be through additional payments when accidents overtake them. Requiring the employer to make these additional payments is the only practicable way of adding accident compensation to the expenses of production and passing it on to consumers for whose benefit all industries are carried on.

Our employers' liability law is not merely inadequate; it has serious, positive defects. The wastes that result from its operation are little short of appalling. So irregular and uncertain is the outcome of damage suits under it that the great majority of employers feel compelled to insure themselves against their liability in Em-

## SOCIAL INSURANCE

employers' Liability Insurance companies. According to the reports of these companies submitted to the insurance departments of the various states, not more, on the average, than 45 per cent of the premiums which employers pay to them are expended in the satisfaction of the claims of injured workmen. Of the remaining 55 per cent, nearly one half is expended in the payment of agents, and the remainder for administrative expenses of various kinds, among which the cost of fighting the suits of wage earners takes a prominent place. When it is considered that wage earners, in order to secure the damages to which they are entitled under the law, must, as a rule, employ attorneys on their side, and that the compensation of these attorneys averages in the neighborhood of one third of the damages ultimately obtained, the waste resulting from the system is apparent. It is no exaggeration to say that under it wage earners, as a rule, secure for their own benefit not more than 30 per cent of what employers expend in the premiums they pay to insurance companies.

Of course, in the cases in which employers carry their own liability, or, by agreement with their employees, substitute regular scales of com-

## ILLNESS AND PREMATURE DEATH

pensation for the uncertain payments resulting from damage suits, the showing is much more favorable. In general, it must be said, however, that it is favorable only to the extent that both employers and employees voluntarily substitute some other basis of compensation for that prescribed by law. Thus, it is only by disregard of the present law that anything like a satisfactory system of accident indemnity has been developed.

Almost, if not quite, as serious as the wastes which result from our system is the demoralizing influence which it has on both employers and employees. To take advantage of the law, an injured workman is forced to put himself in a position of hostility to the employer. On his side, the employer is compelled usually to protect himself by recourse to an insurance company. It is so important that he make no sign that would imply a sense of responsibility on his part for the occurrence of the accident, that his contract with the insurance company usually prevents him from obeying the impulses of ordinary humanity by doing what he can for his injured employee during the weeks immediately following the accident. So revolting is the resulting situation to the sense of fairness of some

## SOCIAL INSURANCE

employers, that they not only pay premiums to insurance companies to protect themselves against suits for damages, but they voluntarily pay compensation to their workmen besides. Under these circumstances, the system penalizes the fair-minded employer and puts him at a disadvantage in competition with the employer who does only what the law requires.

Antagonizing employer and employee is only one of the many bad moral effects of the system. The opportunities for litigation it affords have given rise to the pernicious activity of the ambulance-chasing lawyer, on the one side, and the equally objectionable practices of the claim agent on the other. Retainers and releases signed under duress, protracted litigation for contingent fees, perjured testimony on both sides, a straining of the law on the part of judges to keep accident cases from notoriously partial juries, variable and extravagant awards by these juries, — these and other evils are the incidental results of a system that shocks the moral sense of the community and fails signally to remedy the social problem with which it is concerned.

That our system of employers' liability is unsatisfactory in its practical operation, nearly all

## ILLNESS AND PREMATURE DEATH

those who have anything to do with it agree. There is less unanimity as to the changes that should be made in it. Up to the present time, the whole tendency of American legislation in this field has been to broaden the scope of the employer's liability by taking away some of the defenses which now bar recovery. This was the purpose of the Barnes Act of 1906 in New York state, which largely abrogates the fellow-servant principle in the case of railroad employees. The federal employers' liability law of 1908, applying to interstate railroads, goes even farther in this direction. It not only abrogates entirely the fellow-servant doctrine, but also modifies the "assumption of risk" principle and makes "contributory negligence" a ground merely for reducing damages, not for denying them altogether. The trouble with this tendency is that, carried to its extreme conclusion, it would still leave the majority of industrial accidents unprovided for. Moreover, it discourages but little a resort to litigation, and fails to do away with the incidental evils which result from the present law.

Other countries, as already stated, have very generally pursued a different policy. In 1884, Germany substituted for employers' liability com-

## SOCIAL INSURANCE

pulsory insurance, under which workmen are entitled to indemnity, whatever the cause of the accident. Germany's example was followed three years later by Austria. "In 1894, Norway passed an act requiring employers to insure their employees against accidents in a state insurance department."<sup>1</sup> Even more significant for the United States was the enactment by the British Parliament in 1897 of the first workmen's compensation law. Under it employers in certain enumerated dangerous industries were required to pay compensation for industrial accidents, except when due to the serious and willful misconduct of the injured workman himself, irrespective of the cause of the injury. Other countries were quick to adopt the new policy. "France and Denmark passed workmen's compensation acts in 1898. In 1900, Spain and South Australia passed compensation acts on the English model. In 1901, Sweden passed a compensation law permitting insurance through a state department to be substituted for the legal liability; the Nether-

<sup>1</sup> The quoted sentences in this and the following paragraphs were written by the author but have already appeared in print in the First Report of the (New York) Commission on Employers' Liability and Unemployment presented to the Legislature, March 19, 1910.

## ILLNESS AND PREMATURE DEATH

lands, a law requiring insurance through a state department; and Greece, a workmen's compensation law applying to the mining and metallurgical industries. The next year Luxemburg adopted the German compulsory insurance system, while British Columbia adopted the English plan of workmen's compensation. In 1903, Belgium introduced the English system, and Italy made insurance against industrial accidents compulsory. Since that year, four constituents of the British Empire — Cape Colony (1905), Queensland (1905), Quebec (1908), and New Zealand (1908) — and Russia (1908) have passed workmen's compensation acts after the English model, and Hungary (1907) has declared its preference for the German system of compulsory insurance."

Thus, during the last twenty-six years, twenty countries — including all of the important industrial states of Europe except Switzerland, which is about to pass a compulsory insurance law — have abandoned the policy of limiting the right of an injured workman to secure compensation from his employer for an industrial accident to cases in which the employer has been negligent. "In its place they have adopted the policy of requiring em-

## SOCIAL INSURANCE

ployers to indemnify all workmen who are injured in their service, and who have not willfully brought the injury upon themselves, irrespective of the cause of the injury. In other words, they have accepted the principle that each industry should be made to bear the burden of its personal accident losses in the same way that it already bears the burden of accidental losses to plant and machinery. The employer is selected to act as the agent of society in adding the cost of workmen's compensation for industrial accidents to the other costs of production, because this is the simplest and most direct way of accomplishing the desired result. It is assumed that he will be reimbursed for this expense, as for his other expenses of production, in the prices he receives for his products. And experience appears to have abundantly justified this assumption. Though opposed originally by employers as unduly burdensome, the new policies are now accepted by them as fair and reasonable. No country that has made the change has rescinded from it. All the more important countries, and particularly Germany and the United Kingdom, have greatly extended the scope of their accident indemnity laws since they were first introduced."

Though the usual policy of these twenty coun-

## ILLNESS AND PREMATURE DEATH

tries is to impose the entire burden of meeting the accident indemnities which the law prescribes upon the employer, there are certain exceptions. Germany, for example, provides indemnity for the first thirteen weeks of incapacity due to industrial accidents from her sick-insurance funds, to which employees contribute two thirds and employers only one third. Only after thirteen weeks, or when the accident results fatally, does the indemnity come from the accident insurance funds contributed entirely by employers. As an offset to the contribution to accident indemnities from employees, however, the German law prescribes a higher scale of compensation than is found where the whole burden falls on the employer. Thus, the usual weekly allowance during total disability under the German law is two-thirds wages, while whole wages may be claimed in case the injured workman requires special attendance. One-half wages is customary in other countries. This exception, considering also that German employers have added burdens in connection with illness insurance and old age and invalidity pensions, is, therefore, not very important.

As to the methods that are adopted for compelling employers to indemnify the victims of in-

## SOCIAL INSURANCE

dustrial accidents, three different systems must be distinguished.

**I** "Germany's system is that of compulsory insurance through accident insurance associations for the different industries carried on in the Empire, to one of which every employer must belong. Under the supervision of the Imperial Insurance Department these associations fix premium rates according to the hazard of different occupations. They have power to penalize the employer whose accident ratio is above the average by advancing his rates. They may prescribe the safety devices which their members are to use, and, through inspectors, they are constantly occupied in trying to prevent accidents. They are not required to charge premiums high enough to meet future obligations, however, and consequently, as the number of victims of past accidents still receiving indemnities increases, their rates mount higher and higher. This is very unfair to employers who are just starting out in business, and more than generous to employers who, after having saddled the association with a large number of pensionaires, wind up their enterprises and retire. Until some remedy for this unequal distribution of the burden has been devised, Germany's system, admirable as it is in

## ILLNESS AND PREMATURE DEATH

many of its features, must be acknowledged to be imperfect.

“Modeled after the German system — though different in important details — are the systems of Austria, Luxemburg, Italy, and Hungary.

“Different from the German system, though sometimes confused with it, is the system of compulsory state insurance against industrial accidents. Under this plan, adopted by Norway and the Netherlands, the employer must insure his employees through a state insurance department which fixes the premiums and pays the indemnities prescribed by law to those who are entitled to them. This system has the great advantage of insuring considerate treatment to the victims of industrial accidents. The state department is not in business for profit and is under no temptation to evade its obligations. On the other hand, the system is open to the objections usually urged against state as contrasted with private activity. There is danger that the premiums will not be made high enough and that the department, like the post office, will be run at a loss. This has already been the case in Norway.

“Modifications of the compulsory state insurance plan are presented by Sweden and Denmark. In

## SOCIAL INSURANCE

Sweden, insurance is not compulsory, but a state insurance department is provided to relieve the employer who wishes to insure his employees through it from all further liability. This is a compromise arrangement which is said to have worked so well in that country that the state department is driving all competitors from the field. In Denmark there is no insurance department, but a workmen's insurance council is provided to which all accidents must be reported, and which fixes the indemnities which the employer, or his agent, the insurance company, must pay.

“Differing only in degree from the Danish system is the English system of workmen's compensation. Under it the law prescribes clearly the obligation of the employer to pay compensation, the amount of compensation he shall pay, — depending upon the seriousness of the injury, the degree of dependency of those left behind when the accident results fatally, etc., — and the procedure by which the compensation appropriate to each particular case shall be determined. It does not undertake to say how the employer shall meet this obligation. He may insure against it if he desires, and in that case, under the English law, recovery may be had from the insurance company up to the extent of its

## ILLNESS AND PREMATURE DEATH

contractual obligation in case the employer becomes insolvent. If he does not insure, the interests of employees are partially safeguarded by a provision in the English law making them preferred creditors up to £100. The French law goes further by imposing a special tax on employers liable to pay compensation, and using the proceeds to indemnify the victims of accidents in those cases where the employer becomes insolvent after the accident occurs.

“The great merit of this third system — a merit which has commended it to more than half of the countries which have discarded the law of negligence as a basis for settling accident cases — is that it involves a minimum of compulsion on the employer and little or no new governmental machinery for its enforcement. Under the old liability law the employer had to indemnify injured employees in certain cases. A workmen’s compensation act merely extends this obligation to include practically all cases. Under the old liability law the amount of indemnity had to be determined by a lawsuit. A compensation act prescribes the amount of the indemnity, and thus makes possible the substitution of some simple arbitration machinery for the more complicated

## SOCIAL INSURANCE

and expensive method afforded by a jury trial.

3 Finally, the state introducing the system of workmen's compensation is under no necessity of going into the insurance business, or even of altering its previous policy with reference to insurance companies. These merits appeal particularly to countries in which employers greatly prefer to be left free to meet the obligations which the law imposes upon them in the ways that seem to them best and in which industrial activities on the part of the government are little favored by public opinion. This description applies generally to English-speaking countries. All of these countries that have modified their accident-indemnity laws up to the present time have chosen the workmen's compensation system in preference to the system of compulsory insurance. Compulsory, state-directed insurance, on the other hand, seems better suited to the conditions of countries with strong central governments and accustomed to widely extended state activities. Germany, Austria-Hungary, Sweden, Norway, and Italy are countries of this type."

In view of these considerations, it seems probable that the English system of workmen's compensation is better suited to the spirit of American

## ILLNESS AND PREMATURE DEATH

institutions and the habits of American business men than any of the continental systems of compulsory insurance. But the adoption of any system in the United States is fraught with grave difficulties. Under our form of government any change in this field must be through state legislation, except as regards the territories and the comparatively few persons engaged in interstate commerce. The obstacles to state action are both legal and economic. Our written constitutions go so far in protecting the liberty and property of employers that there is grave doubt whether a law requiring them to pay even moderate compensation for accidents not due to their own negligence would be upheld by the courts.

The New York Commission on Employers' Liability and Unemployment, created in 1909, gave much thought to this matter. In the preliminary report which it submitted to the legislature in March, 1910, it proposes to meet the constitutional difficulty by prescribing a system of workmen's compensation for specially hazardous industries, as a part of the policy of regulating these industries under the police power. For other industries it hopes to secure the adoption of the system of workmen's compensation by permitting employers

## SOCIAL INSURANCE

and employees by voluntary agreement to substitute it for the requirements of the employers' liability law, amended so as to weaken some of the present defenses of the employers.

The economic obstacle arises from the fact that a change in the policy of one state as regards this important matter, however desirable in itself, may have the effect of putting employers in that state at a disadvantage with their competitors in neighboring states. In my opinion, this difficulty, which arises in connection with all progressive legislation, is greatly exaggerated by those who urge it. On this point, European experience throws an interesting light. This experience clearly justifies the hope that the higher cost of a reasonable system of workmen's compensation will be more than counterbalanced by the advantages of the system to the employer in better relations with his employees, a higher grade of employees, and greater immunity from costly and uncertain damage suits. The adoption by Germany of her elaborate system of compulsory workmen's insurance was coincident with the beginning of a period of industrial expansion that has brought her to the front rank among the commercial nations of the world. For twenty years Austria has burdened her employers

## ILLNESS AND PREMATURE DEATH

with a compulsory insurance system, which Hungary, part of the same empire, has only just adopted. All students agree that Austrian manufacturers have fully held their own in competition with Hungarian manufacturers during this period.

Finally, the United Kingdom, which suffered a setback in consequence of the Boer War shortly after her system of workmen's compensation was introduced, has enjoyed a period of great prosperity and trade expansion since that system was extended to embrace practically all employees in 1906.

Competition among European countries in common markets is quite as keen as competition among the different states in the American market. The new system of caring for the victims of industrial accidents has been introduced not by the less progressive and prosperous countries, but by the more progressive and prosperous, and there is quite as much evidence to show that their prosperity has been enhanced by the change as the reverse. Here, as in other connections, a policy which advances the relations between employer and employee to a higher plane, and makes for more friendly relations between them, appears to

## SOCIAL INSURANCE

redound in the long run to the advantage of both.

It is very clear that a better policy of caring for the victims of industrial accidents will never be introduced in the United States unless some state takes the lead. Moreover, there is every reason to think that the example of the state that acts as pioneer in this field will be promptly followed by the other states, just as the examples set by Germany and England have been quickly followed by the other European countries. All agree that there is a serious social evil to be remedied. The experience of other countries proves that the system of workmen's compensation is practicable, and that it greatly reduces poverty and dependency wherever it is introduced. Under these circumstances, is it too much to hope that one of the states that now has a commission investigating this subject will, at no distant date, set an example in this important field of social legislation for the whole country to imitate ?<sup>1</sup>

The countries which have taken the lead in protecting their wage earners from the losses due to industrial accidents, Germany and the United

<sup>1</sup>These states are New York, Minnesota, Wisconsin, and Illinois.

## ILLNESS AND PREMATURE DEATH

Kingdom, have also grappled with the grave social problem presented by illness. Even before organizing machinery for compulsory insurance against accidents, Germany made insurance against illness compulsory. Under the present law, all employers and all wage earners in the Empire are required to make contributions to illness insurance funds. Employers contribute one third and employees two thirds toward the premiums which experience has proved to be necessary for this purpose. Out of the illness insurance funds necessary medical and hospital treatment is provided for all wage earners who fall ill, and regular allowances proportioned to wages are paid so long as the incapacity to earn wages continues. In the event of death, burial expenses are paid, and changes in the law now under consideration will soon provide pensions for widows and orphans.

England has attacked the problem in a different way. The amended workmen's compensation act, passed in 1906 by the government that has just been returned to power, provides that in future employers shall be required to compensate the victims of occupational diseases in the same way that they compensate the victims of accidents. This is a perfectly logical development of the com-

## SOCIAL INSURANCE

pensation principle, but there are obvious difficulties in determining what diseases are due to occupations and which of several employers over a term of years should be held responsible for them. Moreover, the English system, even if developed to the extreme of considering tuberculosis, for example, as an occupational disease of dust-producing trades, will leave a large number of illnesses unprovided for. For non-occupational diseases England still relies on voluntary sick-insurance associations and trade-union benefits.

In the United States we are still so far from considering illness as anything beyond a private misfortune against which each individual and each family should protect itself, as best it may, that Germany's heroic method of attacking it as a national evil through governmental machinery seems to us to belong almost to another planet. It is for this reason that I shall content myself with outlining the social policy that appears to me to be called for by this problem. Its realization must, in the nature of the case, be gradual, and before it is realized new knowledge may be available which will make some other policy appear preferable.

{ Illness, like other evils, to which all are exposed

## ILLNESS AND PREMATURE DEATH

but which many escape, should be provided against by some method of insurance.

In the case of clearly defined occupational diseases the cost of this insurance may properly be imposed on the employer, who may be relied upon to add it to his expenses of production and pass it on in higher prices to consumers, who should pay it along with the other expenses necessary to the gratification of their wants.

Every encouragement should be given to trade unions and other voluntary associations of wage earners to provide sick-insurance to their members, and such fraternal insurance should be as carefully supervised by the state in the interest of policy holders as are commercial insurance companies.

Experience indicates that voluntary insurance will not be paid for by those who need it most. No complete solution of this problem can be attained without making insurance against illness obligatory in some such way as Germany and several other European countries have done. Our efforts should be directed toward educating public opinion to form clear conceptions of what the common welfare requires in this as in other fields, and toward breaking down the prejudice

## SOCIAL INSURANCE

which now opposes community action where community action is so obviously desirable.

In advocating workmen's compensation for industrial accidents and obligatory illness insurance, I have said nothing as yet about the reaction of these policies on accident and illness prevention. It is here that we have one of the strongest arguments in their favor. Accidents and illness are largely preventable. Requiring employers to compensate the victims of all accidents inspires them with a zeal for accident prevention that they can hardly be expected to display under our system of employers' liability. In a similar way, requiring all persons who may be well to contribute to funds for the relief of those who are ill gives every one a new interest in the problem of national health. Our life insurance companies are already doing much to keep down the death rate. If we were all under the necessity of insuring ourselves against illness as well as death, it will be appreciated what a lively interest we should develop in the health of our neighbors. Every forward step in the campaign for national health would be reflected in a fall in the insurance premiums which we were required to pay. This would be an item in the cost of living, and the same

## ILLNESS AND PREMATURE DEATH

enthusiasm could be aroused over efforts to get pure water, pure milk, and pure air for all the people that rallied to the support of the demand for eighty-cent gas in New York City a few years ago, or that is now spending itself in a nation-wide meat strike.