

ADEQUACY OF
WORKMEN'S
COMPENSATION

BY

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To
AUGUSTA

*who was not aware, even at the time, of the value of her contribution
to this work*

PREFACE

THE WRITER was invited in 1937 by the Harvard University Committee on Research in the Social Sciences to make a study of industrial accident insurance in the United States. The field work on this project was done between September 1, 1937, and September 15, 1939. The study had assumed approximately its present form when in 1943 the writer was ordered overseas to serve in the Army of the United States. Since his return to the United States in November, 1945, he has made necessary revisions in the text, including the addition of a supplement on recent developments.

The original intention to prepare a general work on industrial accident insurance was abandoned when a survey of writing in the field then completed or in progress showed such a work to be unnecessary, particularly in view of the two books on workmen's compensation insurance by Hobbs and the books on administration of workmen's compensation by Dodd and Dawson. Instead, a group of special problems was selected for more intensive analysis. The problems selected were the development of coverage and of benefit provisions, the proportion of wage loss compensated, the trend of the cost of workmen's compensation insurance, and the relation of injury prevention to compensation costs. A relation between these problems was early noted. The inadequacies revealed by the analysis of coverage and benefit provisions were found to reflect fears regarding costs, while the rising benefit level was found to have resulted generally in only a very slight rise in costs, due largely to the success of injury prevention. It eventually seemed wise to draw the title of the project from this relation, calling the study *Adequacy of Workmen's Compensation*.

Any analysis of workmen's compensation in this country is necessarily conducted in an atmosphere not altogether friendly to impartial investigation. The conflicting interests of employers and employees are in the background, with insurance organizations often inclined to sympathize with the former and labor departments with the latter. The writer has been at some pains to avoid being drawn into any purely partisan stand at any point.

He believes this effort to have been particularly rewarding in this case because accident and health hazards in industry are matters in which the proportion of common interest of employers and employees is unusually large. It goes without saying, of course, that neither group of extreme partisans will be satisfied with his conclusions, though very likely both will find the analysis useful.

The near future will see not only extensive revision of the provisions of existing workmen's compensation laws, but also the growth of related coverages through union contracts and state or federal laws. It is to be hoped that disability insurance or health insurance may bring a change of outlook in the field of workmen's compensation. Hitherto a narrow conception of the responsibility of industry for industrial injuries and of the practicable pattern for compensating them has tended to produce not only ungenerous but also irrational benefit provisions. It is not too much to say that the continuance of the system of separate state laws and of the generally prevailing resort to nonpublic means of insurance is at stake. There are advantages in both these systems, but these will be outweighed if federally provided or collectively agreed coverages of a related character prove more rational, more generous, and less costly.

It is necessary to acknowledge a heavy debt to a large number of persons who, notwithstanding the insistent pressures of busy lives, have coöperated with the writer during these years. Professor Sumner Slichter has supervised the project throughout and the value of his judgment and insight is reflected to a degree far beyond his modest estimate. Valuable advice has also been given by Professors Ralph H. Blanchard of Columbia University and C. Arthur Kulp of the University of Pennsylvania, and by the writer's colleagues, Professors Carl W. Hasek and Sheldon C. Tanner.

Numerous officials of state and national agencies dealing with workmen's compensation have been extremely helpful. The writer desires particularly to acknowledge the counsel and assistance of the following: Max D. Kossoris of the U. S. Bureau of Labor Statistics, the late Clarence W. Hobbs, A. Z. Skelding, and J. J. Smick of the National Council on Compensation Insurance, H. D. Hatfield and L. W. Scammon of the Massachusetts Rating and Inspection Bureau, Lt. Col. Harry D. Immel, formerly chief of the Industrial Inspection Division of the Pennsylvania Depart-

ment of Labor and Industry, and Arthur G. Smith of the New York Compensation Insurance Rating Board.

Officials of insurance carriers were also most helpful, especially officials of the Liberty Mutual Insurance Company, the Aetna Group, the Pennsylvania State Workmen's Insurance Fund, and the Ohio State Insurance Fund. The untiring assistance of Dr. Henry D. Locke, Research Director of the Liberty Mutual Insurance Company, was of particular value. He can legitimately complain that the writer did not always agree with his suggestions, but his interest and insight were keenly appreciated.

A number of persons assisted at various times in assembling and treating the data. Professor Roger Hamilton of Northeastern University did so in 1938, and Mr. Anthony Abate in 1938 and 1939. Later the writer was assisted by the following students: Messrs. R. M. Sigmond, Edward Soza, Irvin Freed, M. R. Beck, and Morris Cohen.

It goes without saying that the writer accepts full responsibility for this book, for its conclusions and its details, and for any flaws that may be present in either.

A. H. R.

State College, Pennsylvania
April 20, 1946

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