

CONTENTS.

	Page.
Introduction	5-11
Object of the study.....	5, 6
Scope of the study.....	6, 7
Methods used in the study.....	7
Classification of profit-sharing plans in operation in the United States....	8, 9
Extent of application of the profit-sharing principles in the United States.	9-11
Profit-sharing plans	11-59
Descriptive and statistical summary	11-20
The determination of the profit-sharing fund.....	12, 13
Method of apportioning divisible profits between capital and labor....	13, 14
Conditions of eligibility.....	14, 15
Basis for computing individual shares.....	15
Conditions of forfeiture.....	15, 16
Disposition of forfeitures.....	16
Shares of employees laid off or sick.....	16
Form of payment.....	16, 17
Years in which the plans were established.....	17
Location of profit-sharing establishments.....	17, 18
Industry or business of profit-sharing establishments.....	18
Size of profit-sharing establishments.....	18, 19
Extent of participation.....	19
Benefits accruing to employees.....	19
Cost of plans to employers.....	19, 20
Occupations of participating employees.....	20
Detailed tables.....	20-24
Analysis of working of 13 typical profit-sharing plans.....	25-59
Limited profit-sharing plans	59-84
Descriptive and statistical summary of a selected group	59-64
The determination of the profit-sharing fund.....	59, 60
Conditions of eligibility.....	60
Basis for computing individual shares.....	61
Conditions of forfeiture.....	61
Disposition of forfeitures and form of payment.....	61, 62
Years in which the limited plans were established.....	62
Location of limited profit-sharing establishments.....	62
Industry or business of limited profit-sharing establishments.....	63
Size of limited profit-sharing establishments.....	63
Extent of participation.....	63
Benefits accruing to employees.....	63, 64
Cost of plans to employers.....	64
Occupations of participating employees.....	64
Detailed tables.....	65, 66
Analysis of working of 5 typical limited profit-sharing plans.....	66-84

	Page
Bonus plans commonly known as profit sharing.....	85-166
Plan No. 1.....	86-94
History of the plan.....	86-87
Rules governing operation of plan.....	87-92
Results of the working of the plan.....	92-94
Plan No. 2.....	94-122
The basic wage or salary.....	94, 95
Participation in the "profits".....	96, 97
Determination of eligibility for participation.....	97-106
Extent of actual participation.....	106-113
Temporary disqualifications from participation.....	109-113
Disposition of forfeitures.....	113
Benefits accruing to employees as shown by their daily earnings.....	113-115
Cost of the plan and its benefits to the company.....	115-117
Changes in economic and social conditions attributable to the plan.....	117-122
Plan No. 3.....	122-129
General nature of plan.....	122, 123
Distribution of building and loan association stock.....	124
Distribution of cash bonuses.....	124, 125
Distribution of common stock.....	125, 126
Benefits of the plan to the company.....	126-129
Stock subscription plans.....	129-157
Descriptive and statistical summary of a selected group of stock-subscription plans.....	129-135
Analysis of working of 4 typical plans.....	136-157
Cash bonus plans based upon length of service.....	157-161
General nature of plans.....	157-159
Analysis of working of a selected group of cash bonus plans.....	159-161
Miscellaneous plans.....	161-166
A so-called cooperative wage system.....	161
A plan based on price of product.....	162
Bonus plan of sugar plantations of Hawaii.....	162-164
Another so-called cooperative wage system.....	164-166
Discontinued plans.....	166-168
Extent to which objects sought by establishment of profit-sharing plans have been realized.....	169-171
Improvement of relations between employers and employees.....	169, 170
Increased permanency of working force.....	170, 171
Increased efficiency.....	171

CONTENTS.

	Page.
Introduction.....	7-13
CHAPTER I.—Health measures for employees.....	14-38
Medical, hospital, and surgical treatment.....	14-32
Training of first-aid crews.....	16
First-aid equipment.....	17, 18
Scope of the work of emergency hospitals.....	18-20
System of following up absentees.....	20
Average number of cases treated.....	20, 21
Construction and equipment of standard emergency hospital.....	21-24
List of equipment for emergency hospital.....	24-26
Dental and other special work.....	26
Physical examinations on entrance.....	27
Periodic physical examinations.....	27, 28
Company hospitals.....	28, 29
Cost of treatment to employees.....	29, 30
Treatment for tubercular employees.....	31
Employees sent to public hospitals at company expense.....	32
Medical fees.....	32
Rest periods.....	33-36
Relief in monotonous and fatiguing occupations.....	35, 36
Vacations and sick leave.....	36-38
Vacations with pay.....	36, 37
Length of vacations.....	37, 38
Vacations without pay.....	38
Sick leave with pay.....	38
CHAPTER II.—Drinking-water systems.....	39-41
CHAPTER III.—Washing-up and locker facilities.....	42-52
Character of equipment.....	44, 45
Hot water, soap, and towels.....	45, 46
Use of washrooms on employer's time.....	46
Lockers and cloak rooms.....	46-48
Provision of uniforms or other clothing.....	48, 49
Drying apparatus.....	49
Details of wash and change house.....	49-52
CHAPTER IV.—Lunch rooms and restaurants.....	53-67
Kind of service.....	55
Establishments having restaurants, cafeterias, or other lunch facilities.....	55, 56
Character of management.....	56
Number of attendants required.....	57
Financial results of operating restaurants.....	57, 58
Establishments serving free meals.....	58, 59
Undesirability of serving lunches in workrooms.....	59
Milk stations.....	60
Average prices charged for food.....	60
Methods of payment.....	60

	Page.
CHAPTER IV.—Lunch rooms and restaurants—Concluded.	
General lunch-room requirements.....	60
Construction and general equipment.....	61
Kitchens.....	81, 62
Menus.....	62
Restaurant equipment.....	62-67
CHAPTER V.—Indoor recreation.....	68-86
Rest and recreation rooms.....	68-72
Clubrooms or clubhouses.....	72, 73
Club membership, dues, and management.....	73
Examples of different types of clubhouses.....	74-79
Clubhouse hours.....	79
Bowling alleys and game rooms.....	79, 80
Swimming pools.....	80
Gymnasiums.....	80, 81
Social gatherings.....	81-83
Auditoriums for the use of employees.....	84
Lectures and moving pictures.....	84, 85
Music clubs among employees.....	85, 86
CHAPTER VI.—Outdoor recreation.....	87-93
Country clubs.....	87-89
Recreation parks.....	89, 90
Baseball grounds.....	90
Other athletics.....	90, 91
Tennis.....	91
Athletic fields.....	91, 92
Field days.....	92
Roof gardens.....	92
Outings for employees.....	92, 93
CHAPTER VII.—Education.....	94-99
Company libraries.....	94, 95
Branches of public libraries.....	95
Business libraries.....	95, 96
Reading rooms.....	96
Classes for employees.....	96
Technical and vocational education.....	97, 98
Continuation schools.....	98, 99
English for foreigners.....	99
CHAPTER VIII.—Disability funds, pensions, and group insurance.....	100-112
Management of associations.....	102
Physical examinations required for membership.....	102
Length of membership required before eligible for benefits.....	103
Time between beginning of disability and payment of benefits.....	104
Initiation fees.....	104
Forfeiture of membership.....	105-107
Pensions.....	107, 108
Classes of employees eligible for pensions.....	108
Employees' contributions to funds.....	108, 109
General rules and requirements.....	109
Special allowances.....	110
Group insurance.....	110
Conditions under which group insurance can be provided.....	110, 111
Method of insurance.....	111
Cost and scope of insurance plans.....	111, 112

	Page.
CHAPTER IX.—Encouragement of thrift	113-117
Vacation and Christmas savings funds.....	114
Building and loan funds.....	114, 115
Legal aid.....	115, 116
Cooperative buying, and discounts.....	116, 117
Advice as to investments and expenditures.....	117
CHAPTER X.—Administration of welfare work	118-124
Cost to the employers of betterment activities.....	118, 119
Comparison of present conditions with those prevailing before welfare work began.....	119-121
Administration of welfare work.....	121, 122
Cooperation with outside agencies.....	122, 123
Employment of welfare secretary.....	123, 124
CHAPTER XI.—Social betterment among employees' families	125-135
Living conditions.....	126, 127
Protection of health.....	127-129
Recreation and education.....	129-133
Welfare workers.....	133, 134
Organizing of clubs.....	134, 135

ILLUSTRATIONS.

	Facing page.
PLATE 1.—Emergency apparatus of a chemical company	16
PLATE 2.—Mine emergency room or refuge chamber	17
PLATE 3.—Stretcher suspended in mine wagon	18
PLATE 4.—Exterior of standard emergency hospital	20
PLATE 5.—Floor plan of standard emergency hospital	21
PLATE 6.—Operating room in emergency hospital	22
PLATE 7.—Floor plan of factory emergency hospital	23
PLATE 8.—Unit dispensary and rest room	24
PLATE 9.—Dispensary in end of factory	25
PLATE 10.—Section of surgery, showing dressing tables	26
PLATE 11.—Accident room of a spinning mill	27
PLATE 12.—Sanitary drinking fountain	41
PLATE 13.—Double trough with spray faucets	44
PLATE 14.—Type of individual steel locker much used	45
PLATE 15.—Interior of wash and change house	46
PLATE 16.—Compartment locker	47
PLATE 17.—Chain lockers	48
PLATE 18.—Factory cloakroom for girls	49
PLATE 19.—Electrically heated cafemobile en route to station in plant	58
PLATE 20.—Cafemobile at station ready to serve	59
PLATE 21.—Plant lunch counter	60
PLATE 22.—Milk station	61
PLATE 23.—Two-way cafeteria seating about 1,400	62
PLATE 24.—Company restaurant	63
PLATE 25.—Floor plan of company restaurant	64
PLATE 26.—Smoking and game room for men in a garment factory	70
PLATE 27.—Girls' recreation room in automobile factory	71
PLATE 28.—Girls' rest room in telephone exchange	72
PLATE 29.—Silence room for office girls in factory	73
PLATE 30.—Combination rest and recreation room for girls in department store	74

	Facing page.
PLATE 31.—Interior of a men's clubhouse of the better type.....	75
PLATE 32.—Neighborhood house, the center of club activities of one company town.....	76
PLATE 33.—Clubhouse presented to employees of a large company.....	78
PLATE 34.—Game room of an automobile plant.....	79
PLATE 35.—Country club for employees of a machine manufactory.....	88
PLATE 36.—Country club for telephone girls.....	Facing plate 37
PLATE 37.—Living room of telephone girls' club.....	Facing plate 36
PLATE 38.—Bedroom of telephone girls' club.....	89
PLATE 39.—Reading room and library of better-class settlement house.....	94
PLATE 40.—Reading room in foreigners' clubhouse in a steel community.....	95

CONTENTS.

	Page.
CHAPTER I.—The labor contract in English and American law.....	5-19
Early English law.....	7-10
First stages of law on contract.....	7, 8
The "Statutes of Laborem".....	8-10
Freedom of contract in America.....	11-14
Court tests of freedom of contract.....	14-19
Limitations by the courts.....	17
Limitations by the legislatures.....	18, 19
CHAPTER II.—The courts and public opinion.....	20-24
The abandonment of <i>laissez faire</i>	20-22
Individual rights and freedom of contract.....	23, 24
CHAPTER III.—The courts and their attitude toward freedom of contract.....	25-32
Backwardness of American social legislation.....	25
Organization of the courts.....	25-27
Reasoning of the courts.....	27-32
Persistence of natural-law philosophy.....	27, 28
Survival of formalism.....	28, 29
Legalism.....	29, 30
Illogical separation of law and fact.....	30-32
CHAPTER IV.—Rates of wages.....	33-67
In private employments.....	33-47
Legal minimum wages.....	34, 35
Minimum wages in foreign countries.....	35-37
Minimum wages in the United States.....	37-47
On public work.....	47-64
Wage regulation in foreign countries.....	47-49
Wage regulation in the United States.....	49-64
Maximum or minimum rate.....	51-56
Prevailing or current rate.....	56-64
Summary.....	64-67
CHAPTER V.—Period of payment of wages.....	68-93
Legislation in European countries.....	68, 69
Legislation in the United States.....	70-93
Weekly payments.....	70-76
Biweekly payments.....	76-88
Monthly payments.....	88-92
Summary.....	92, 93
CHAPTER VI.—Mode of wage payments.....	94-117
The English truck laws.....	94-96
The truck system in the United States.....	96-105
Payment in lawful money.....	104-115
Summary.....	116, 117
CHAPTER VII.—Restrictions in the employment contract.....	118-145
Payment of wages due discharged employees.....	118-122
Payment of wages due deceased employees.....	122, 123
Repayment of wages advanced to employees.....	123-127

	Page.
CHAPTER VII.—Restrictions in the employment contract—Concluded.	
Deductions from wages.....	128-131
Refusal to pay wages.....	131
Reduction of wages.....	131, 132
Place of payment of wages.....	132, 133
Protection of mine labor.....	133-142
Weighing coal at mines.....	133-135
Screening.....	136-142
Summary.....	142-145
CHAPTER VIII.—Conflict between individualism and social control.....	146-152
What is freedom in wage contracts?.....	146, 147
Check upon needed legislation.....	147-151
- Recent liberal interpretation.....	151, 152
CHAPTER IX.—Changing attitude of the courts toward wage-payment legis-	
lation.....	153-163
First favorable American decisions.....	153-155
Classes of wage-payment legislation recently sustained.....	156-163
Regulation on public work.....	156, 157
Labor contracts of corporations.....	157, 158
Ascertainment of wages.....	158, 159
Medium of payment.....	159-161
Time of payment.....	161-163
CHAPTER X.—Is free contract a constitutional right?.....	164-172
CHAPTER XI.—Future of wage-payment legislation.....	173-178
Unsettled state of our labor law.....	173-174
Determination of facts.....	175
Expedients for obtaining facts.....	175-177
Trend toward public control of wage conditions.....	177-178
APPENDIX.—List of cases cited.....	179-184

U. S. DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS

ROYAL MEEKER, Commissioner

2

BULLETIN OF THE UNITED STATES }
BUREAU OF LABOR STATISTICS } . . . } WHOLE NUMBER 208

MISCELLANEOUS SERIES: No. 18

PROFIT SHARING IN
THE UNITED STATES

BY BORIS EMMET



DECEMBER, 1916

WASHINGTON
GOVERNMENT PRINTING OFFICE
1917

**ADDITIONAL COPIES
OF THIS PUBLICATION MAY BE PROCURED FROM
THE SUPERINTENDENT OF DOCUMENTS
GOVERNMENT PRINTING OFFICE
WASHINGTON, D. C.
AT
20 CENTS PER COPY
Δ**

BULLETIN OF THE U. S. BUREAU OF LABOR STATISTICS.

WHOLE NO. 208.

WASHINGTON.

DECEMBER, 1916.

PROFIT SHARING IN THE UNITED STATES.

BY BORIS EMMET.

INTRODUCTION.

The recognition of the desirability of a distribution of the profits of an enterprise so as to give to all the employees concerned with their creation a fair share is by no means of recent origin. Various reformers, some students of industrial problems, and often employers, have from time to time addressed themselves to a consideration of this problem with varying degrees of enthusiasm and zeal. Profit sharing, at times, has actually been advocated as the one and only method for the permanent solution of the so-called labor problem.

Although most of the profit-sharing theories have been put into operation, the appearance and disappearance of profit-sharing schemes have been so irregular and infrequent that one may not appropriately speak of a profit-sharing movement. Profit sharing, in so far as it does exist in the United States at the present time, appears as a component part of a larger and more significant phenomenon in our industrial life, to wit, the tendency on the part of employers to create conditions that would mitigate the frequent and often violent disputes between themselves and their employees, thus fostering the development of a larger spirit of harmony and cooperation, and resulting, incidentally, in greater efficiency and larger gains.

OBJECT OF THE STUDY.

The object of this study is to furnish as complete and detailed a picture as possible of the present status of profit sharing in the United States, presenting descriptively and statistically the following facts: (1) Extent of the application of the principle in American trade and industry; (2) nature or character of the existing plans with particular reference to (a) factors determining profits to be distributed and (b) conditions under which profits are paid to employees; (3) proportion of the total employed who participate; (4) occupations or types of employment of participating employees; (5) benefits accruing to participating employees; (6) cost of plans to the employers; and (7) results secured through workings of the plans with special reference to factors tending to improve relations between employer and employee and to increase the efficiency and stability of the working force.

Although this study endeavors to throw some light on the causes of the discontinuance of some of the profit-sharing plans known to have been in existence, it is in no sense historical, inasmuch as it does not concern itself in detail with the nature or character of the discontinued plans.

SCOPE OF THE STUDY.

In the course of this investigation all of the profit-sharing plans known to be in operation in the United States at the present time were carefully examined and analyzed. In addition to these, various other plans, popularly termed profit sharing, were studied. The latter, in the majority of instances, bear no direct relation to the profits of the enterprises in which they are in vogue, the divisible moneys depending almost wholly upon factors not at all in the nature of profits; as, for example, the length of service or wages or salaries, or both; wages or salaries and ownership of certain amounts of stock or of a savings account; general profitableness of the business and the skill of specific classes of employees coming under the plan; and, in some of the so-called stock subscription plans, upon the subscription for certain amounts of stock, the so-called profits under such plans accruing either by reason of the fact that the stock is offered to the employees at less than market price or through a special bonus per share for a limited number of years, from two to five usually, paid to subscribing employees who retain ownership of the subscribed or paid for stock, or both.

The common feature of all of the plans described in this report is the understanding among all concerned that the shares in the profit or the bonuses paid to the employees are separate and distinct from the employees' regular earnings, subject to change and withdrawal by the employer without notice, and with the qualifications for participation fixed at his discretion.¹

¹ The legal status of profit sharing, with particular reference to the rights of employees to compel employers to pay the shares as specified, after announcement, has never been definitely established by any of the State or Federal courts of record.

A considerable number of so-called profit-sharing cases, however, were brought to the attention of some of the justice courts in the State of Michigan. These suits were started by employees of one of the profit-sharing firms, who, for some reason or other, were disqualified from participation, the plaintiffs maintaining that the publicly announced profit-sharing plan of the establishment was equal to a contract of employment respecting wages, applicable to all employees of a specific class, that the employer, under such conditions, had no legal right to discriminate between different groups of employees, giving profits to some and denying them to others. The courts, however, sustained the contentions of the defendant to the effect that profit-sharing moneys are mere gratuities on the part of the employer, who therefore has the sole right of determining the conditions under which they should be paid, and, furthermore, if shares of profits were obtained in a fraudulent manner the moneys thus received may be recovered by the firm through a civil suit.

In accord with this point of view, apparently, are the regulations of the United States Treasury Department in the enforcement of the Federal income tax law. Under these regulations, profit-sharing or gain-sharing expenditures are not considered a part of the direct labor cost of an establishment to be treated as an expense. Such moneys are taxed in the same manner as any other income of the employer for the reason that their disposition is considered a mere gratuity on the part of the employer.

A case bearing on a question closely resembling that of profit sharing—the right of an employee to the amount of accrued pension money upon dismissal before reaching the specified age and service limit (*McNevin v. Solvay Process Co.*, 32 App. Div., 610, affir. 166 N. Y., 530)—was decided against the employee and in favor of the company.

Except in a casual way, this report does not concern itself with plans under which a part of the divisible profits are set aside as a common fund for purposes of the general welfare of the employees, such as, for instance, the development of recreation activities, improvement in the health of employees, or for the payment of sick benefits, old-age pensions, etc.

The report, furthermore, omits altogether the consideration of any plans under which the bonuses paid depend chiefly upon increases in individual efficiency as shown either in the output of work or in the amount of sales made, or upon savings individually effected in the cost of production or in the normal expenses of operation. Whatever the ultimate value of such plans may be, their nature is such that they can not properly be included among plans involving the application of the profit-sharing principle, even in the broadest sense of the term.

METHODS USED IN THE STUDY.

In the collection of the information upon which the results presented in this report are based, personal visits were made to each of the establishments that were reported as having profit-sharing or stock-subscription plans in operation for the benefit of their employees. The general nature of the plan, its object, and results achieved were discussed in each instance at great length with persons in direct charge; whenever possible, the originator of the plan was interviewed.

All the statistical results herein shown, particularly those indicating the proportions of participants of the total employed, benefits accruing to the employees, cost of the plan to the employer, and the occupations of the participants, are based upon data secured from original records of the respective firms. Furthermore, descriptive texts of specific plans distributed by the different companies and said to present the essential features of their plans, were carefully examined for the purpose of checking them with the actual facts as found upon the examination of the actual working of their respective plans.

As the principal aim of the study was to present a complete account of the present status of profit sharing, properly speaking, plans other than those properly so termed were introduced into this report either because they were associated in the public mind with the principle of profit sharing, i. e., the actual distribution of definite proportions of the net profits, or because their introduction seemed to afford the best means of indicating clearly the real nature of profit sharing, as distinguished from ordinary bonus plans under which the so-called divisible amounts bear no immediate relation to the profits of the business.

CLASSIFICATION OF PROFIT-SHARING PLANS IN OPERATION IN THE UNITED STATES.

Relatively few of the plans adopted by American employers for the purpose of giving their employees some remuneration in addition to their regular earnings can properly be classified as profit sharing as defined by the International Cooperative Congress.¹

The following classification, based upon a close scrutiny of the detailed features of most of the plans in operation in the United States, was formulated and used throughout this report for convenience and clearness:

I. Profit sharing—Essential features:

1. Amount to be distributed varies with and depends upon the net profits of the enterprise or upon the amount of dividends paid to stockholders.
2. Proportion of profits to be distributed is definitely determined in advance.
3. Benefits of the plan extended to at least one-third of the total employed, and including employees in occupations other than executive or clerical.
4. Method of determining individual shares is known, at least in a general way, to the participating employees.

II. Limited profit sharing—Essential features:

1. Same as 1 in profit sharing.
2. Same as 2 in profit sharing.
3. Benefits of the plan limited to less than one-third of the total employed, and excluding employees other than executive or clerical.

¹ The term "profit sharing," strictly speaking, was clearly defined by the International Cooperative Congress, held in Paris, France, 1899. According to this definition profit sharing involves "an agreement freely entered into, by which the employees receive a share, fixed in advance, of the profits."

In formulating this definition, the congress defined the term "agreement" as covering not only agreements binding in law, but as including also cases where the agreement is only a moral obligation, provided it is honorably carried out.

As to the meaning of the term "profits" in the definition of the congress, it was stated that profits should be understood as constituting "the actual net balance or gain realized by the financial operations of the undertaking in relation to which the scheme exists."

A "share" is stated by the same congress to be "a sum paid to the employee out of the profits." The amount of the share, it is further stated, "must be dependent upon the amount of the profits."

Another feature of profit sharing that received the careful attention of the congress was the provision, unanimously adopted, that "the share received by the employee shall be fixed in advance." It is not necessary that the employee shall know all the details of the basis upon which the amount of his share will depend. It is essential, however, that the share to be given to the employee shall not be indeterminate, that is, it must not be a share which an employer fixes, at the end of some period, at his absolute discretion, as distinguished from a prearranged basis.

The relative proportion of the total working force of a specific concern that must share in the profits in order to establish real profit-sharing conditions was stated by the same congress to be "not less than 75 per cent."

It is to be observed, furthermore, that the money received by an employee under any profit-sharing plan is to be received by him strictly as an employee for services rendered; the fact that an employee holds shares of stock or any other pecuniary interest in the business which employs him does not, in itself, constitute a case of profit sharing. (Bulletin de la Participation aux Bénéfices, Paris, Tome XLIX, 1897, pp. 220-222, cited by D. F. Schloss, Methods of Industrial Remuneration, London, 1898, Ch. XVII.)

III. Bonus plans, popularly known as profit sharing, under which the divisible fund does not depend upon or vary with the net profits of the enterprise, but upon any one of the following factors:

1. Price for which commodity manufactured is disposed of—the so-called sliding-scale wage.
2. Gross receipts or gross profits—a variant of the sliding scale.
3. The estimated probable profits of the business.
4. Wages or salaries earned and length of service.
5. Length of service and thrift, as shown by the participant's ownership of some stock of the company, or maintenance of a savings account.
6. Savings of the prospective participants, as shown by a subscription or ownership of a specified amount of stock of the employing company or savings accounts.
7. Amount of savings collectively effected in production or operation.

The major part of the subject matter of this report thus falls into three main parts, as follows: (1) Profit sharing in the strict sense of the term; (2) limited profit sharing; and (3) bonus plans popularly known as profit sharing.

EXTENT OF THE APPLICATION OF THE PROFIT-SHARING PRINCIPLE IN THE UNITED STATES.

Profit sharing, properly speaking, i. e., as confined to plans under which distributions of specified proportions of the net profits of the enterprise are made to at least one-third of the total employed, does not appear to have reached any considerable proportions in the United States. The number of such plans known to be in operation at the present time does not exceed 60.¹

The table following presents a complete list of establishments having profit-sharing plans in operation, giving location, nature of industry or business, and years of establishment of the plans.

¹ Mr. Anselm Williams, honorary secretary of the Labor Copartnership Association of Great Britain, in his volume entitled "Copartnership and Profit Sharing," 1913, Henry Holt & Co., New York, Ch. VII, p. 146, gives as the reason for the slow progress of profit sharing in the United States the fact that "the material development of the country has been too rapid, the increase in the production of wealth too great, and the openings for men of ability, even without capital, too tempting, for many of the most active minds to concern themselves much with the improvements in industrial relations, and the system of sharing wealth."

ESTABLISHMENTS WITH PROFIT-SHARING PLANS IN OPERATION IN 1916.

Name of firm.	City and State.	Industry or business.	Year plan was established.
American Light & Traction Co.	New York, N. Y.	Public utility	1909
American Manufacturing Concern.	Falconer, N. Y.	Manufacturing wood novelties, letter files, toys, desks.	1915
Baker Manufacturing Co.	Evansville, Wis.	Manufacturing windmills and gasoline engines.	1909
Ballard & Ballard Co.	Louisville, Ky.	Manufacturing—Flour milling.	1886
Ballinger & Perrot.	Philadelphia, Pa.	Architects and building contractors.	1911
Bartley, R. A.	Toledo, Ohio.	Mercantile	1904
Benoit System.	Bangor, Me.	do	1914
Blood, J. B., Co.	Lynn, Mass.	do	1909
Boston Consolidated Gas Co.	Boston, Mass.	Public utility	1906
Bourne Mills.	Fall River, Mass.	Manufacturing cotton cloth.	1889
Burrill, A. W.	Bridgeport, Conn.	Manufacturing—Lumber mill.	1900
Carot, Samuel.	Boston, Mass.	Manufacturing chemist.	1867
Carolina Savings Bank.	Charleston, S. C.	Banking	1897
Chatfield Milling & Grain Co.	Bay City, Mich.	Manufacturing—Flour millers, grain dealers, etc.	1906
Cleveland Twist & Drill Co.	Cleveland, Ohio.	Manufacturing drills, etc.	1915
Davis, W. B.	do	Mercantile	1914
Eastman Kodak Co.	Rochester, N. Y.	Manufacturing photographic appliances and supplies.	1911
Edison Electric Illuminating Co.	Brooklyn, N. Y.	Public utility	1910
Elliman, D. L., & Co.	New York, N. Y.	Real estate brokers.	1915
Empire Trust Co.	do	Banking	1914
Farr Alpaca Co.	Holyoke, Mass.	Manufacturing cotton cloth.	1914
Garfield Savings Bank.	Cleveland, Ohio.	Banking	1915
Graves, H. B., & Co.	Rochester, N. Y.	Mercantile	1901
Guardian Savings & Trust Co.	Cleveland, Ohio.	Banking	1913
Harris Trust & Savings Bank.	Chicago, Ill.	do	1915
Hathaway, C. F., & Sons.	Cambridge, Mass.	Wholesale baking.	1912
Heebner & Sons.	Lansdale, Pa.	Manufacturing agricultural machinery.	1912
Hollenberg Music Co.	Little Rock, Ark.	Mercantile	1909
Ivey, J. B., & Co.	Charlotte, N. C.	do	1909
Krauter, C. H.	Youngstown, Ohio.	do	1906
Kutztown Foundry & Machine Co.	Kutztown, Pa.	Manufacturing—Foundry and machine works.	1914
Lever Bros. (Ltd.) ¹	Cambridge, Mass.	Manufacturing—Soap	1909
Liberty Trust Co.	Boston, Mass.	Banking	1910
Maxwell, A. L., Co.	Lawrenceville, Ill.	Mercantile	1915
Milmore Corporation, The	South Bend, Ind.	Manufacturing chemists.	1915
Miner-Hillard Milling Co.	Wilkes-Barre, Pa.	Manufacturing—Milling, flour, meal, grits, etc.	1906
Minneapolis Bedding Co.	Minneapolis, Minn.	Manufacturing beds and bedding.	1915
Nelson, N. O., Manufacturing Co.	St. Louis, Mo.	Manufacturing plumbers' and steam fitters' supplies.	1886
New Haven Gas Light Co.	New Haven, Conn.	Public utility	1907
Newport Daily News.	Newport, R. I.	Newspaper publishing.	1901
Noyes, Chas. F., Co.	New York, N. Y.	Real estate brokers.	1911
Parks, G. M., Co.	Fitchburg, Mass.	Contractors and builders.	1915
Patton Paint Co.	Milwaukee, Wis.	Manufacturing paints.	1910
Peninsular Paper Co.	Ypsilanti, Mich.	Manufacturing cover papers.	1914
Plymouth Cordage Co.	Plymouth, Mass.	Manufacturing cordage.	1913
Record Auto Supply & Service Co.	Washington, D. C.	Mercantile	1916
Sears, Roebuck & Co.	Chicago, Ill.	do	1916
Simmons, R. F., Co.	Attleboro, Mass.	Manufacturing jewelry.	1902
Simplex Wire & Cable Co.	Boston, Mass.	Manufacturing insulating wires and cables.	1901
Spencer Wire Co.	Worcester, Mass.	Manufacturing wire.	1915
Stambaugh-Thomson Co.	Youngstown, Ohio.	Mercantile	1912
Stevens, Samuel.	Columbus, Ohio.	do	1912
Stern, Bernard & Son.	Milwaukee, Wis.	Manufacturing—Flour milling.	1913
Title Guarantee & Trust Co.	New York, N. Y.	Banking	1911
Tyler, W. S., Co.	Cleveland, Ohio.	Manufacturing mining screens.	1914
Underwood Typewriter Co., Inc.	New York, N. Y.	Manufacturing typewriters.	1916
Union Savings Bank & Trust Co.	Cincinnati, Ohio.	Banking	1901
United Electric & Water Co.	Hartford, Conn.	Public utility	1916
Vitagraph-Lubin-Selig-Essanay Co. (Inc.).	New York, N. Y.	Mercantile—Distributors of moving-picture films.	1915
Ward Baking Co.	do	Bakers.	1913

¹ This is the American branch of Lever Bros. (Ltd.), London, England, and its profit-sharing plan is a part of the profit-sharing plan of that firm.

The number of establishments that share some proportion of their profits with a few of their more important employees (limited profit sharing) greatly exceeds the number of establishments sharing profits with a considerable proportion of their employees (profit sharing). On account of the relatively small proportion of the employees affected by the limited profit-sharing plans, as shown on page 63 of this report, it was not deemed advisable to endeavor to compile a complete list of such establishments. The number of bonus plans popularly known as profit sharing, particularly those involving stock subscriptions or the payment of percentage bonuses on earnings, based upon the length of service, is large. In view of the fact, however, that such plans do not represent profit sharing, properly speaking, it was thought best to limit the discussion of them to an intensive study of a few selected representative groups of such plans.

PROFIT-SHARING PLANS.

DESCRIPTIVE AND STATISTICAL SUMMARY.

This section of the report deals with profit-sharing plans in the strict sense of the word as defined in the introductory part of this report. The nature of the plans here described and analyzed approximates very nearly the definition of profit sharing formulated by the International Cooperative Congress referred to in the footnote on page 8.

In the formal announcements made regarding the establishment of most of the plans included in this class, specific reference is usually to be found to the fact that the arrangement is voluntary on the part of the employer, that the management in the application of the profit-sharing principle still reserves to itself the absolute right to discharge or lay off, as well as to disqualify undeserving employees from further participation in the benefits of the plan. In one instance only, by reason of the contractual nature of the plan, may employees legally claim shares in the profits on the basis of the conditions specified in the agreement signed.

The matter of the employees' right to participate in the divisible profits is somewhat more elaborately specified under plans in which individual shares are paid in stock and where therefore the principle of labor copartnership becomes incidental to the operation of the plan. Under such plans, more than under any of the others, the rights of the participating employees are carefully formulated in writing and published for the guidance of both parties.

THE DETERMINATION OF THE PROFIT-SHARING FUND.

In about three-fourths of the plans the amount available for distribution depends upon and varies with the net profits of the business. By net profits, in a great majority of instances, is meant the residuum of profits after all so-called legitimate expenses, including depreciation and what is assumed to be a moderate return on capital, have been paid, the theory being that interest on capital is a charge similar in nature to wages to be met out of the gross receipts. In general two distinct methods are followed in determining the amount of divisible profits under the profit-sharing plans herein discussed. Briefly, these methods are as follows:

(1) *Specific proportion of the net profits or of the amount paid out in dividends to stockholders.*—The specific proportion of net profits that becomes available for distribution varies greatly with the different plans. Its range of variation is from 2 per cent (the lowest) to 100 per cent (the highest), as is the case in the plan described in detail on pages 37 to 44 of this report. As in many instances the specific proportion of profits to be distributed is not made public, it is rather difficult to state exactly the average proportion of profits that becomes available for distribution under most of the plans. It can be stated, however, with a fair degree of accuracy that within the range of variation just mentioned, the average for all of the plans studied would be about 10 per cent. In plans under which the divisible amount is dependent upon the amount paid out in dividends to the stockholders the range of variation is from one-tenth to one-third.

In one instance all of the net profit of the business over and above what is assumed to be a fair rate of return on the capital invested is distributed among the employees eligible to participation and the firm on the basis of total earnings of employees on the one hand and total interest on the capital invested on the other. In another instance (one of the oldest plans) capital receives what is presumed to be a fair return on the investment, the surplus of profit over and above this return reverting to a general surplus fund out of which, in amounts determined at the end of each year by the management, the divisible profits are drawn for distribution in equal proportions among the participating employees and consumers, the former sharing upon the basis of their earnings and the latter according to the gross profits on their purchases.¹

(2) *Rate of dividend on earnings of employees equal in whole or in part to the rate of dividend paid on capital.*—In the majority of plans of this kind the rate of dividend paid on the earnings of employees varies from one-half to three-fourths of the rate of dividend paid to the stockholders.

¹ A detailed description of the workings of this plan will be found on pp. 45 to 50.

The principal distinction between the different methods for the determination of the divisible fund above described is as follows: While in plans under which the divisible fund is dependent upon the net profits of the enterprise, the presence of profits at the end of the business period necessarily involves a distribution to the participating employees, such a distribution may not always take place under plans wherein the divisible fund depends upon dividends declared. For, even with the presence of large profits, the management may deem it more desirable to utilize them for purposes other than the payment of dividends, namely, to extend or enlarge the sphere of its business, in improving its physical properties, or, as it often happens, in creating surplus or emergency funds.

METHOD OF APPORTIONING DIVISIBLE PROFITS BETWEEN CAPITAL AND LABOR.

Generally speaking, the method of apportioning the divisible profits between capital and labor is determined at the outset by the employer, who in most instances announces that a certain fixed percentage of the profits, determined in a specified manner, will be distributed at the end of the business year among employees eligible to participate.

Very often, however, plans merely state that the divisible profits will be distributed between capital and labor in proportion as the total pay roll is to the total capital invested, it being assumed that these two factors—total capital invested and total wages—are similar in nature, inasmuch as the former measures the interest that capital has and the latter the interest of labor in the undertaking. Aside from the fact that theoretically these two factors are not at all similar—interest on capital corresponding more nearly, if at all, to wages—the above-mentioned method of distribution usually results in a distribution of the profit-sharing fund in the ratio of about 3 to 1, to capital and labor, respectively. For this reason the benefits accruing to employees, even under the most liberal profit-sharing plans, are not very large.

As opposed to the above-described basis of distribution of profits is the underlying principle guiding the distribution of profits under plan No. 5, described in detail on pages 37 to 44. It is the opinion of the management of the establishment in which this plan is in operation, that the factor in production that most nearly resembles wages is not the total capital but the interest on the same. "The employer," states the general manager of this firm, "invests his capital and labor its energy. The first gets his return in the shape of interest on the investment—the legitimate per cent of profit, in our case 6—the second gets his return in the form of daily or monthly wages. These two factors—interest on capital and wages—must be paid out of the gross receipts of the undertaking. The

remainder of the gross profits after allowing all the other legitimate expenses constitutes the net earnings of the business, created jointly by capital and labor, to be distributed in proportion to the relative interest in the business of each of the two partners, namely, amount of interest on capital and wages."

The following example based upon actual facts relating to the capital invested, wages, interest, etc., of this company will illustrate the difference in the results obtained under the two methods discussed, namely, the distribution of the divisible profits according to (a) the ratio of total capital to wages (method 1) and (b) the ratio of interest on capital to wages (method 2).

Assuming that the total capital invested in the undertaking during a specific year is \$500,000, that it is understood that the fair interest on the same is 6 per cent, that the amount paid out in wages is \$100,000, and that the amount of available divisible profits is \$120,000, let us distribute the latter amount among the two factors—capital and labor—on the two bases indicated above and termed method 1 and method 2.

Method 1.—Basis: Ratio of total capital to wages.

Share of capital equals, under this method:

$$\frac{120,000 \times 500,000}{500,000 + 100,000} = \$100,000.$$

Share of labor then would be equal to:

$$\frac{120,000 \times 100,000}{500,000 + 100,000} = \$20,000.$$

Method 2.—Basis: Ratio of interest on capital to wages.

As, at 6 per cent, interest on capital will amount to \$30,000, the equations will be as follows:

Share of capital equals, under this method:

$$\frac{120,000 \times 30,000}{100,000 + 30,000} = \$27,692.$$

Share of labor then would equal:

$$\frac{120,000 \times 100,000}{100,000 + 30,000} = \$92,308.$$

The difference in the two methods explains the unusually high profit-sharing dividends on wages paid under the profit-sharing plan described in detail on pages 37 to 44.

CONDITIONS OF ELIGIBILITY.

In only one of the profit-sharing plans studied are all employees without exception allowed to participate in the distributed profits. In one case also the benefits of the plan are confined to employees signi-

ying their intention to participate proportionately in the possible losses of the business. In nine-tenths of the plans, however, the main condition of eligibility for participation is the permanency of affiliation with the employing company, as shown by a specific length of continuous service. This minimum of continuous service varies from three months to three years, the length of time required in more than one-half of all the plans being one year or less. Thus all the plans, with one exception, exclude from participation the so-called shifting part of their working organization, confining the benefits to their more or less permanent employees.

In about one-eighth of the plans in operation employees to participate must file a written application especially provided for that purpose. The nature of such applications, in most instances, is simply a perfunctory statement signed by the employee to the effect that he promises to do faithful work and be loyal to the company. In one instance employees contractually obligate themselves to share in the possible losses of the year's business in proportion to their earnings, but not to exceed 10 per cent. Under the latter plan 10 per cent of the weekly earnings of each of the participating employees is retained by the company until the end of the distribution period, when the amounts thus retained are returned to the employees together with their share of profits for the year.

BASIS FOR COMPUTING INDIVIDUAL SHARES.

In the great majority of the plans studied the basis for computing individual shares is relatively simple; namely, the amount of earnings of the participants. The individual shares in such instances are determined by dividing the employees' part in the divisible fund by the aggregate of wages of the participants in order to obtain what is usually called the profit-sharing dividend, and then multiplying this dividend by the respective earnings of each of the participants. In all of the plans the rules and regulations governing the distribution of the profits are relatively simple, the employees thus being enabled to know in advance the conditions of eligibility for participation, the basis upon which individual shares will be determined, and the circumstances under which shares in the profits may be forfeited.

CONDITIONS OF FORFEITURE.

In all of the plans except one, discharge and leaving employment act automatically as causes for forfeiting the share of profits for the current year. The one plan provides specifically that only a discharge for cause results in forfeiture; other discharges, being more in the nature of permanent lay offs on account of lack of work, do not deprive employees of their proportionate share of the profits. Some of the plans under which shares of profits are paid in stock or in the form of savings accounts penalize those leaving employment more severely than those who are discharged, it being specified in these

few instances that employees leaving forfeit some part of the share of the profits of the previous year—usually from one-fifth to one-third—in addition to the share of the current year's profit.

The provision that death shall be a cause of forfeiture occurs only in about one-half of the plans; in the other plans it is specified that the pro rata share of the deceased employee shall be paid to his family or dependents.

DISPOSITION OF FORFEITURES.

In profit-sharing plans under which the shares of profits constitute some proportion of the dividends paid on capital the amounts of forfeited shares are usually retained by the employer. In other plans the amounts forfeited do not revert to the employer, but are apportioned among the participating employees. The reason for the difference in the disposition of forfeitures under the two groups of plans is explained by the fact that under the former plans the total amount to be distributed varies with the aggregate earnings of the participants, while under the latter the amount to be distributed is a definite proportion of the profits, which is fixed in advance.

SHARES OF EMPLOYEES LAID OFF OR SICK.

The majority of plans in operation specifically provide that employees temporarily laid off by the management, but otherwise eligible and ready to return to work upon call, be not barred from participation. Their shares in such instances are based on their actual earnings. In one-third of the plans, it appears, cases of lay off are treated "each upon its own merits."

The same treatment as that of employees laid off is accorded to those taken sick, provided the sickness does not extend "over an unreasonably long period"—usually not over six months. Under one plan only is it specifically stated that sickness of an employee carries with it a forfeiture of his share of the profits. In this instance, however, the company maintains a special fund for the benefit of its sick employees.

FORM OF PAYMENT.

The forms of payment of individual shares of profits under 42 of the plans examined were found to be as follows:

Under 32, or over three-fourths of those reporting, the shares in profits were paid fully in cash. Five reported as paying in "part stock or savings account or common fund and part cash." Of these the following proportions were paid in cash: One, 99 per cent; one, 90 per cent; one, 85 per cent; one, 80 per cent; and one, 10 per cent. Under two plans the shares of profits were credited to a common fund, which was utilized to create a pension reserve which was to be made up in equal parts of the shares of profits and contributions by the employees. In two cases the profits were found to be credited to savings accounts, and in one case the payment was all in stock.

In plans under which the larger proportion of the individual shares are paid in stock numerous provisions exist to prevent employees from disposing of their profit-sharing stock in a hasty or improvident manner, it being the idea of the employers that a profit-sharing plan can not successfully be operated unless the participants retain a pecuniary interest in the business. In two of the plans employees are specifically enjoined from disposing of their stock because the management looks upon the scheme as a means for creating for the benefit of the employees an annuity to provide against old age and general disability.

YEARS IN WHICH THE PLANS WERE ESTABLISHED.

In the following table the profit-sharing plans in operation in the United States are classified by year of establishment:

TABLE 1.—YEARS IN WHICH PROFIT-SHARING PLANS WERE ESTABLISHED.

Year.	Number of plans.	Year.	Number of plans.	Year.	Number of plans.
1886.....	2	1902.....	1	1912.....	4
1887.....	1	1904.....	1	1913.....	4
1889.....	1	1906.....	4	1914.....	7
1897.....	1	1907.....	4	1915.....	11
1899.....	2	1908.....	4	1916.....	4
1900.....	1	1910.....	8		
1901.....	4	1911.....	4	Total.....	60

From the above table it may be seen that the profit-sharing plans in operation in the United States at the present time are of comparatively recent origin, only seven of them, or about one-ninth, having been established prior to 1900. Twenty-nine, or almost one-half, have been established since 1911. Slightly under one-third of the plans have been in operation 10 years or longer. Over two-thirds of them have been in operation less than 10 years. Of the latter group, 21, or more than one-third of all, were put into effect in 1914, 1915, and 1916.

LOCATION OF PROFIT-SHARING ESTABLISHMENTS.

The geographical location of the establishments having profit-sharing plans in operation at the present time may be seen from the following table:

TABLE 2.—LOCATION OF PROFIT-SHARING ESTABLISHMENTS.

State.	Number of establishments.	State.	Number of establishments.	State.	Number of establishments.
Arkansas.....	1	Massachusetts.....	13	Pennsylvania.....	4
Connecticut.....	3	Michigan.....	2	Rhode Island.....	1
District of Columbia.....	1	Minnesota.....	1	South Carolina.....	1
Illinois.....	3	Missouri.....	1	Wisconsin.....	3
Indiana.....	1	New York.....	13		
Kentucky.....	1	North Carolina.....	1	Total.....	60
Maine.....	1	Ohio.....	10		

The interesting feature of the above-presented geographical distribution of the profit-sharing establishments is the fact that over six-tenths of all these establishments are located in three States—Massachusetts, New York, and Ohio—and that more than half of them are in the North Atlantic States.

INDUSTRY OR BUSINESS OF PROFIT-SHARING ESTABLISHMENTS.

The nature of the industry or business in which establishments having profit-sharing plans in operation are engaged is shown in the table presented below:

TABLE 3.—INDUSTRY OR BUSINESS OF ESTABLISHMENTS HAVING PROFIT-SHARING PLANS.

Industry or business.	Number of establishments.	Industry or business.	Number of establishments.
Manufacturing.....	26	Real-estate brokers.....	2
Mercantile.....	14	Wholesale baking.....	2
Banking.....	8	Newspaper publishing.....	1
Public utilities.....	5		
Building and contracting.....	2	Total.....	60

The above table shows that the largest single group of profit-sharing plans, 25, or 45 per cent of all, were in operation in establishments engaged in manufacturing, 12, or 21 per cent, in mercantile institutions, 8, or 14 per cent, in banking houses, and 4, or 7 per cent, in organizations engaged in public service.

SIZE OF PROFIT-SHARING ESTABLISHMENTS.

The size of 38 profit-sharing establishments, as indicated by the average numbers employed during a representative distribution period, is shown in the following table:

TABLE 4.—NUMBER AND PER CENT OF PROFIT-SHARING ESTABLISHMENTS HAVING EACH CLASSIFIED NUMBER OF EMPLOYEES.

Classified number of employees.	Establishments.	
	Number.	Per cent.
Under 100.....	13	34.2
100 and under 300.....	14	36.8
300 and under 500.....	1	2.6
500 and under 1,000.....	5	13.2
1,000 and under 3,000.....	4	10.5
5,000 and under 10,000.....	1	2.6
Total.....	38	100.0

Of the 38 establishments having profit-sharing plans in operation 71 per cent employed less than 300 people. The proportion of them that had 1,000 employees or more was very small—13.1 per cent.

EXTENT OF PARTICIPATION.

Of the 37 establishments reporting the proportion of the total employed who participated in the distributed profits 19, or 51.4 per cent, reported 80 per cent and over participating; 13, or 35.1 per cent, reported 60 and under 80 per cent participating; 4, or 10.8 per cent, 40 and under 60 per cent; and only 1 reported 20 and under 40 per cent of all the employees sharing in the profits.

BENEFITS ACCRUING TO EMPLOYEES.

The benefits accruing to the participating employees as a result of the operation of the profit-sharing plans during one representative distribution period, in terms of a percentage of the regular earnings of participants, are shown in the following table:

TABLE 5.—PER CENT OF EARNINGS PAID AS DIVIDENDS IN 34 PROFIT-SHARING ESTABLISHMENTS.

Classified per cent of earnings paid as dividends.	Number of establishments.	Classified per cent of earnings paid as dividends.	Number of establishments.
Under 2.....	1	20 and under 30.....	1
2 and under 4.....	6	30 and under 40.....	2
4 and under 6.....	4	40 and under 60.....	1
6 and under 8.....	7	60 and over.....	1
8 and under 10.....	5		
10 and under 15.....	5	Total.....	34
15 and under 20.....	1		

Under almost one-third of the plans the profit-sharing dividend on the regular earnings of the participants was less than 6 per cent. Slightly over one-third of the establishments paid dividends varying from 6 to 10 per cent. The remaining third of the establishments paid dividends of 10 per cent or more. Of the latter, 5 establishments paid profit-sharing dividends of 20 per cent or more.

COST OF PLANS TO EMPLOYERS.

In view of the fact that in the great majority of the establishments not all of the employees were eligible for participation, the cost of the plans to the employers, in per cent of the total labor pay rolls was considerably smaller than the relative benefits accruing to their employees as shown above. The table following shows the cost of the profit-sharing plans to the employers for one representative distribution period.

TABLE 6.—COST OF PROFIT-SHARING PLANS TO 34 EMPLOYERS, IN PER CENT OF TOTAL PAY ROLLS.

Classified per cent of pay rolls paid as dividends.	Number of establishments.	Classified per cent of pay rolls paid as dividends.	Number of establishments.
Under 1.....	1	10 and under 15.....	1
1 and under 2.....	4	15 and under 20.....	1
2 and under 4.....	7	20 and over.....	8
4 and under 6.....	7		
6 and under 8.....	7	Total.....	34
8 and under 10.....	1		

The cost in more than one-half of all the establishments was less than 6 per cent of their respective annual pay rolls. In 7 of the establishments, or 20.6 per cent, the plans necessitated an additional expense of from 6 to 8 per cent of the total pay rolls. The proportion of plans in which the additional expense attributable to the operation of the profit-sharing plans amounted to 20 per cent or more was 14.7 per cent.

— OCCUPATIONS OF PARTICIPATING EMPLOYEES.

The following table shows the occupations or types of employment of the participating employees of 34 establishments at the end of one distribution period:

TABLE 7.—NUMBER AND PER CENT OF PARTICIPATING EMPLOYEES IN EACH OCCUPATION GROUP.

Occupation group.	Participating employees.	
	Number.	Per cent.
Executive.....	1, 326	9.5
Clerical.....	783	5.6
Sales.....	266	1.9
All others.....	11, 553	82.9
Total.....	13, 928	100.0

The table shows that 82.9 per cent of all the beneficiaries belonged to the classification of "all others," that is, were engaged in occupations other than executive, clerical, or sales. Only 9.5 per cent of the participants were holding executive positions.

DETAILED TABLES.

The two tables which follow show in detail, for each establishment, the principal part of the data shown in summary form in the tables preceding.

TABLE 8.—NUMBER OF EMPLOYEES, PROPORTION PARTICIPATING IN PROFITS, DIVIDENDS TO EMPLOYEES, AND COST OF PROFIT-SHARING PLANS TO EMPLOYERS, IN 88 ESTABLISHMENTS HAVING PROFIT-SHARING PLANS.

Establishment No.	Dividend period ending—	Average number of employees.		Employees participating in profits.		Total pay roll.	Pay roll of participants.		Dividends to employees.		
		Number.	Per cent of total.	Number.	Per cent of total.		Amount.	Per cent of total pay roll.	Amount.	Per cent of total pay roll.	Per cent of pay roll of participants.
1	Dec. 31, 1914.....	3,576	3,265	88.0	\$1,550,000	\$1,260,000	80.6	\$69,000	6.4	7.9	
2	Dec. 31, 1910.....	95	68	88.9	89,165	(1)	(1)	2,557	4.3	(1)	
	Dec. 31, 1911.....	97	60	61.9	89,747	(1)	(1)	3,100	5.2	(1)	
	Dec. 31, 1912.....	100	60	60.0	84,478	(1)	(1)	2,896	4.5	(1)	
	Dec. 31, 1913.....	98	64	65.3	85,477	(1)	(1)	2,304	3.5	(1)	
	Dec. 31, 1914.....	96	64	66.7	85,532	(1)	(1)	1,744	2.6	(1)	
	Dec. 31, 1915.....	86	68	80.0	89,639	(1)	(1)	2,400	4.0	(1)	
3	Jan. 1, 1914.....	131	130	99.2	310,000	175,000	88.3	4,011	1.9	2.3	
	Jan. 1, 1915.....	141	140	99.3	330,000	185,000	80.4	3,802	1.7	2.1	
4	Dec. 31, 1915.....	100	100	100.0	63,532	63,532	100.0	9,628	15.0	15.0	
5	Feb. 11, 1916.....	75	51	68.0	(1)	(1)	(1)	1,605	(1)	(1)	
6	Mar. 31, 1914.....	274	217	79.2	23,028	26,050	79.1	1,704	5.2	6.5	
7	June 30, 1911.....	(1)	(1)	(1)	29,892	18,390	61.4	918	2.1	5.0	
	June 30, 1912.....	(1)	(1)	(1)	22,683	20,566	92.9	1,234	2.8	6.0	
	June 30, 1913.....	(1)	(1)	(1)	25,293	22,087	87.7	1,767	4.6	8.0	
	June 30, 1914.....	(1)	(1)	(1)	14,527	25,675	87.7	2,054	4.6	8.0	
	June 30, 1915.....	41	39	93.5	65,521	37,950	60.1	2,286	4.8	8.0	
8	1907 to 1909.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	5.0	
	1910.....	111	111	100.0	92,432	92,432	100.0	5,549	6.0	6.0	
	1911.....	153	153	100.0	115,866	115,866	100.0	6,952	6.0	6.0	
	1912.....	173	173	100.0	135,626	135,626	100.0	10,850	8.0	8.0	
	1913.....	180	180	100.0	145,830	145,830	100.0	11,668	8.0	8.0	
	1914.....	178	178	100.0	152,250	152,250	100.0	12,180	8.0	8.0	
	1915.....	168	168	100.0	132,962	132,962	100.0	10,637	8.0	8.0	
9	Dec. 31, 1915.....	172	166	84.9	129,530	118,492	91.5	1,147	.9	1.0	
10	1896 to 1904.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	4.0	
	1905.....	(1)	(1)	(1)	(1)	252,846	(1)	37,927	(1)	15.0	
	1906.....	(1)	(1)	(1)	(1)	278,188	(1)	69,547	(1)	25.0	
	1907.....	(1)	(1)	(1)	(1)	268,106	(1)	20,432	(1)	30.0	
	1908.....	(1)	(1)	(1)	(1)	309,600	(1)	61,900	(1)	30.0	
	1909.....	(1)	(1)	(1)	(1)	350,845	(1)	70,169	(1)	30.0	
	1910.....	(1)	(1)	(1)	(1)	322,650	(1)	35,565	(1)	10.0	
	1911.....	(1)	(1)	(1)	(1)	322,390	(1)	28,336	(1)	10.0	
	1912.....	(1)	(1)	(1)	(1)	433,075	(1)	64,961	(1)	15.0	
	1913.....	651	451	67.7	299,570	269,570	90.0	26,927	9.0	10.0	
	1915 ^a	721	641	74.0	322,628	282,628	88.0	28,000	8.8	10.0	
	11	Dec. 31, 1912.....	509	296	58.3	250,371	204,212	81.6	16,396	4.7	2.0
Dec. 31, 1913.....		455	297	65.3	254,285	228,800	90.0	18,144	5.1	2.0	
Dec. 31, 1914.....		478	312	65.3	322,360	257,975	79.7	19,038	5.6	2.0	
Dec. 31, 1915.....		541	305	56.4	372,938	232,776	62.4	19,932	5.3	2.0	
12	Dec. 31, 1908.....	66	23	34.8	15,294	16,979	111.7	876	4.9	5.2	
	Dec. 31, 1909.....	68	26	38.2	16,333	17,074	104.5	662	3.4	3.9	
	Dec. 31, 1910.....	44	24	54.5	19,451	16,799	86.4	727	3.7	4.3	
	Dec. 31, 1911.....	65	36	55.4	19,946	17,152	86.0	1,127	5.7	6.6	
	Dec. 31, 1912.....	84	34	40.5	20,722	19,682	94.9	1,038	5.0	6.2	
	Dec. 31, 1913.....	81	38	46.9	20,249	19,036	94.0	924	4.6	5.2	
	Dec. 31, 1914.....	41	22	53.7	20,173	18,836	93.4	1,175	5.8	6.2	
	Dec. 31, 1915.....	52	26	50.0	21,419	18,716	87.4	1,236	5.8	7.1	
	Dec. 31, 1911.....	66	46	69.7	20,970	19,799	94.4	1,319	6.3	6.7	
	Dec. 31, 1912.....	64	47	73.4	24,110	21,090	87.5	1,305	5.4	6.0	
	Dec. 31, 1913.....	53	47	88.7	24,497	21,942	90.0	1,309	5.4	6.7	
	Dec. 31, 1914.....	54	46	85.2	27,523	24,664	89.6	1,322	4.8	5.9	
	13	Apr. 30, 1915.....	31	31	100.0	52,776	52,776	100.0	22,622	42.7	42.7

^a Not reported.

^b No distribution made for 1914.

TABLE 8.—NUMBER OF EMPLOYEES, PROPORTION PARTICIPATING IN PROFITS, DIVIDENDS TO EMPLOYEES, AND COST OF PROFIT-SHARING PLANS TO EMPLOYERS, IN 38 ESTABLISHMENTS HAVING PROFIT-SHARING PLANS—Continued.

Es- tab- lish- ment No.	Dividend period ending—	Average num- ber of em- ploy- ees.	Employees participat- ing in profits.		Total pay roll.	Pay roll of partic- ipants.		Dividends to em- ployees.		
			Num- ber.	Per cent of total.		Amount.	Per cent of total pay roll.	Amount.	Per cent of total pay roll.	Per cent of pay roll of partic- ipants.
14	Dec. 31, 1899.....	55	34	61.8	(1)	\$23,545	(1)	\$14,198	(1)	60.3
	Dec. 31, 1900.....	55	45	81.8	(1)	30,337	(1)	25,098	(1)	82.7
	Dec. 31, 1901.....	65	55	84.6	\$45,355	33,120	73.0	24,443	53.9	73.8
	Dec. 31, 1902.....	100	53	53.0	55,341	30,601	55.3	30,126	54.4	98.4
	Dec. 31, 1903.....	79	51	64.6	43,967	24,442	55.6	16,895	38.4	69.1
	Dec. 31, 1904.....	90	64	71.1	44,078	35,056	79.5	9,981	22.6	28.5
	Dec. 31, 1905.....	96	64	66.7	50,569	32,021	63.3	29,176	57.7	91.1
	Dec. 31, 1906.....	120	64	53.3	75,685	39,834	52.6	47,800	63.2	120.0
	Dec. 31, 1907.....	142	72	50.7	90,403	42,661	53.1	42,660	53.1	100.0
	Dec. 31, 1908.....	138	97	70.3	72,617	49,553	68.2	35,652	53.2	78.0
	Dec. 31, 1909.....	153	98	64.1	101,944	60,989	59.8	60,988	59.8	100.0
	Dec. 31, 1910.....	181	106	65.8	110,309	63,780	57.8	63,781	57.8	100.0
	Dec. 31, 1911.....	154	124	80.5	107,935	74,610	69.1	35,067	32.5	47.0
	Dec. 31, 1912.....	149	116	77.9	104,131	76,295	73.3	57,221	55.0	75.0
Dec. 31, 1913.....	154	117	76.0	115,848	81,250	70.1	56,875	49.1	70.0	
Dec. 31, 1914.....	161	113	70.2	124,118	74,152	59.7	66,726	53.8	90.0	
15	June 30, 1905.....	182	114	62.6	141,000	94,300	66.9	4,839	3.4	5.1
	June 30, 1906.....	190	119	62.6	150,000	104,800	69.9	5,197	3.5	5.0
	June 30, 1907.....	202	116	57.4	151,000	106,000	69.5	1,096	.7	1.0
	June 30, 1908.....	210	133	63.3	162,000	114,600	70.7	4,534	2.8	4.0
	June 30, 1909.....	215	145	67.4	163,000	116,500	71.5	5,367	3.3	4.6
	June 30, 1910.....	200	134	67.0	166,000	120,500	72.6	4,159	2.5	3.5
	June 30, 1911.....	201	131	65.2	165,000	121,500	73.6	2,715	1.6	2.2
	June 30, 1912.....	236	142	60.2	175,000	124,900	71.4	10,487	6.0	8.4
	June 30, 1913.....	240	140	58.3	190,000	139,900	73.6	6,682	3.5	4.8
	June 30, 1914.....	245	147	60.0	205,000	150,500	73.4	10,251	5.0	6.8
	June 30, 1915.....	255	178	69.8	225,000	156,700	69.6	13,681	6.1	8.7
16	Dec. 31, 1914.....	43	34	79.1	52,873	39,873	75.4	2,506	4.7	6.3
17	Dec. 31, 1914.....	18	16	88.9	9,954	8,704	87.4	675	6.8	7.8
18	Jan. 1, 1915.....	600	401	66.8	261,317	234,936	83.5	22,063	11.7	14.0
19	Dec. 10, 1898.....	390	267	68.5	127,546	86,909	68.1	2,069	1.6	2.4
	June 9, 1899.....	332	222	66.9	128,951	80,564	62.5	2,561	2.0	2.2
	Dec. 8, 1900.....	353	274	77.6	150,068	103,397	68.9	3,445	2.3	3.3
	June 7, 1901.....	485	327	67.4	201,049	130,181	64.8	3,159	1.6	2.4
	Dec. 13, 1902.....	671	409	61.0	278,297	172,162	61.9	5,448	2.0	3.2
	June 12, 1903.....	640	450	70.3	259,368	175,295	67.6	4,000	1.5	2.3
	Dec. 10, 1904.....	629	259	41.2	99,576	42,065	42.1	1,407	1.4	3.3
	June 2, 1906 ¹	600	442	73.7	186,432	132,715	71.2	5,256	2.8	4.0
	June 8, 1907.....	661	473	71.6	269,970	196,069	72.6	7,842	2.9	4.0
	June 6, 1908.....	692	531	76.7	281,922	214,656	76.1	4,878	1.7	2.3
	June 5, 1909.....	717	551	76.8	286,554	215,465	75.2	5,931	2.1	2.8
	June 4, 1910.....	709	517	72.9	274,399	203,599	74.2	7,110	2.6	3.5
	June 3, 1911.....	692	539	77.9	264,354	207,293	78.3	5,150	1.9	2.5
	June 1, 1912.....	717	545	76.0	279,927	218,900	78.2	6,573	2.3	3.0
	May 31, 1913.....	705	546	77.4	314,240	249,497	79.4	6,835	2.2	2.7
June 6, 1914.....	715	589	82.4	312,400	266,778	85.4	6,658	2.8	3.2	
June 5, 1915.....	716	624	87.2	306,299	268,271	87.6	8,726	2.9	3.3	
20	Dec. 31, 1915.....	66	36	54.5	52,147	37,794	72.5	1,890	3.6	5.0
21	Oct. 1, 1915.....	370	126	46.3	260,000	148,000	56.9	7,000	2.8	4.7
22	Dec. 28, 1914.....	126	86	68.3	62,921	46,975	74.7	1,175	1.9	2.5
23	Dec. 31, 1902.....	(1)	(1)	95.0	(1)	111,621	(1)	2,881	(1)	2.6
	Dec. 31, 1903.....	(1)	(1)	95.0	(1)	140,155	(1)	3,600	(1)	2.6
	Dec. 31, 1904.....	(1)	(1)	95.0	(1)	132,937	(1)	3,606	(1)	2.7
	Dec. 31, 1905.....	(1)	(1)	95.0	(1)	146,577	(1)	4,501	(1)	3.1
	Dec. 31, 1906.....	(1)	(1)	95.0	(1)	208,284	(1)	7,594	(1)	3.6
	Dec. 31, 1907.....	(1)	(1)	95.0	(1)	235,233	(1)	8,294	(1)	3.5
	Dec. 31, 1908.....	(1)	(1)	95.0	(1)	158,223	(1)	6,329	(1)	4.0
Dec. 31, 1909.....	(1)	(1)	95.0	(1)	175,808	(1)	7,022	(1)	4.0	

¹ Not reported.² No distributions made between Dec. 10, 1904, and June 2, 1906.

TABLE 8.—NUMBER OF EMPLOYEES, PROPORTION PARTICIPATING IN PROFITS, DIVIDENDS TO EMPLOYEES, AND COST OF PROFIT-SHARING PLANS TO EMPLOYERS, IN 88 ESTABLISHMENTS HAVING PROFIT-SHARING PLANS—Continued.

Establishment No.	Dividend period ending—	Average number of employees.	Employees participating in profits.		Total pay roll.	Pay roll of participants.		Dividends to employees.		
			Number.	Percent of total.		Amount.	Percent of total pay roll.	Amount.	Percent of total pay roll.	Percent of pay roll of participants.
28	Dec. 31, 1910.....	249	239	96.0	\$173, 138	\$171, 841	99.0	\$6, 854	4.0	4.0
	Dec. 31, 1911.....	252	244	96.8	177, 746	176, 321	99.2	7, 053	4.0	4.0
	Dec. 31, 1912.....	279	270	96.8	171, 839	170, 285	99.1	6, 811	4.0	4.0
	Dec. 31, 1913.....	283	275	97.2	181, 113	180, 216	99.5	9, 011	5.0	5.0
	Dec. 31, 1914.....	278	272	97.8	160, 452	159, 383	99.3	4, 781	3.0	3.0
29	Dec. 31, 1901.....	158	59	32.0	68, 304	37, 299	40.0	2, 107	4.5	11.4
	Dec. 31, 1902.....	169	71	42.0	82, 718	38, 031	46.0	5, 679	6.9	14.9
	Dec. 31, 1903.....	218	71	32.6	103, 439	39, 638	38.3	4, 891	4.7	12.3
	Dec. 31, 1904.....	227	78	34.4	101, 573	40, 730	40.1	3, 023	3.0	7.4
	Dec. 31, 1905.....	268	101	38.1	133, 379	57, 606	43.2	7, 336	5.5	12.7
	Dec. 31, 1906.....	371	116	31.3	164, 872	66, 596	40.4	12, 287	7.5	18.5
	Dec. 31, 1907.....	313	98	31.3	158, 602	57, 036	41.2	10, 408	7.5	18.2
	Dec. 31, 1908.....	222	116	52.3	115, 329	64, 222	55.7	6, 274	5.4	9.8
	Dec. 31, 1909.....	241	139	40.8	152, 791	78, 018	51.1	7, 400	4.8	9.5
	Dec. 31, 1910.....	425	139	32.7	198, 090	81, 336	41.1	8, 551	4.2	10.5
	Dec. 31, 1911.....	347	152	43.8	182, 018	88, 477	48.6	8, 263	4.5	9.7
	Dec. 31, 1912.....	428	154	35.4	218, 391	96, 456	44.2	10, 992	5.0	11.4
	Dec. 31, 1913.....	567	194	32.5	309, 348	137, 730	44.5	18, 668	6.0	13.6
	Dec. 31, 1914.....	456	226	49.3	263, 371	164, 390	62.4	16, 743	6.4	10.2
35	Dec. 31, 1912.....	90	91	91.9	74, 077	71, 742	96.8	5, 576	7.5	7.8
	Dec. 31, 1913.....	102	100	97.0	88, 452	85, 363	96.5	28, 263	26.3	27.3
	Dec. 31, 1914.....	101	95	94.1	91, 340	85, 215	93.3	11, 183	12.2	13.1
	Dec. 31, 1915.....	106	106	100.0	99, 123	98, 347	99.2	20, 050	20.2	21.5
36	Sept. 1, 1914.....	86	78	87.2	74, 896	68, 900	92.3	6, 680	8.9	10.0
	Sept. 2, 1914.....	86	74	87.1	76, 325	68, 452	89.7	2, 054	2.7	3.0
37	Dec. 31, 1914.....	900	213	23.7	798, 800	716, 000	89.0	69, 300	8.7	8.9
38	Apr. 1, 1913.....	63	49	77.8	80, 538	55, 290	68.3	18, 441	23.0	33.4
	Apr. 1, 1914.....	62	43	69.3	59, 186	50, 862	85.9	20, 870	35.3	36.7
	Apr. 1, 1915.....	62	51	82.3	60, 098	53, 594	89.5	17, 632	29.4	30.1
39	Jan. 30, 1910.....	161	47	29.2	132, 328	41, 430	31.3	2, 649	2.0	6.4
	Jan. 30, 1911.....	160	49	30.6	136, 946	43, 310	31.6	1, 933	1.4	4.5
	Jan. 30, 1912.....	178	61	34.3	138, 394	47, 340	34.9	1, 833	1.4	3.9
	Jan. 30, 1913.....	192	62	32.1	147, 898	48, 990	33.1	3, 091	2.6	7.5
	Jan. 30, 1914.....	204	68	33.3	151, 478	60, 200	39.8	4, 012	2.6	6.7
	Jan. 30, 1915.....	183	64	35.0	132, 148	53, 160	44.0	796	.6	1.4
40	Dec. 31, 1910.....	78	68	88.5	67, 526	41, 408	61.3	7, 179	10.6	17.3
	Dec. 31, 1911.....	83	64	77.1	67, 731	42, 642	62.9	5, 463	8.1	12.8
	Dec. 31, 1912.....	91	63	74.7	71, 081	43, 207	60.8	6, 662	9.4	15.4
	Dec. 31, 1913.....	101	78	77.2	87, 312	53, 855	61.7	6, 200	7.1	11.5
	Dec. 31, 1914.....	105	83	78.1	86, 100	54, 622	64.6	5, 951	6.9	10.7
41	Dec. 31, 1915.....	11	11	100.0	16, 021	16, 021	100.0	6, 252	39.0	39.0
42	March, 1908.....	16	16	100.0	12, 994	12, 994	100.0	1, 944	15.0	15.0
	March, 1909.....	16	16	100.0	15, 352	15, 352	100.0	1, 919	12.5	12.5
	March, 1910.....	18	18	100.0	24, 389	24, 389	100.0	708	2.9	3.0
	March, 1911.....	17	17	100.0	15, 239	15, 239	100.0	1, 218	8.0	8.0
	March, 1912.....	18	18	100.0	16, 300	16, 300	100.0	826	5.0	5.0
	March, 1913.....	19	19	100.0	16, 488	16, 488	100.0	1, 154	7.0	7.0
43	Dec. 31, 1911.....	5, 349	4, 004	74.8	4, 547, 108	3, 319, 267	73.0	288, 337	6.3	7.2
	Dec. 31, 1912.....	5, 177	4, 719	91.2	5, 781, 617	4, 989, 379	86.3	321, 876	4.9	6.9
	Dec. 31, 1913.....	5, 447	4, 678	85.7	6, 744, 832	4, 989, 136	73.1	343, 741	6.1	7.0
	Dec. 31, 1914.....	7, 365	6, 685	90.8	6, 449, 671	5, 364, 699	83.2	388, 413	6.1	5.0
44	Dec. 31, 1915.....	35	19	54.3	()	()	()	()	()	()
45	June 30, 1911.....	890	574	64.5	()	()	()	()	()	()
	June 30, 1912.....	1, 184	591	50.0	()	()	()	()	()	()
	June 30, 1913.....	1, 043	583	55.9	()	()	()	()	()	()
	June 30, 1914.....	1, 052	693	65.8	()	()	()	()	()	()

() Not reported.

TABLE 8.—NUMBER OF EMPLOYEES, PROPORTION PARTICIPATING IN PROFITS, DIVIDENDS TO EMPLOYEES, AND COST OF PROFIT-SHARING PLANS TO EMPLOYERS, IN 38 ESTABLISHMENTS HAVING PROFIT-SHARING PLANS—Concluded.

Establishment No.	Dividend period ending—	Average number of employees.	Employees participating in profits.		Total pay roll.	Pay roll of participants.		Dividends to employees.		
			Number.	Per cent of total.		Amount.	Per cent of total pay roll.	Amount.	Per cent of total pay roll.	Per cent of pay roll of participants.
36	Aug. 1, 1912.....	2,024	1,835	90.2	\$839,148	\$766,177	91.3	\$15,324	1.8	2.0
	Aug. 1, 1914.....	1,899	1,649	86.8	822,809	758,294	92.2	15,166	1.8	2.0
	Aug. 1, 1915.....	1,810	1,567	86.6	833,199	782,770	93.9	15,655	1.9	2.0
37	Dec. 31, 1913.....	1,244	529	42.5	1,340,685	925,759	69.1	24,879	1.9	2.7
38	Dec. 31, 1912.....	(1)	(1)	(1)	73,372	(1)	(1)	2,464	3.4	(1)
	Dec. 31, 1913.....	282	(1)	(1)	219,001	(1)	(1)	5,938	2.7	(1)
	Dec. 31, 1914.....	299	(1)	(1)	235,344	(1)	(1)	5,712	2.4	(1)

¹ Not reported.

TABLE 9.—NUMBER OF EMPLOYEES, PROPORTION PARTICIPATING IN PROFITS, AND NUMBER AND PER CENT OF PARTICIPANTS IN EACH SPECIFIED OCCUPATION GROUP, IN 34 ESTABLISHMENTS HAVING PROFIT-SHARING PLANS.

Establishment No.	Dividend period ending—	Average number of employees.	Employees participating in profits.		Occupation groups of participants.							
			Number.	Per cent of total.	Executive.		Clerical.		Sales.		All others.	
					Number.	Per cent.	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.
1	Dec. 31, 1914.....	2,575	2,265	88.0	30	1.2	21	0.9			2,214	97.7
2	Dec. 31, 1915.....	85	68	80.0	10	14.7	(1)		82	76.5	6	8.8
3	Jan. 1, 1915.....	141	140	99.3	20	14.3	120	85.7				
4	Dec. 31, 1915.....	100	100	100.0	4	4.0	4	4.0			92	92.0
5	Feb. 11, 1916.....	75	51	68.0	3	5.9	7	13.7	27	72.5	4	7.8
6	Mar. 31, 1914.....	274	217	79.2	8	3.7	17	7.8			192	88.5
7	June 30, 1915.....	31	29	93.5	2	6.9	27	93.1				
8	Mar. 31, 1915.....	168	168	100.0	11	6.5	19	11.3	7	4.2	131	78.0
9	Dec. 31, 1915.....	172	146	84.9	15	10.3	13	8.9			118	80.8
10	Dec. 31, 1915.....	731	541	74.0	22	4.1	81	15.0	31	5.7	407	75.2
11	Dec. 31, 1915.....	541	308	56.9	19	6.2	78	25.3			211	68.5
12	Dec. 31, 1914.....	54	45	83.3	16	35.6	3	6.7			26	57.8
13	Apr. 30, 1915.....	31	31	100.0	4	12.9	19	61.3			8	26.8
14	Dec. 31, 1914.....	161	113	70.2	15	13.3	6	5.3			92	81.4
15	June 30, 1915.....	255	191	74.9	13	6.8	41	21.5	31	16.2	106	55.5
16	Dec. 31, 1914.....	43	34	79.1	0	17.6	26	76.5			2	5.9
17	Dec. 31, 1914.....	18	16	88.9			2	12.5	14	87.5		
18	Jan. 1, 1915.....	600	401	66.8	35	8.7	60	15.0			306	76.8
19	June 5, 1915.....	713	625	87.7	15	2.4	5	.8			605	96.8
20	Dec. 31, 1915.....	66	36	54.5	11	30.6	4	11.1	3	8.6	19	52.8
21	Oct. 1, 1915.....	270	125	46.3	25	20.0	14	11.2			86	68.8
22	Dec. 28, 1914.....	126	86	68.8	14	15.3	8	9.3			64	74.4
23	Dec. 31, 1914.....	278	272	97.8	14	5.1	15	5.5			243	89.3
24	Dec. 31, 1914.....	456	225	49.3	28	12.4	26	16.0	7	3.1	154	68.4
25	Dec. 31, 1915.....	106	106	100.0	12	11.3	21	19.8	44	41.5	29	27.4
26	Sept. 1, 1915.....	85	74	87.1	8	10.8	19	25.7			47	63.5
27	Dec. 31, 1914.....	900	813	90.3	33	4.1	30	6.2	14	1.7	716	88.1
28	Apr. 1, 1915.....	62	51	82.3	14	27.5	29	62.7			5	9.8
29	Jan. 30, 1915.....	163	64	35.0	5	7.8	16	25.0	6	9.4	37	57.8
30	June 30, 1915.....	108	73	67.6	11	15.1	11	15.1			51	69.9
31	Dec. 31, 1915.....	11	11	100.0	5	45.5	6	54.5				
32	Mar. 31, 1915.....	19	19	100.0	3	15.8	2	10.5	3	15.8	11	57.9
33	Dec. 31, 1914.....	7,348	6,466	88.0	806	13.8	(1)		(1)		45,571	86.3
34	Dec. 31, 1915.....	26	18	72.0			(1)		18	100.0		

¹ Included in sales force.
² Including clerical force.
³ Editors and reporters.

⁴ Includes 13 executive employees not shown in Table 8.
⁵ Included in "all others."
⁶ Including the clerical and sales forces.

ANALYSIS OF WORKING OF 12 TYPICAL PROFIT-SHARING PLANS.

In this section of the report are given detailed accounts of the essential features involved, the details of administration, and the results of the operation of a limited number of the better known profit-sharing plans in operation in the United States at the present time, it being the intention to present to the consideration of those interested careful analyses of plans that may be considered as typical, and in a certain sense, successful. The 12 plans described in the following pages, although involving in a general way the same principle—the sharing of some proportion of an employer's profits with his employees—reveal the great variety of methods used by employers in arriving at the same end.

Plan designated as No. 1 is herewith presented largely on account of the comprehensiveness of the rules and regulations that govern the distribution of the profits. Except for the uncertainty due to the fact that the management reserves to itself the right to discontinue the entire arrangement at pleasure, employees under this plan, by referring to the printed rules and regulations, may ascertain the exact nature of the privileges accorded to them. The settlement of disputes that may arise under the provisions of the plan, including disqualifications from participation, is not wholly in the hands of the employer, for the latter in his decisions is also guided by the formulated rules. Changes in the latter are usually made one year in advance, upon consultation with and with the approval of a committee representing the employees—a permanent advisory board selected by the employees themselves for the specific purpose of assisting in the administration of the plan.

The plan is also interesting because it shows clearly the method used in adjusting the proportion of the profits to be distributed to the constantly increasing number of participants due to either the growth of the organization or the extension of the benefits of the plan to employees originally excluded.

PLAN NO. 1

A brief summary of the origin and history of this plan was given by the president of the company and originator of the plan in a paper read at the May, 1913, meeting of the Electrical Manufacturers' Club, at Hot Springs, Va. After stating that prior to the introduction of the plan investigations were made by the company of similar plans already in operation, he says:

The reports of these various experiences encouraged us to make the experiment, but we felt that our plan must differ to a degree from any we had heard of, and our scheme was developed in accordance with the following considerations:

As it was a doubtful experiment, it was confined to our factory employees, leaving out clerks and salesmen in our main office.

Realizing that the results must be a question of judgment, rather than of definite figures, and wishing to be assisted in our judgment by the opinion of our two factory superintendents, whom we had interested in the experiment, we increased their salaries instead of making them profit sharers, in order that their judgment might not be biased by their own interest.

We expected the best results, and wished particularly to benefit certain old and faithful employees, while from recent employees, and particularly those who were not likely to stay with us long, we expected very little, and we had very little interest in them, so that it seemed to us necessary to make a distinction, and this was accomplished by the requirement that no one should be eligible to benefit until he had been in our employ for at least one year.

On the principle that no partner has a right to any part of profits earned before he comes into the partnership, we decided that a profit sharer must be informed of his status, and must work as such for the full year before he is entitled to any profits.

In order to provide ample time to make up the books of the company, and to determine the profits, we set the time of payment as March 1, or two months after the close of the year.

To further extend the time of service it was decided that no profit sharer should benefit who leaves our employ before the dividend date of March 1.

To give our people the greatest stimulus it was necessary that the amount of their dividend should be absolutely dependent on the profits of our business for any given year, and that as nearly as possible the profits for each year should be separately determined so that no man should either gain anything from profits of the year before, nor lose anything from profits carried into the succeeding year when he may have left our employ.

At the outset we were confronted with the difficulty that being a private corporation we were absolutely unwilling to make any statement from which the amount of our profits could be determined, which would certainly be the result should we announce the percentage of our profits which we proposed to pay, and later told what this percentage amounted to.

To obviate this trouble we refrained from stating the percentage of the profits which we proposed to pay, saying simply that such percentage was fixed in advance, although not published.

At the beginning of the first year, in order to give our people some idea of the probable result, we advised them that the percentage as fixed was sufficient to justify the expectation that the dividend on their wages would be at least 5 per cent, provided the profits of that year were as large as those of the year preceding.

In order that the administration of the profit sharing should be absolutely fair, we have at the beginning of each year posted a set of rules which we have been able to keep down to one typewritten page, and have administered each year strictly according to rule.

On January 1, 19—, we assembled our entire force and carefully explained the profit-sharing scheme to them, immediately after which the preliminary list and the rules for that year were posted.

While our people were evidently pleased that something good was coming to them, it looked rather a long way off and comparatively few seemed to really understand the scheme.

A repetition of the address in January, 19—, still left the matter somewhat hazy in their minds, and the results for 19—, while visible, were not as great as had been hoped. The actual payment of the first dividend, about March 1, 19—, had a great effect and ever since the results have been much more satisfactory than before.

We express the hope that our people will make wise use of the dividend, and if they wish to make a deposit, we allow them to go to the savings bank on our time.

However, as the money belongs to them, we do not presume to dictate what they shall do with it, except to insist that any man shall be severely disciplined who uses his money in such a way as to interfere with his regular work.

The following is the text of rules and regulations governing the administration of the plan at the present time:

PROFIT-SHARING RULES, 1914.

THOSE INCLUDED.

All employees except those specially excluded.

PRELIMINARY LIST.

This includes only those who have been continuously in our employ since January 1, 1913. (See list of names in each department.)

PROFIT SHARERS.

This includes only those whose names are on the preliminary list, who shall remain continuously in our employ until March 1, 1915, and whose services shall be satisfactory. Anyone now on the preliminary list who may be discharged, or who may leave our employ before March 1, 1915, will lose all share, even though he may be employed again later on, and his share will be divided among those remaining.

YOUR SHARE.

We propose to divide among the profit sharers a definite percentage of the profits of our business for the year 1914, and this percentage is the same as for the year 1913, except that it has been increased proportionally to the increase in pay roll due to including the employees of our _____ office this year for the first time.

The actual amount of money to be divided will depend entirely on the amount of our profits for 1914. Each profit sharer will share in proportion to the wages he receives during the year. Under no condition shall we be expected to pay any profit sharer more than 20 per cent on his wages for the year.

SICKNESS AND INJURY.

Cases of absence due to sickness shall be decided at our discretion, but no dividend shall be paid on wages not actually received.

In case of injury, a profit sharer shall be considered as having received his regular weekly wages for such weeks as he receives compensation, but such wages shall not be assumed at more than \$20 per week nor for more than 50 weeks.¹

DEATH BENEFIT.¹

In case of death during the year of anyone in good standing on the preliminary list, a death benefit will be paid and deducted from the fund. The amount of the death benefit shall be at our discretion but shall not exceed the dividend rate for 1913 on his estimated wages for the whole year of 1914.

LAY OFFS.¹

Any employee who may be laid off shall be considered as no longer in our employ unless he returns to work within six weeks.

¹ Not in rules of previous years. Suggested by committee of factory employees.

LEAVE OF ABSENCE.¹

Leave of absence for more than six weeks shall be granted only to those who have been in our employ for two years, and only upon application approved by the president, vice president or treasurer.

ASSIGNMENT OF WAGES.

Receipt by us of notice of assignment of wages will cause the individual concerned to lose at least one-third of his profits for the year.

TIME OF DISTRIBUTION.

The profit-sharing dividend will be paid March 1, 1915, or at our earliest convenience thereafter.

The specific proportion of the net profits of the business to be distributed among the employees under this plan is fixed one year in advance, and although this proportion is unknown to the rank and file of the profit sharers, it is communicated to the accounting staff of the establishment. Since the introduction of the plan the relative proportion of profits to be distributed was increased three times. These increases were due wholly to the fact that gradually the plan was extended to include employees who did not benefit under it as originally constituted. In 1904 the foremen and superintendents of the factory were brought under the plan; in 1910, the general, clerical, and commercial forces of the home office of the company; and, finally, in 1913, the general, clerical, and commercial employees of the branch office of the firm. Increases in the proportion of net profits to be distributed were in accordance with the relative proportional increases in the number participating and in the aggregate of the participating pay roll, due to the extension of the plan.

A few points of this plan, it is thought, need somewhat further elaboration: The preliminary list referred to in the text of the plan is made up one year in advance, for instance, for 1914 it is made up on January 1, 1914. On it are listed all employees who have been continuously in the service of the company for one year prior thereto. From this list an estimate is made of the probable total earnings of the prospective profit sharers for the coming year. This estimate is arrived at by multiplying earnings of the participating employees for one normal week by 52. The object of this estimated pay roll is to determine in advance whether an adjustment in the proportion of profits to be distributed should be made, it being the idea of the management that the individual shares of profits of the older employees ought not to be decreased on account of the extension of the plan to a larger number of the working force. By comparing the preliminary or estimated pay roll with the profits of the past year

¹ Not in rules of previous years. Suggested by committee of factory employees.

the management is able to determine one year in advance what it should fix as the proportion of the profits to be distributed during the coming year.

Fourteen months after the preliminary pay roll is made up the final list of participating employees is compiled. At the same time the actual earnings of the employees on the final list are computed. The aggregate of the earnings of the employees on this list is known as the actual pay roll and serves as a basis for the distribution of the year's profits.

The number of employees on the final list and the size of the actual pay roll, as compared with the preliminary list and the estimated pay roll, are considerably smaller, inasmuch as during the intervening year some of the employees leave or are discharged. The difference between the estimated pay roll and the actual pay roll is thus due largely to (1) differences in the amount of production, (2) differences in rates of wages and in number employed during the two years.

The per cent of wages to be paid as profits is then determined by dividing the amount of profits available for distribution by the actual or participating pay roll, the share of each individual then being computed by multiplying the earnings (earnings for overtime work included) by this percentage or dividend.

Conditions of participation as well as of forfeiture of shares in profits by employees are carefully formulated and described, all employees being informed of the exact nature of these conditions one year in advance.

This plan seems to contain relatively little of what might be termed arbitrariness; the rules governing its administration are framed with the assistance of a committee of employees selected by themselves annually. No changes are made in the plan without consultation with and approval by this committee.

Employees under the plan may secure leave of absence from the company. Such leave of absence does not disqualify them from further participation, provided they register with the company before leaving.

As stated above, one year in advance of the actual distribution of profits a preliminary list of profit-sharing employees is made up. This list is revised one year afterwards to eliminate those of the employees on the preliminary roll who for some reason or other have forfeited their shares, by either leave or discharge. The table following shows the differences in the aggregate pay-roll amounts and in the number of participants on the preliminary and actual or participating rolls, as compared with the entire pay roll of the establishment and total employed on the distribution date.

TABLE 10.—NUMBER AND PER CENT OF EMPLOYEES ON THE PRELIMINARY ROLL AND ON THE PARTICIPATING ROLL AND AMOUNT OF SUCH ROLLS COMPARED WITH TOTAL PAY ROLL, BY YEARS, 1901 TO 1914.

Year.	Total employees.	Employees on preliminary roll.		Employees on participating roll.		Total pay roll.	Preliminary pay roll.		Participating pay roll.	
		Number.	Per cent of total employees.	Number.	Per cent of total employees.		Amount.	Per cent of total pay roll.	Amount.	Per cent of total pay roll.
1901.....	158	67	42.4	52	32.9	\$68,304	\$36,500	53.4	\$27,299	40.0
1902.....	169	91	53.8	71	42.0	82,718	47,600	57.5	38,031	46.0
1903.....	218	97	44.5	71	32.6	103,489	50,180	48.5	39,638	38.3
1904.....	227	103	45.4	78	34.4	101,573	56,030	55.2	40,730	40.1
1905.....	288	128	44.4	101	35.1	133,379	68,798	51.6	57,806	43.2
1906.....	371	141	38.0	116	31.3	164,872	78,411	47.6	66,595	40.4
1907.....	313	168	53.7	98	31.3	138,602	93,023	67.1	57,036	41.2
1908.....	222	134	60.4	116	52.3	115,329	79,230	68.7	64,222	55.7
1909.....	341	165	48.4	139	40.8	152,791	92,074	60.3	78,018	51.1
1910.....	425	172	40.5	139	32.7	198,090	100,420	50.7	81,386	41.1
1911.....	387	194	50.1	152	39.2	182,018	114,504	62.9	88,477	48.6
1912.....	428	178	41.5	156	36.4	218,391	113,880	52.1	96,456	44.2
1913.....	567	229	40.4	184	32.5	309,346	159,160	51.5	137,730	44.5
1914.....	456	278	61.0	225	49.3	263,371	196,960	75.6	164,260	62.4
Average.....	326	153	46.9	121	37.2	169,448	92,055	57.7	74,113	46.5

For the period covered by the figures shown in the preceding table, representing the entire life of the plan, the average proportions of the total employed and of the total pay roll that appeared on the preliminary profit-sharing roll were 46.9 per cent and 57.7 per cent, respectively. By postponing the actual participation date one year, the above-given proportions were reduced, on the average, about one-fifth, to 37.2 per cent and 46.5 per cent, respectively. The table shows that at no time during the existence of the plan did the proportion of the total employed that participated in the distributed profits exceed 52.3 per cent. The average proportion that participated during the entire period was slightly above one-third of all employed, namely, 37.2 per cent.

Since the introduction of the plan in 1901, the following profit-sharing dividends on the earnings of the participants were paid:

TABLE 11.—PER CENT OF EARNINGS OF PARTICIPANTS PAID AS PROFIT-SHARING DIVIDENDS, BY YEARS, 1901 TO 1915.

Year.	Dividend (per cent of earnings).	Year.	Dividend (per cent of earnings).	Year.	Dividend (per cent of earnings).
1901.....	11.4	1906.....	18.5	1911.....	9.3
1902.....	14.9	1907.....	18.2	1912.....	11.4
1903.....	12.3	1908.....	9.8	1913.....	12.6
1904.....	7.4	1909.....	9.6	1914.....	10.2
1905.....	12.7	1910.....	10.8	1915.....	8.3

The highest dividend paid under the plan since its inception in 1901 was 18.5 per cent, in 1906; the lowest, 7.4 per cent, in 1904. The average dividend during the entire period was about 12 per cent.

The profit-sharing plan of this company was copied and, with a very few modifications, put into operation in 1915 in the establishment of the ——— Co., with the following results of the first year's operation of the plan:

(1) Proportion participating—per cent of total employed, 54.5; (2) pay roll of participating employees—per cent of total pay roll, 72.5; (3) amount distributed—per cent of total pay roll, 3.6; (4) amount distributed—per cent of pay roll of participating employees, 5.

PLAN NO. 2.

The distinguishing features of the plan designated as No. 2 are: (1) The participation of representatives of the employees in the administration of the plan, as shown in provisions 5 and 6 of the text given below, and (2) the privilege granted to employees to verify the profit accounts of the company through the naming by them of an accountant, the expense of the hiring of which is to be borne jointly by the management and the employees, as shown in provision 4 of the plan.

The plan was put into operation in 1914. As a result of its workings during the following year a profit-sharing dividend of 1 per cent of the earnings of the participants, 84.9 per cent of all employed, was declared.

The text of this plan is herewith reproduced fully:

We, the stockholders of the ——— Co., hereby offer and propose:

1. That after paying all salaries and wages as heretofore and paying all stockholders 7 per cent annually on book value of the stock of the ——— Co., and after creating a sinking fund equal to 5 per cent of our outstanding preferred stock annually (as per our constitution and by-laws), and after taking off a reasonable amount for wear and tear on buildings and machinery, said amount not to be in excess of 5 per cent of the book value of same, we will then take the profits of the said ——— Co. and its branches and divide between the stockholders and the employees of said company according to the ratio that the total pay roll bears to the total capital invested. So that an individual employee earning \$1,000 a year would share equally with the stockholder whose stock has a book value of \$1,000.

2. These profits are to be paid to the employees of said corporation annually, only those employees participating who shall have put in at least nine months of service during the 12 months just previous to the end of the fiscal year.

3. The share of the profits that would accrue to the transient labor shall be used for shop betterment, and if found necessary both the employees and the stockholders will be expected to contribute their share for additional shop betterment from time to time. But no more than 10 per cent of said profits shall be employed in additional shop betterment in any one year.

4. It is understood that the employees are to have the sole naming and employing of a chartered accountant to ascertain the actual profits from year to year. The ex-

TABLE 10.—NUMBER AND PER CENT OF EMPLOYEES ON THE PRELIMINARY ROLL AND ON THE PARTICIPATING ROLL AND AMOUNT OF SUCH ROLLS COMPARED WITH TOTAL PAY ROLL, BY YEARS, 1901 TO 1914.

Year.	Total employees.	Employees on preliminary roll.		Employees on participating roll.		Total pay roll.	Preliminary pay roll.		Participating pay roll.	
		Number.	Per cent of total employees.	Number.	Per cent of total employees.		Amount.	Per cent of total pay roll.	Amount.	Per cent of total pay roll.
1901.....	158	87	42.4	52	32.9	\$88,304	\$36,500	53.4	\$27,299	40.0
1902.....	169	91	53.8	71	42.0	82,718	47,600	57.5	38,031	46.0
1903.....	218	97	44.5	71	32.6	103,489	50,180	48.5	39,638	38.3
1904.....	227	103	45.4	78	34.4	101,573	56,030	55.2	40,730	40.1
1905.....	288	128	44.4	101	35.1	133,379	68,796	51.6	57,606	43.2
1906.....	371	141	38.0	116	31.3	164,872	78,411	47.6	66,595	40.4
1907.....	313	168	53.7	98	31.3	138,602	93,023	67.1	57,036	41.2
1908.....	222	134	60.4	116	52.3	115,329	70,230	68.7	64,222	55.7
1909.....	341	165	48.4	139	40.8	152,791	92,074	60.3	78,018	51.1
1910.....	425	172	40.5	139	32.7	198,090	100,420	50.7	81,398	41.1
1911.....	387	194	50.1	152	39.3	182,018	114,504	62.9	89,477	48.8
1912.....	428	178	41.6	166	36.4	218,391	113,890	52.1	96,456	44.2
1913.....	567	229	40.4	184	32.5	309,346	159,160	51.5	137,730	44.5
1914.....	456	278	61.0	225	49.3	263,371	198,960	75.6	164,360	62.4
Average.....	326	153	46.9	121	37.2	159,448	92,055	57.7	74,112	46.5

For the period covered by the figures shown in the preceding table, representing the entire life of the plan, the average proportions of the total employed and of the total pay roll that appeared on the preliminary profit-sharing roll were 46.9 per cent and 57.7 per cent, respectively. By postponing the actual participation date one year, the above-given proportions were reduced, on the average, about one-fifth, to 37.2 per cent and 46.5 per cent, respectively. The table shows that at no time during the existence of the plan did the proportion of the total employed that participated in the distributed profits exceed 52.3 per cent. The average proportion that participated during the entire period was slightly above one-third of all employed, namely, 37.2 per cent.

Since the introduction of the plan in 1901, the following profit-sharing dividends on the earnings of the participants were paid:

TABLE 11.—PER CENT OF EARNINGS OF PARTICIPANTS PAID AS PROFIT-SHARING DIVIDENDS, BY YEARS, 1901 TO 1915.

Year.	Dividend (per cent of earnings).	Year.	Dividend (per cent of earnings).	Year.	Dividend (per cent of earnings).
1901.....	11.4	1906.....	18.5	1911.....	9.3
1902.....	14.9	1907.....	18.2	1912.....	11.4
1903.....	12.3	1908.....	9.8	1913.....	13.6
1904.....	7.4	1909.....	9.5	1914.....	10.2
1905.....	12.7	1910.....	10.6	1915.....	8.3

The highest dividend paid under the plan since its inception in 1901 was 18.5 per cent, in 1906; the lowest, 7.4 per cent, in 1904. The average dividend during the entire period was about 12 per cent.

The profit-sharing plan of this company was copied and, with a very few modifications, put into operation in 1915 in the establishment of the ——— Co., with the following results of the first year's operation of the plan:

(1) Proportion participating—per cent of total employed, 54.5; (2) pay roll of participating employees—per cent of total pay roll, 72.5; (3) amount distributed—per cent of total pay roll, 3.6; (4) amount distributed—per cent of pay roll of participating employees, 5.

PLAN NO. 2.

The distinguishing features of the plan designated as No. 2 are: (1) The participation of representatives of the employees in the administration of the plan, as shown in provisions 5 and 6 of the text given below, and (2) the privilege granted to employees to verify the profit accounts of the company through the naming by them of an accountant, the expense of the hiring of which is to be borne jointly by the management and the employees, as shown in provision 4 of the plan.

The plan was put into operation in 1914. As a result of its workings during the following year a profit-sharing dividend of 1 per cent of the earnings of the participants, 84.9 per cent of all employed, was declared.

The text of this plan is herewith reproduced fully:

We, the stockholders of the ——— Co., hereby offer and propose:

1. That after paying all salaries and wages as heretofore and paying all stockholders 7 per cent annually on book value of the stock of the ——— Co., and after creating a sinking fund equal to 5 per cent of our outstanding preferred stock annually (as per our constitution and by-laws), and after taking off a reasonable amount for wear and tear on buildings and machinery, said amount not to be in excess of 5 per cent of the book value of same, we will then take the profits of the said ——— Co. and its branches and divide between the stockholders and the employees of said company according to the ratio that the total pay roll bears to the total capital invested. So that an individual employee earning \$1,000 a year would share equally with the stockholder whose stock has a book value of \$1,000.

2. These profits are to be paid to the employees of said corporation annually, only those employees participating who shall have put in at least nine months of service during the 12 months just previous to the end of the fiscal year.

3. The share of the profits that would accrue to the transient labor shall be used for shop betterment, and if found necessary both the employees and the stockholders will be expected to contribute their share for additional shop betterment from time to time. But no more than 10 per cent of said profits shall be employed in additional shop betterment in any one year.

4. It is understood that the employees are to have the sole naming and employing of a chartered accountant to ascertain the actual profits from year to year. The ex-

pense of said accountant to be paid (from profits) before a division is made. In case that for any reason there are no profits to divide, the report of the above-mentioned accountant shall be to the effect that there will be no profits this year for division.

5. The employees of said ——— Co. shall elect a committee of three from each of the following departments to act as a general committee representing the employees:

(a) From the mattress-making department and feather room; (b) from the tick-making department; (c) from the office and shipping department; (d) from the iron-bed department and machine shop; (e) from the first floor woodworking, couch-making, and spring-bed department other than the Way Sagless; (f) from the Way Sagless department; (g) from the brass-bed department; (h) from the traveling men and branch managers.

6. No foreman is eligible to a place on this committee, but the foremen will be invited in by the management at all conferences. Committees for safety and shop betterment will be selected from time to time to cooperate with the general committee.

PLAN NO. 2.

Plan No. 3 contains a peculiar provision for the determination of the individual shares in the divisible profits, the method of determining such shares being rather arbitrary, at the discretion of the employer, there appearing no rules formulated in advance as to how the individual shares will be computed.

Under this plan, the employees selected to participate are given profit-sharing certificates stipulating the total number of shares out of the distributable net profits (the divisible fund consisting of 3,000 shares) to which they are entitled. In April of each year a general account of the profits of the business is made and out of the net earnings, after deducting the usual depreciation, dividend, and interest charges, at least one-fourth is set aside for distribution among profit-sharing employees in such proportions as their respective holdings bear to the total number of shares issued. Those holding certificates less than a year receive a share in the profits proportionate to the length of time they have held their certificates.

Certificates must be surrendered and all benefits cease upon the death of the employee or upon his leaving the service of the company, whether he leaves voluntarily or is discharged, even without justifiable cause, or upon the withdrawal of the certificate from him by the company without the holder ceasing to be an employee. A share of the profits proportionate to the part of the year during which the certificate has been held is given, however, in the event of the death of a shareholder, to his personal representative; or to the employee upon terminating the employment by discharge not for justifiable cause, or upon withdrawal of a certificate by the company.

The results of the operation of the plan in 1914 were as follows: Per cent of total employed participating, 66.8; profit-sharing dividend on the regular earnings of the employees, 14 per cent; cost of the plan to the employer in terms of the entire pay roll of the establishment, 11.7 per cent.

The following is the original text of this plan in full:

First. The company agrees, during the continuance of this agreement, to set apart for division among its employees an amount equal to not less than one-quarter of the net profits of said business; such profits to be determined as hereinafter provided. The amount assigned for distribution is hereinafter called the distributable profits.

Second. The rights to the distributable profits as determined by the company shall be divided into three thousand (3,000) or more shares to be issued from time to time, each share entitling the person who at the close of the profit year is the owner thereof to that proportion of the distributable profits which one bears to the total number of shares issued; and in case such share has at the close of the profit year been held less than a year, to that proportion of one share of such distributable profits which the part of the year subsequent to the date of the issue of the certificate to him bears to a full year.

Third. The distribution of the profit shares shall be made by the company to the employees in such proportions as the company deems advisable. The number of profit shares to be issued may be increased from time to time as the company may deem advisable. The company may at any time in its discretion withdraw profit shares from any holder thereof, even though he remains an employee.

Fourth. Every employee entitled to profit shares shall receive a certificate specifying the number of shares to which he is entitled.

Fifth. Every owner of one or more shares provided for in article second shall have by virtue thereof the following rights and none others, and be subject to the following obligations:

1. The owner of each share on the first day of the profit year (which shall begin some day in April) shall upon the distribution of profits hereunder for the profit year ending the day preceding, receive that proportion of the distributable profits as specified which one bears to the total number of profit shares issued; or, if he has then held the share for less than one year, that fractional part of such distributable profits incident to one share which is proportionate to the part of the year subsequent to the date of issue.

2. Every shareholder shall be bound to accept the determination of the distributable profits made by the company as final and conclusive, and shall have no right to an accounting or to recovery of any profits except such as the company shall determine to be the profits distributable to him.

3. The ownership of each share shall cease upon the death of the owner or upon his otherwise actually ceasing for any cause to be in the employ of the company, whether such owner has voluntarily left the employ or has been discharged, even without justifiable cause; or upon the withdrawal of the share from him by the company without the holder ceasing to be an employee: But upon the death of a shareholder his personal representative, and upon termination of employment by discharge not for justifiable cause, or upon such withdrawal of the share by the company, the employee shall be entitled at the next distribution of profits to receive for each share represented by such certificate the part of the distributable profits incident to one share as determined for the profit year current at the termination of his ownership proportionate to the part of such year during which such employee held such share. Upon termination of employment otherwise than by death or discharge not for justifiable cause, the employee shall not be entitled to any part of the profits for the then current profit year, but may be given such part, if any, as the company thinks fit.

4. Each owner of a share and the personal representative of each deceased shareholder shall upon the termination of his ownership at once surrender his certificate to the company.

5. No share shall be transferable by the owner.

6. The right of a shareholder to receive profits shall not be assignable, and no payment shall be made in accordance with any assignment or order by way of anticipation;

nor shall any profits be payable for any year unless the profit-sharing certificate is presented to the company with request for such payment, not later than three months after the profits are payable, unless otherwise directed by the company.

Sixth. All shares issued to employees shall upon the termination of ownership as above provided revert to the company and shall thereafter be treated as unissued shares, subject to reissue by the company from time to time.

Seventh. For the purpose of this agreement a general account of the profits of the business shall be made up each year as of some day in April. The profits of the company, of which at least one-quarter is to be set apart for the employees, shall be taken to be the net earnings of the company ascertained in the customary manner, and after deducting also the customary depreciation charge, the dividend paid on the preferred stock, and the interest on outstanding scrip.

Eighth. The company reserves among other things the full right to make such modification in the salaries of employees as it sees fit, not inconsistent with the by-laws, and to increase or diminish the number of employees.

Ninth. All property and assets employed or to be employed in the business shall remain the sole and exclusive property of the company, and it shall have full authority and entire control in all matters relating to the business.

Tenth. The company shall have the right to make from time to time such modification in the terms of this plan and agreement as it shall deem fit, and may at any time terminate the agreement and all right to share in the profits. If notice to terminate is given in any year before July 1, it shall operate as of the commencement of the profit year. If such notice is given after July 1 it shall take effect at the close of the then current year.

Eleventh. The rights herein reserved to said company shall inure to and be exercisable by its successors and assigns.

PLAN NO. 4

Plan No. 4 has been in operation several years and is interesting chiefly because of the method used in apportioning the divisible fund to the various groups of the participating employees. Under this plan 52 per cent of the net profits of the business over and above what is assumed to be a moderate return on the investment becomes available for distribution. Over four-fifths of this fund, however, goes to the executive employees—13 in number and about 6 per cent of all employed—the remaining one-fifth being distributed among the rank and file of the working organization. The result of this method of distribution has been that while profit-sharing dividends on regular earnings averaged about 100 per cent for the executive group, these dividends averaged only about 5 per cent for the rank and file of the employees.

Originally the plan applied only to head workmen and a few of the higher executives. In 1892 the plan was extended to cover the clerical employees of the company, and shortly after the productive force was brought under it.

At the present time the company, after paying all the legitimate expenses of the undertaking, including 6 per cent on the capital invested, distributes the remaining net profits as follows:

1. Of the remaining net profits 42½ per cent is paid to a group of executive employees numbering 13, the specific proportion assigned

to each member of this group depending entirely upon the relative importance of his or her position. Of the 13 employees mentioned, seven receive 5 per cent each; one, 2 per cent; two, 1½ per cent each; and three, two-thirds of 1 per cent each of the divisible profits.

2. Ten per cent is divided among the entire working organization, exclusive of the employees above described, the basis of the distribution being the annual earnings of each one of them.

3. The remaining 47½ per cent is paid in extra dividends to the stockholders of the company.

The employees referred to in the first group are chiefly heads and assistant heads of departments and technical men who are selected for participation because of the importance and responsibility of the positions they hold, and because it is thought that upon their individual efforts, more than any other factor, depend the profits of the concern.

All salaried employees become eligible to share in the profits one year after entering the employ of the firm. All other employees must be in the service of the company at least two years before becoming eligible for participation.

The table given below shows the aggregate salaries and shares of profit of the executive employees and of employees other than executive, by years, since 1905.

TABLE 12.—EARNINGS AND SHARES OF PROFITS OF EXECUTIVE EMPLOYEES AND OF OTHER EMPLOYEES, BY YEARS, 1905 TO 1915.

Year.	Executive employees.			Employees other than executive.		
	Salaries.	Profit-sharing dividend.		Wages.	Profit-sharing dividend.	
		Amount.	Per cent of salaries.		Amount.	Per cent of wages.
1905.....	\$20,700	\$17,423	84.2	\$94,500	\$4,839	5.1
1906.....	19,200	17,668	92.0	104,500	5,197	5.0
1907.....	21,000	3,835	18.3	106,000	1,086	1.9
1908.....	19,350	14,985	77.3	114,000	4,534	4.0
1909.....	15,900	13,420	84.4	116,500	5,367	4.6
1910.....	14,500	12,063	73.1	120,500	4,159	3.5
1911.....	16,500	7,875	47.7	121,500	2,715	2.2
1912.....	20,100	32,510	161.7	124,900	10,487	8.4
1913.....	20,100	20,721	103.1	139,900	6,682	4.8
1914.....	22,500	36,931	164.1	150,500	10,251	6.8
1915.....	33,300	58,830	176.7	158,700	13,681	8.7
Average.....	20,468	21,476	104.9	123,655	6,273	5.1

The average profit-sharing dividend for the executive employees for the last 11 years of the operation of the plan was 104.9 per cent of the average amount paid as salaries; i. e., they received more in profits than in salaries, the dividends of individual years varying considerably, from 18.3 per cent of the salaries in 1907, to 176.7 per cent in 1915.

The average profit-sharing dividend of employees other than executive for the years 1905 to 1915 was 5.1 per cent of the wages received, the dividends of specific years varying from 1 per cent of the wages in 1907 to 8.7 per cent in 1915.

The relative numerical strength of the two groups of participants is shown in the following table, by years:

TABLE 13.—NUMBER AND PER CENT OF EMPLOYEES PARTICIPATING IN PROFIT SHARING, AND NUMBER AND PER CENT OF PARTICIPANTS BELONGING TO EACH SPECIFIED CLASS, BY YEARS, 1905 TO 1915.

Year.	Total employees.	Employees participating in profits.					
		Executive employees.		Employees other than executive.		Total.	
		Number.	Per cent of total participating.	Number.	Per cent of total participating.	Number.	Per cent of total employees.
1905.....	182	9	7.3	114	92.7	123	67.6
1906.....	190	9	7.0	119	93.0	128	67.4
1907.....	202	10	7.9	116	92.1	126	62.4
1908.....	210	10	7.0	133	93.0	143	68.1
1909.....	215	8	5.2	145	94.8	153	71.2
1910.....	200	8	5.6	134	94.4	142	71.0
1911.....	201	8	5.8	131	94.2	139	69.2
1912.....	236	10	6.6	142	93.4	152	64.4
1913.....	240	10	6.7	140	93.3	150	62.5
1914.....	245	11	7.0	147	93.0	158	64.5
1915.....	255	13	6.8	178	93.2	191	74.9
Average.....	216	10	6.6	136	93.4	146	67.6

Since 1905 the ratio of participating executives to participants in all other occupations was, on the average, 6.6 to 93.4, the annual variations presenting no violent fluctuations from the stated mean. During this period an average of 67.6 per cent of all employees participated in the profit sharing.

The following table shows how the divisible fund has been apportioned among the two groups of participants since 1905, by years:

TABLE 14.—AMOUNT AND PER CENT OF TOTAL PROFIT-SHARING FUND RECEIVED BY EACH CLASS OF EMPLOYEES, BY YEARS, 1905 TO 1915.

Year.	Total fund.	Received by executive employees.		Received by all other employees.	
		Amount.	Per cent.	Amount.	Per cent.
1905.....	\$22,202	\$17,423	78.3	\$4,839	21.7
1906.....	22,865	17,068	77.3	5,197	22.7
1907.....	4,931	3,835	77.8	1,096	22.2
1908.....	19,499	14,965	76.7	4,534	23.3
1909.....	18,787	13,420	71.4	5,367	28.6
1910.....	16,222	12,063	74.4	4,159	25.6
1911.....	10,590	7,875	74.4	2,715	25.6
1912.....	42,907	32,510	75.6	10,487	24.4
1913.....	27,403	20,721	75.6	6,682	24.4
1914.....	47,182	36,931	78.3	10,251	21.7
1915.....	72,511	56,830	81.1	15,681	18.9
Average.....	27,760	21,476	77.4	6,278	22.6

The annual divisible profits for a period of 11 years were apportioned among the two principal groups of participants—executives and “all others”—on the average in the ratio of 77.4 to 22.6.

The results of the working of the plan as a whole for a period of 11 years may briefly be summarized as follows: The executive group of employees—on the average 6.6 per cent of all participating, received over three-fourths of the entire divisible fund, while all other profit sharers, numbering over 90 per cent of the total force, received, on an average, slightly less than one-fourth of the fund, the so-called profit-sharing dividends on annual earnings of the respective groups having been 104.9 per cent and 5.1 per cent, respectively.

PLAN NO. 5.

Under plan No. 5 all the net profits of the business over and above a 6 per cent return on the capital invested is distributed between the participating employees and the firm on the basis of the earnings of the employees and the interest on the capital invested. The object of the plan, however, is not to augment the current earnings of the employees, but rather to create for the participating employees an annuity to become available at the time when their productive powers begin to decline.

This company was organized in 1873, but the subject of profit sharing, although under discussion for some years, was not formally brought to the attention of the stockholders until their annual meeting of January 31, 18—, when the matter was discussed and a special committee of three appointed to draw up such a plan for consideration at the next meeting of the stockholders, to be held one week later, February 7, 18—. The appointed committee on profit sharing then submitted a plan which was, after considerable discussion, adopted by a vote of 653 to 321. At this meeting it was also unanimously decided to pay each man who had been in the company's employ during the previous year, in cash, 10 per cent of his annual earnings for the year.

On February 24, 18—, there was held a special meeting of the stockholders at which it was voted to increase the capital stock of the company to \$300,000, \$200,000 of which was to be known as preferred and fully paid up, and \$100,000 as common stock to be issued on a profit-sharing plan to capital and labor. At the beginning of each year an inventory was to be taken showing all assets and liabilities, and the net amount by which the assets exceeded the liabilities was to be considered the net gain or profit of the business for the preceding year. Ten per cent of this net profit was to be set aside as a sinking fund, and the remainder to be divided, the individual shares of the employees to be paid 15 per cent in cash and 85 per cent in the common stock of the company, only those of the employees to participate in the profits who were in the company's employ for at least two years. This plan

was unanimously adopted and constitutes the first real profit-sharing plan adopted by the company, the mentioned distribution of 10 per cent on the earnings of the preceding year having had no direct relation to the profits of the business.

No changes of any significance were made in this plan until 1904 when the relative proportions of each share of an employee's profits to be paid in cash and stock were changed from 15 and 85 to 10 and 90, respectively.

In 1910 the plan was again revised, the new amendments prohibiting employees from disposing of their profit-sharing stock to outsiders before offering it to the company on conditions stipulated in paragraphs 26 to 40 of the plan reproduced below.

The provision of the so-called purchase contract prohibiting the sale of profit-sharing stock to outsiders was due chiefly to the fact that some of the employees were in the habit of selling their stock far below its real value, a fact resulting, it was said, in (1) outsiders getting hold of stock of the company in which they had only a speculative interest—a very undesirable fact from the point of view of the management, and (2) great benefits to these outsiders because the stock, intrinsically, was worth more than the amount sold for by the employees. Outsiders thus “were getting profits that they did not help to make.” By prohibiting such sales the company prevented stock of the company from falling into hands of “absentee owners” and appropriated for the benefit of the organization profits that would otherwise have gone to outsiders.

The following is a brief summary of the principal features of this plan:

“Partial” wages are paid to factory employees weekly and to the office staff monthly; the “remaining” wages are paid to “honorary” employees in the manner outlined below. “Honorary” employees are those who have been continuously in the employ of the company for 4,500 hours (2 years), and who have contractually agreed to deposit with the company all stock they may receive as “remaining” wages. “Partial” wages are here understood to be the customary wages paid to the same kind of labor in similar establishments; the “remaining” wages, which seem to be regarded by the firm as being in the nature of deferred wages, are to be considered the share in profits.

To determine the profits and the “remaining” wages of the year, an inventory is taken on January first of each year, of all assets, excluding accrued interest, and all liabilities, including stock-purchasing fund¹ and sinking fund, and the face value of stock outstanding.

In case of a loss it is to be drawn from the sinking fund. Profits are to be distributed in the following manner:

¹ The money set aside for the stock-purchasing fund is only temporarily withheld from being paid in remaining wages and extra preferred dividends. Whatever is taken from the purchasing fund to buy stock is distributed at the end of the year in remaining wages and extra preferred dividends.

(1) A dividend of 5 per cent, payable in advance out of the sinking fund, is received by the preferred stockholders; thus the first charge is used to recoup the sums taken out of the sinking fund for dividends on preferred stock.

(2) Five per cent dividend is then to be paid on the common stock.

(3) Five dollars are paid into the stock-purchasing fund for every share of stock on deposit with the company.

(4) Ten per cent of the amount then remaining is paid into the sinking fund.

(5) The other 90 per cent is paid to the preferred stockholders as an extra dividend and to the "honorary" employees as remaining wages, the amounts paid to each individual being in proportion to his dividends or his "partial" wages, as the case may be. Nine-tenths of such extra dividends or "remaining" wages is paid in common stock, the remaining one-tenth in cash, on December 1 following.

If, in any year, the amount of the extra preferred dividends and "remaining" wages is greater than the regular 5 per cent preferred dividend and the "partial" wages, such surplus goes to the stock-purchasing fund.

An employee ceases to be an "honorary" employee and thereby relinquishes his claims upon "remaining" wages if he sells his stock or draws it out of deposit, leaves the employ of the company, or is discharged, or is absent for a week or more without leave. He also forfeits the cash part of his bonus if he leaves the service of the company or is discharged before October 1. If an employee is engaged by a competitor or works for himself or for others for five years, his stock may be purchased by the company without his consent.

After 25 years of service employees may retire; such employees may retain their shares as long as they are on the retired list and continue to receive the sum of \$5 per share annually, in addition to dividends, toward the purchase of the same. Payments are made out of the stock-purchasing fund and must not exceed 15 in number.

Only active employees may deposit their stock with the company under the purchase contract. Employees permanently injured or contracting a fatal illness may not deposit their stock after such injury or after the beginning of such illness.

The profit-sharing plan as outlined above applies only to employees working in the main factory at _____, and does not include salesmen or employees away from the main plant. A similar but less liberal form of profit sharing is practiced at the branch houses of the firm.

Herewith is reproduced in full the text of this plan:

(1) *Resolved*, That the preferred stock be paid a 5 per cent annual dividend quarterly in advance on the 1st day of January, April, July, and October, the same to be taken from the sinking fund.

(2) That the employees of the factory proper be paid partial wages weekly and office employees partial wages at the end of each month, which shall be full compensation for their services until they are entitled to remaining wages (see pars. 9, 20, 21, and 22); the remaining wages of the honorary employees to be fixed at the end of each year after the results of the year are known.

(3) To determine the remaining wages an inventory shall be taken January 1 of each year of all assets, excluding accrued interest, and all liabilities, including stock-purchasing fund (see pars. 7, 10, 11, 12, 32, and 34) and sinking fund (see par. 8) and the face value of stock outstanding without deducting the indorsements on stock on deposit.

(4) In case the liabilities exceed the assets, the loss shall be drawn from the sinking fund; but if the assets are greater than the liabilities the excess shall be used as follows:

(5) 1. To replace the amounts taken from the sinking fund during the year for preferred stock dividends. (See par. 1.)

(6) 2. To pay a 5 per cent annual dividend on common stock; the same to be paid quarterly on the 1st day of March, June, September, and December.

(7) 3. To pay into a stock-purchasing fund \$5 for every share of stock on deposit with the company January 1, subject to the purchasing contract. (See par. 26.)

(8) 4. Ten per cent of the amount yet remaining shall be added to the sinking fund. Nothing shall be drawn from the sinking fund except to pay preferred stock dividends and losses in a year's business.

(9) 5. The other 90 per cent shall be paid to the preferred stockholders as an extra dividend, and to the honorary employees of the company December 31 (see pars. 20, 21, and 22) as remaining wages; the amounts going to the several individuals to be proportional to their 5 per cent dividend on their preferred stock and their wages as honorary employees at their partial hourly wage rates. Nine-tenths of the total amount paid as extra preferred dividend and remaining wages shall be paid in common stock, figured at par as soon as possible after the inventory is completed and the other one-tenth shall be paid in cash on December 1. (See par. 24.)

(10) In no year shall the amount paid in extra preferred dividends and in remaining wages exceed the partial hourly wages and the regular 5 per cent preferred dividends. If the amount to be paid should be greater, the excess shall be added to the stock-purchasing fund.

(11) The stock-purchasing fund shall be increased by the amount each purchase of stock by the company is less than par.

(12) The stock-purchasing fund in excess of five times the last annual indorsement on retired employees' stock (see par. 32) may be used to purchase stock on deposit. (See par. 34.)

(13) The stock-purchasing fund shall not be used for other purposes than described in paragraphs 12, 32, and 34.

(14) No stock certificates shall be issued for less than \$100. The fractional amounts due in stock, which can not be issued in full shares, shall be known as stubs and combined into whole shares and sold at the annual meeting to the employees, owners of preferred stock, and the company.

(15) The number of shares so sold shall be the sum of the stubs divided by 100, less the decimal.

(16) Each bid shall be in writing and give the name of the bidder, the number of shares he will purchase, and the price he will pay per share.

(17) The highest bidder shall be awarded the number of shares he has bid for; the next highest bidder his, and so on, until all the shares are disposed of. Should there not be sufficient bids to take all the stock, then more bids shall be asked for and the directors may instruct the secretary then to put in a bid for the company. The bidding shall continue until all the shares are sold.

(18) The proceeds of the sale shall belong to the company and they shall pay the stub owners such a per cent of the face of their stub as the total amount received for the stub shares bears to the total face value of the stub shares sold.

(19) On March 1 the stub shares shall be issued and payment for them received by the company and amounts due the owners on stubs paid.

(20) Any person who has been continuously in the employ of the company at the factory for 4,500 hours and has contracted to place on deposit with the company subject to the purchase contract (see par. 26) all stock he may receive as remaining wages shall thereupon become an honorary employee.

(21) Any person shall be deemed to have quit the employ of the company who has absented himself from his work for one week or more, without first obtaining leave of absence from the superintendent.

(22) Any person who shall sell any of his stock or draw it out of deposit (see par. 35), who quits the employ of the company or who has been discharged ceases to be an honorary employee and is not entitled to remaining wages for that year unless reinstated by a vote of the directors.

(23) The fixing of all partial wages and salaries, and the hiring and discharging of employees shall be done by the general manager, superintendent, or such other officer as the company may designate.

(24) Any person who shall quit the services of the company or be discharged prior to October 1 in any year shall forfeit the cash due him on December 1 for remaining wages. (See par. 9.) This does not apply to persons going onto the retired list.

(25) Any employee whether at the factory in _____ or elsewhere may deposit his stock with the company and receive the benefits resulting from so doing by signing the following contract:

PURCHASE CONTRACT.

(26) Contract between the _____ Co. of _____, hereafter designated as the company and _____ of _____, hereafter designated as the owner.

(27) This certifies that the owner has deposited with the company _____ shares of the _____ Co.'s common stock herewith attached under the following conditions:

(28) The owner agrees that when he sells this stock, he will sell to the company at the market price less all indorsements¹ made on it.

(29) The market price shall be determined by the directors by adding together the amounts received for the last 100 shares of the stock sold for cash, the price of which is definitely known, and dividing by 100.

(30) The owner agrees that the company may, by vote of the directors, purchase this stock without his consent at the market price when he enters the employ of a competitor or has engaged actively in work for himself or for others for five years. (See par. 39.)

(31) If the owner works for the company until he retires and does not again actively engage in work for himself or for others, then the company may not purchase the stock without the owner's consent so long as he lives.

(32) In consideration of placing this stock on deposit under contract to sell, the company agrees to pay March 1 of each year from the stock-purchasing fund (see para. 7, 10, 11, 12) to the owner, after he is retired and so long as the owner's name continues on the retired list, \$5 per share toward the purchase of the same, but the company will not make more than fifteen payments or a total of \$75 per share.

(33) In case the stock-purchasing fund is not sufficient to indorse \$5 on every share entitled to the indorsements, the directors shall decide what shares shall be skipped.

(34) The company agrees to purchase this stock whenever the owner requests it at the market price, less the indorsements if the market price is not above par, and if they have money in the stock-purchasing fund to purchase with.

¹ By "indorsement," as stated in par. 36 of the plan, is meant the \$5 per share mentioned in par. 32.

(35) In case the owner makes a written request to the treasurer for the company to purchase this stock and the company does not purchase in thirty days, then the owner may take the stock out of deposit by paying back to the company the indorsements and \$5 per share.

(36) If the market price at the time this stock is sold is less than the indorsements, it shall not be necessary for the owner to refund anything to the company.

(37) The fact that indorsements have been made on the stock, even the full amount of \$75, shall not prevent the owner from drawing his full common-stock dividends nor voting his shares.

(38) When the owner has worked for the company 25 years, he may retire and his name shall be placed on the retired list and can not be removed so long as he does not again engage actively in work.

(39) This matter of again engaging actively in work is to be decided by the directors on the merits of the case. In general, a man who earns annually less than one-half the living expenses of himself and those dependent on him shall not be considered engaging actively in work.

(40) Persons who have been in the employ of the company 20 years, persons 60 years old, and persons who have been injured at the company's work to such an extent that they can no longer earn a living may be retired and their name placed on the retired list by the directors.

EXPLANATION.

As an example of what the new resolution will do for employees, suppose a man begins to work when he is 28 and gets his first stock when he is 30 years old. If for 25 years he receives an average of three shares of stock a year he will when he is 55 have \$7,500 of stock. If he then retires his income from the dividends on the stock will be \$375 a year and from the \$5 a share indorsements it will also be \$375 a year or a total of \$750 a year. This will continue for 15 years or until he is 70 years old, when the indorsements will cease but the \$375 dividends will continue as long as he lives.

The money set aside for the stock-purchasing fund is only temporarily withheld from being paid in remaining wages and extra preferred dividends. Whatever is taken from the purchasing fund to buy stock is divided up at the end of the year in remaining wages and extra preferred dividends.

The interest on the \$5 indorsements, from the time they are made until the stock on which they are made is bought is a drain on the annual division, but it is probable the profit in purchasing stock below par will offset this several times.

It is not expected that the purchase fund will be more than sufficient to pay the indorsements on retired employees' stock and to purchase stock thrown on the market through death and broken health. Stock thrown on the market by able-bodied men quitting, panicky times, and bad years in our business, will have to be purchased with the company's other resources, withdrawn from deposit and sold outside, or remain unsold. When there is stock waiting to be purchased and the purchase fund is not sufficient to purchase all of it, then naturally the stock with the most indorsements would be purchased first.

After bad years in our business and in panicky times probably much stock will be on the market. Then outside buyers will be scarce and offer less than the prices determined according to paragraph 29. This price will therefore then be higher than the true market.

The company does not bind itself to buy stock except when there is money in the purchasing fund with which to buy. (See par. 33.)

If there is nothing in the purchasing fund to purchase with, then the company may, if they see fit, use such other funds as they may have to purchase stock on or off deposit and offer any price they may see fit.

If the company were to buy all of its stock at par it would have to sell all its notes, mortgages, bonds, merchandise, buildings, and land and go out of business.

Each share bought reduces the size of the company \$100. They must make improvements and they should use so much of their annual gain for improvements and expansion as seems wise, and only what is left to buy stock. At present the purchasing fund provided for by the by-laws seems to be all that should be set aside annually for that purpose. It can be increased or diminished as future experience seems to indicate.

It should also be observed that only that part of the purchase fund in excess of five times the last annual indorsement on stock on deposit can be used to purchase stock.

Should it happen for a series of years that the company did not make even enough to pay its common-stock dividends, yet the purchase fund would be sufficient to pay the indorsements on retired employees' stock for about five years and maybe much longer as the company might, during this time, accept some desirable bargains in stock and pay for them with funds other than the stock-purchasing fund and whatever the purchase was below par would be added to the purchase fund and make more indorsements possible on retired employees' stock.

Only active employees may deposit their stock with the company under the purchase contract. Employees permanently injured or contracting a fatal illness may not deposit their stock after such injury or after the beginning of such illness.

The following table shows the profit-sharing dividends on earnings paid to participating employees since 1899, by years:

TABLE 15.—PER CENT OF EARNINGS PAID AS DIVIDENDS IN PROFIT-SHARING PLAN, BY YEARS, 1899 TO 1914.

Year.	Dividend (per cent of earnings).	Year.	Dividend (per cent of earnings.)	Year.	Dividend (per cent of earnings).	Year.	Dividend (per cent of earnings).
1899.....	60.3	1903.....	69.1	1907.....	100.0	1911.....	47.0
1900.....	82.7	1904.....	28.5	1908.....	78.0	1912.....	75.0
1901.....	73.8	1905.....	91.1	1909.....	100.0	1913.....	70.0
1902.....	98.4	1906.....	120.0	1910.....	100.0	1914.....	90.0

The lowest dividend paid, 28.5 per cent, was paid in 1904, while the highest, 120 per cent, was paid in 1906. Fourteen times out of sixteen the percentage dividend on wages exceeded 60 per cent of the regular earnings of the participants.

The table following shows the proportion of the total employees participating in the profits each year since 1899:

TABLE 16.—NUMBER AND PER CENT OF EMPLOYEES PARTICIPATING IN PROFITS, BY YEARS, 1899 TO 1914.

Year.	Total employees.	Employees participating in profits.		Year.	Total employees.	Employees participating in profits.	
		Number.	Per cent.			Number.	Per cent.
1899.....	55	34	61.8	1907.....	142	72	50.7
1900.....	55	45	81.8	1908.....	138	97	70.3
1901.....	65	55	84.6	1909.....	153	98	64.1
1902.....	100	53	53.0	1910.....	161	106	65.8
1903.....	79	51	64.6	1911.....	154	124	80.5
1904.....	90	64	71.1	1912.....	149	116	77.9
1905.....	96	64	66.7	1913.....	154	117	76.0
1906.....	120	64	53.3	1914.....	161	113	70.2

The percentage of the total employed that participated in the distributed profits during the period of 1899 to 1914 varied from 50.7 (the lowest) in 1907 to 84.6 (the highest) in 1901. In the distribution of 1914, 113, or 70.2 per cent of the total employed, participated. Over 80 per cent of the participating employees during that year were engaged in mechanical and manual occupations.

On December 31, 1914, as a result of the working of the plan, employees of the company held 67.8 per cent of the entire common stock, being in the possession of 54.1 per cent of the entire capitalization of the concern.

PLAN NO. 6.

Under the plan presented below it is the usual practice of the management to invest the accumulated shares of profits of the individual participants in the common or preferred stock of the company at the prevailing market quotations.

The bonus, or "premium" as it is called, credited to employees is a percentage of their total salaries or wages for the past year equal to the rate of interest paid on capital for the same year.

Whenever the accumulated "premiums" are sufficient to buy one or more preferred shares of the capital stock of the employing company at the then market price, the president of the company may either (1) pay to the employee in cash the amount of such premium or premiums, or (2) may purchase one or more such preferred shares for the employee; the latter form of "premium" payment is invariably adopted. Any balance remaining to the credit of the employee after such shares have been purchased bears 4 per cent interest.

Only those employees who have been in the employ of the company for one year before the beginning of any fiscal year take part in the apportionment which is made; thus an employee must be two years with the company before he receives any part of the profit-sharing fund.

The directors, with the advice of foremen and "others in a position to judge," determine which of the employees are entitled to receive premiums, which should include those who have shown "the greatest regularity, intelligence, and energy in the company's business"; likewise the board of directors reserves the right to fix at their discretion the number of profit sharers.

The company believes that these restrictions are very necessary to the success of the scheme, as they prevent "the employees from accepting the apportionment merely as an increase of their salary, instead of a reward for actual merit applicable only to the best employees."

Employees discharged or voluntarily leaving the service of the company before the end of the fiscal year forfeit their rights to premiums

for the current year, but receive any balance due them for premiums of the previous year.

Shares bought for employees are their absolute property, and they may sell them at any time. An employee intending to sell his shares, however, is obliged to notify the company in writing on a blank especially designated for that purpose, and if the sale does not meet with the approval of the directors, the employee selling the stock may be dropped from the list of profit sharers for at least one year.

Additional cash payments toward the purchase of the stock may be made by the employee, such payments drawing 4 per cent interest.

In 1911 the company invited the nomination, on the part of the profit-sharing employees, of a representative of their own selection to serve on its board of directors.

Since the date of the origin of the plan, dividends on annual earnings ranging from 7 per cent (the lowest) to 9 per cent (the highest) have been paid. No figures showing extent of participation from the inception of the plan to 1910 are available. The following are the percentages of total employed that have participated in the divisible profits since 1910: In 1911, 64.5 per cent; in 1912, 49.8 per cent; in 1913, 56 per cent; and in 1914, 62.6 per cent. As a result of the workings of this plan for a period of eight years, 1907 to 1914, 3,147 shares of common stock of the company, valued at over \$280,000, have been acquired by the employees.

PLAN NO. 7.

The founder and principal owner of the business in which plan No. 7 has been in operation for more than 25 years is considered one of the foremost students of the problem. His plan is said to embrace the most successful method used in the application of the profit-sharing principle in business and industry.

The plan as it stands at present—1915—contains the following principal features: (1) Capital receives only what is considered a moderate return; (2) the surplusage of net profits over and above the return on capital is to be distributed to participating employees and consumers, but this surplusage does not automatically go to the beneficiaries of the plan. It goes instead to a so-called surplus fund out of which the moneys to be distributed, in amounts to be determined at the end of each year by the president of the company, are taken. As a result the fact that as a rule not all the available profits are distributed, the amount of money that has accumulated in the fund mentioned is at the present time equal to about one-half of the entire capitalization of the company. This fund presumably belongs to the company. Thus, as a matter of actual practice, not all of the profits of the company over and above the specified return on capital are utilized for profit-sharing purposes.

The original plan of this company provided that after allowing 7 per cent interest on the capital invested the remaining profits should be divided between capital and labor on the basis of the total capital invested and the total amount of wages paid, each employee's share being in proportion to his earnings for the year. Only employees who had been in the company's employ six months or more were to share.¹

Originally the shares of profit were paid in cash or, at the option of the employee, stock was issued to him. After three years the rule was adopted by the company to pay the whole share in stock, which system is still in vogue. Dividends on profit-sharing stock are paid in cash. This applies to stock certificates as well as to stock for which no certificate has as yet been issued.

The most important change of all in the general nature of this plan occurred in 1905 by the elimination of extra dividends above 6 per cent to capital and the substitution of profit sharing for consumers on the basis of the gross profits on the purchases of the individual consumer during the year.

Under the plan as amended in 1905 and still in force, capital is to receive a fixed rate of interest, 6 per cent; provision is made for depreciation, bad debts, and the creation of a surplus fund out of which, at the discretion of the firm, shares of profits are to be paid to employees and consumers on the basis specified in the preceding paragraph.

Employees' shares of profits under this plan are termed "dividend, credit balance." Since 1905 the profit-sharing balances accumulating during the first three distribution periods are being transferred to the employees in common stock of the company in amounts corresponding to accumulated profit-sharing dividends. Thus an employee receiving his share of profits for the first time in January, 1911, would get only credit balances on the books of the firm until January, 1914, when a certificate of stock would be given to him for the accumulated amount. During these three years, if he leaves the service, voluntarily or by discharge, he loses all the profit-sharing credit balances accumulated during the entire periods, retaining, however, the cash dividends of 6 per cent which are paid to him on blocks of stock corresponding from time to time to his credit balances. Employees leaving the employ of the firm after having been under the plan three years or more retain their acquired stock and may dispose of it at pleasure.

Originally shares of profit were paid all in cash, but since the second year, in order "to make the profit-sharing plan assure an increasing permanency of the working force," shares are being paid all in stock. As

¹ At the present time the teamsters employed by this company in connection with its main commercial office are excluded from the benefits of the plan because through unionization and subsequent strikes their wages are "unusually high."

stated, after three years certificates of stock are issued to employees in amounts aggregating accumulated profit-sharing dividend balances up to even hundreds of dollars. Balances above even hundreds are credited subsequently to employees' accounts for a year or two and frequently canceled—that is, forfeited, as far as employees are concerned. It must be stated, however, that before any part of the so-called credit balance is canceled, the employee is given an opportunity to pay in the additional amount up to \$100 that will buy a share of common stock of the company at par. As a matter of practice, if the balance to be paid in cash by the employee is not over \$25 or \$30 he pays it, thus acquiring an additional share of stock. If the amount to be paid in cash is over \$25 or \$30, employees usually prefer to forfeit the balance. The common stock of the company in which shares of profits are paid is not listed on any stock exchange—that is, is not on the market. It is issued to participating employees at par, \$100, and bears 6 per cent interest. Its actual value at the present time, based upon assets of the corporation, is about \$160.

One of the recent provisions of this plan prohibits employees while still in the employ of the company from selling their profit-sharing stock. In cases of real urgency and upon application made by individual employees, the company sometimes buys the employees' stock, in whole or in part.

Although, in a general way, all the details of the plan were formulated in 1905, as a matter of practice the one factor definitely fixed is that specifying that after all expenses, including 6 per cent on capital, are paid the remaining net profits are to go to a surplus fund, which is cumulative from year to year and out of which the divisible profits are to come. The specific amount to be distributed is determined by the company at the end of each distribution period and depends chiefly upon "general prosperity of the business." As a matter of fact, the management in determining the amount to be distributed is usually guided by the profit-sharing dividend paid the year before. At times, when the company, on account of a poor business year, can not pay a considerable dividend, the surplus moneys accumulated in the above-mentioned fund may be utilized to augment the dividend of the current year. As will be shown below, this was done in 1904. It was stated, however, that the fund is to be utilized only to the extent of about one-tenth of the total contemplated distribution for any specific year.

Since 1905 only about two-thirds of the nominally divisible profits were actually paid out to participating employees and consumers. There thus remains on hand a surplus fund of \$750,000, equal to about one-half of the total capitalization of the company. This fund, according to the statement of the company, may be utilized in the manner following.

1. To meet general emergencies—commercial, financial, or otherwise.
2. To augment the available amount of money for purposes of distribution among employees and consumers.

That the former utilization of this fund seems to be the paramount one may be inferred from the fact, mentioned elsewhere, that in 1914, with this fund amounting to over half a million of dollars, the annual profits of the company were not considered sufficiently large to warrant a profit-sharing distribution.

No statistical data illustrating the workings of the plan between the year the plan was put into operation and 1896 were available. In the first year employees of the company were notified that the net profits of the business, "after allowing a commercial rate of interest on capital," would be apportioned equally between capital and labor, "to the first upon the basis of the investment and to the second upon the basis of the earnings of the participating employees." Owing to the big strike on the railroads the first year proved to be a very lean one and the profits made during that year allowed a profit-sharing dividend to the employees of only 5 per cent. The next year a dividend of 10 per cent was paid. It was then announced that thereafter profit-sharing dividends would be paid in common stock. The dividends continued at from 8 to 10 per cent until 1892, when they fell to 4 per cent. Because of the disturbance of business due to the panic of 1893 no profits were paid till the end of 1904, when a retroactive 4 per cent dividend on the earnings of employees for the period of 1896 to 1904 was declared. The following table shows the profit-sharing dividends paid to participating employees under the plan since 1905:

TABLE 17.—PER CENT OF EARNINGS PAID AS DIVIDENDS UNDER THE PROFIT-SHARING PLAN, BY YEARS, 1905 TO 1915.

Year.	Divi- dends (per cent of earn- ings).	Year.	Divi- dends (per cent of earn- ings).
1905.....	15	1910.....	10
1906.....	25	1911.....	10
1907.....	30	1912.....	15
1908.....	20	1913.....	10
1909.....	20	1915 ¹	10

¹ No dividend paid in 1914.

The highest per cent of dividend ever paid under the plan, 30 per cent on the annual earnings of the participants, was distributed in 1907. During the year 1914 the profits of the business were not considered sufficiently large by the management to warrant a profit-sharing dividend. In 1915 a profit-sharing dividend of 10 per cent was distributed.

The records of the company, with the exception of those for the years 1913 and 1915, do not permit any detailed analysis of the extent of participation in all of the branch establishments of this company, located in different parts of the United States. For the above-mentioned two years the percentages of the total employed that participated in the distributed profits were 67.7 and 74, respectively. Slightly over three-fourths of the participants in 1915 were engaged in occupations other than executive, clerical, or sales—that is, belonged to the mechanical and manual forces of the organization.

The following table shows the extent of participation in the commercial and manufacturing departments of the main plant of the company during the five years ending December 31, 1915, and in the establishment as a whole for 1913 and 1915:

TABLE 18.—NUMBER AND PER CENT OF EMPLOYEES IN THE MAIN PLANT PARTICIPATING IN PROFIT SHARING, BY DEPARTMENTS, AND PER CENT OF TOTAL EMPLOYEES PARTICIPATING, BY YEARS, 1911 TO 1915.

Year.	Main plant.						Per cent of total employees participating.
	Commercial department.			Manufacturing department.			
	Average number employed.	Participating in profit sharing.		Average number employed.	Participating in profit sharing.		
		Number.	Per cent.		Number.	Per cent.	
1911.....	138	117	84.8	269	239	88.8	(1)
1912.....	137	114	83.2	267	231	86.5	(1)
1913.....	142	99	69.7	244	224	91.8	67.7
1915 ²	140	117	83.6	216	210	97.2	74.0

¹ Not reported.

² No dividend paid in 1914.

The proportion of the total employed in the commercial department of the main plant that participated, clerical and commercial employees mostly, varied from 69.7 per cent (the lowest) in 1913, to 84.8 per cent (the highest) in 1911. The proportions in the manufacturing department participating—all manufacturing employees—were considerably larger, the lowest having been 86.5 per cent in 1912, and the highest 97.2 per cent in 1915. In 1914 no dividends were paid.

The relatively larger permanency of the manufacturing employees, as shown by the higher proportion of participants among them—the only prerequisite for participation being continuous service for six months—may be accounted for by the fact that the company in connection with this manufacturing department is carrying on numerous schemes of welfare work and cooperation for the benefit of the employees, the city in which the plant is located being one of the very few cooperative colonies in existence in the United States at the present time.

For the years 1913 and 1915 the extent of participation in the establishment as a whole is shown, no complete data being available for other years. The proportions participating were somewhat lower than in the commercial department of the main plant and considerably lower than in the manufacturing department of that plant. Over two-thirds of the total employed participated in the profits distributed during the year 1913 and nearly three-fourths during 1915.

The following table shows the respective proportions of the outstanding common and preferred stock of the company that were owned by employees, chiefly as a result of the operations of the profit-sharing plan, on December 31, 1915.

TABLE 19.—AMOUNT AND PER CENT OF STOCK OWNED BY EMPLOYEES.

Kind of stock.	Outstanding value.	Stock owned by employees.		Number of employees owning stock.
		Amount.	Per cent of total.	
Common.....	\$1,019,800	\$269,150	26.4	355
Preferred.....	132,800	16,275	12.2	65

Of the total issued common stock 26.4 per cent, and of the total issued preferred stock 12.2 per cent, was in the possession of employees of the company on December 31, 1915. Of the total number employed 420, or about 60 per cent, were stockholders of the company on the mentioned date. Employees thus owned and controlled 24.7 per cent of the total capitalization of the company. Inasmuch as preferred stock may not be acquired as shares in the profits (all such shares being paid in common stock) the proportion of the total capital of the company acquired by its employees through the operation of the profit-sharing plan is 23.3 per cent, or nearly one-fourth.¹

PLAN NO. 8.

The significance of plan No. 8 lies in the fact that it is the only plan in operation in the United States at the present time under which the participating employees have to obligate themselves to participate in the possible losses of the business, the entire arrangement taking the form of a legal obligation on the part of all concerned.

In order to insure the covering of the possible losses the agreement provides that participating employees are to permit the company to retain 10 per cent of their regular earnings until the end of the distribution period, when the results of the year's business may be determined. In the opinion of the management, the latter provision

¹ In 1915 the founder of this concern and originator of the profit-sharing plan above described established in New Orleans a "Grocery and baking cooperative association." The employees of this association were put on a profit-sharing basis: Twenty-five per cent of all the net profits of the business, apportioned upon the basis of earnings, are to be distributed to them at the end of each business year.

eliminates from participation employees earning less than \$600 per year, inasmuch as such employees can not afford to have one-tenth of their income retained for a period of 12 months. On the other hand, "employees earning, say, over \$1,200 do not take any interest in the plan because the possible profits do not appear large enough to them." Thus the operation of the plan has been confined chiefly to employees whose earning power is somewhere between \$600 and \$1,200 per year, to the more skilled members of the manufacturing force, to foremen, and to clerical employees.

In order to ascertain the net profits, all expenses, including depreciation of buildings, tools and machinery, and bad debts are deducted from the gross profits of each year; 6 per cent interest is then paid on the capital invested, and the balance is divided between the company and the participating employees in such proportions as the total capital invested bears to total wages, the share of each employee being in proportion to his earnings.

In case of a net loss (dividend on capital not being figured) it is to be shared between the company and the participating employees in the same manner as profits are shared, but under no circumstances is any participating employee responsible for an amount greater than the amount reserved from his wages.

Employees may withdraw from the agreement or from the company's employ at any time, but in such instances the company reserves the right to hold the wage reserve fund until the end of the year, such employees sharing in the profits or losses. The company may at any time discharge an employee and require him to surrender his contract, but the employee is given the option to withdraw his reserve wages or leave them to participate in the results of the year. Should there be shortage of work, employees signing the agreement are not to be laid off, but the hours of labor are to be reduced.

With certain restrictions employees may, through a public accountant, inspect the books of the company.

The profit-sharing dividends received by employees under the plan since 1910 were as follows: In 1910, 6.4 per cent; in 1911, 4.5 per cent; in 1912, 3.9 per cent; in 1913, 7.5 per cent; in 1914, 6.7 per cent; and in 1915, 1.4 per cent of the earnings. At no time during the existence of the plan did the proportion of participating employees exceed 35 per cent of the total employed. Over one-half of the participants in 1914 belonged to mechanical and manual occupations.

The agreement drawn up between the company and its profit-sharing employees is herewith reprinted in full.

This article of agreement, made and entered into this — day of —, one thousand nine hundred and —, by and between the — Co., party of the first part, and the signers hereto, all employees of said company, party of the second part, witnesseth as follows:

First. It is agreed that the party of the first part and the party of the second part shall share the profits and losses of the business of the ——— Co. so long as they are both parties to this agreement.

Second. The profit shall be ascertained as follows: The inventory of the 1st of February past shall be taken as the starting point, and an inventory shall be taken in the same form on February 1 each year thereafter. From the gross results thus obtained shall be taken all expenses of every kind, including depreciation of buildings, tools and machinery, and bad debts, and the results of the above shall be considered the net gain or loss, as the case may be. If the result thus shown shall be gain, the capital actually invested, as shown by the inventory at the close of each year, shall first draw 6 per cent interest (or in case there is less than that amount, shall draw what net gain there is in liquidation of its claim), the balance then remaining shall be divided between the party of the first part and the party of the second part in such proportions as the actual capital invested in the business bears to the total wages of the party of the second part for each current year. The total amount coming to the party of the second part shall be divided among its individual members as the year's earnings of each bear to their total earnings.

Third. For each current year one-tenth of the wages of each of the parties of the second part shall be withheld by the party of the first part weekly; and in case there has not been a net loss on the entire business of the year this reserved money, together with his share in any accrued profit as figured above, shall be paid to each of the parties of the second part on or before March 1 of each succeeding year.

Fourth. In case there should be a net loss made on the business of the year without figuring any dividend for capital as above provided, this loss shall be divided between the party of the first part and the party of the second part in the same manner as described for dividing profit; but the party of the second part in no case shall become responsible for losses greater than the amount reserved from his wages.

Fifth. Other employees of the ——— Co. may become parties to this agreement after this date on invitation of the party of the first part; but the computation of their share shall be figured only on wages earned after the date of their signature. Any party of the second part may withdraw either from this contract or from the company's employ at any time, but the party of the first part holds the right to retain his reserve until the expiration of the current year; and if said reserve is held its owner shall share in profits or losses at the expiration of said current year, but in no case can any party of the second part share in the profits or losses unless his reserve has been retained until the end of the year except as provided in article seventh.

Sixth. The party of the first part can at any time discharge any party of the second part from its employ and require him to withdraw from this contract; but in such case said party of the second part shall have the option to withdraw his full reserve or to leave it until the end of the year to share in results as above described.

Seventh. It is further agreed by the party of the first part that no party of the second part shall be temporarily retired from work so long as the party of the first part has any work of the kind said party of the second part is accustomed to do; but if there should be a shortage of work in the hands of the party of the first part it shall reduce the hours of work and so divide the work between the parties of the second part. If at any time any party of the second part should become sick or incapacitated to perform his duties, and has the certificate of a reputable physician that he is so incapacitated, after two weeks' duration of said sickness said party can draw on his reserve wages at a rate not greater than \$6 per week without affecting his interests in the profits at the end of the year. Further, if any party of the second part should become injured on account of any accident while in the employ of the party of the first part, said party of the first part shall, at its own expense, provide him with a competent physician or surgeon after application is made to it stating that such services are needed.

Eighth. If any of the parties of the second part wish to inquire into the accuracy of the annual report made to them by the party of the first part, the books of the party of the first part shall be opened for inspection by any reputable public accountant employed by the party of the second part, provided such accountant will agree to confine his report to the statement that the company's report was or was not correct; and if not correct, shall fully define its error.

Ninth. It is agreed that all differences and disputes resulting from the operation of this contract shall be settled by arbitration.

PLAN NO. 2.

Under the following plan employees, aside from participating in one-fourth of the net profits over and above a specified return on the investment, are also permitted to invest their small savings in the business and receive dividends on their investment equal to the dividends paid on the other capital invested. For the latter purpose the company issues at par to its employees so-called profit-sharing certificates in denominations of \$50 under the following conditions: Certificates are to draw interest at the rate of 6 per cent per annum, payable semiannually, and to be subject to redemption and recall, upon the written notice of the corporation to the owners, at par, plus interest at 6 per cent from date of last interest payment. The certificates must be surrendered by employees whenever they terminate their connection with the company.

In addition to the rate of interest upon the so-called profit-sharing certificates, the holders of such certificates and all other employees of the company as well, provided they have been in the service of the company continuously at least six months, are to share in the net profits of the business, the profit-sharing fund to be determined as follows: After paying all the legitimate expenses of the business, including a dividend of 10 per cent on the total capital invested and on the surplus account, and after paying the above-mentioned percentage on the so-called profit-sharing certificates, the remaining net profits are to be distributed among the following participating accounts in the proportion that each of these is to the aggregate amount of the accounts that are to participate: (1) Total capital invested, (2) surplus account, (3) total amount of outstanding profit-sharing certificates, and (4) wages and salaries of profit-sharing employees.

The basis of the issue of the above-mentioned certificates is determined in each and every instance by the management. Such certificates may be acquired only for cash, and this in practice limits the amount for which an employee may subscribe. Employees holding such certificates receive double shares in the divisible profits, as holders of certificates on the value of such certificates and as participating employees on the basis of their earnings. All shares are paid in cash.

The plan was put into operation as of the business year ending February 15, 1914. The distribution of the first year was made

exclusively on the basis of earnings, inasmuch as no profit-sharing certificates were as yet issued. A profit-sharing dividend of 20 per cent on the annual earnings of the participants was paid at the end of this year. No profits were available for distribution during the second year, but a substantial distribution is expected at the end of 1916.

PLAN NO. 10.

The establishment in which profit-sharing plan designated as No. 10 has been in operation for several years had in 1914 an average number employed of over 7,000 and is the largest establishment having a profit-sharing plan. Under the plan, eligible employees receive a share of the profits equal to one-third of the dividend paid on the common stock of the company over and above 10 per cent. It is apparent, therefore, that in a business earning smaller profits the application of the principle of this plan could hardly result in the payment of considerable amounts to the participating employees.

The wage-dividend (profit-sharing) plan of this company, as stated by the secretary of the welfare fund of the company, is as follows:

The plan is based on the assumption that dividends to common shareholders up to 10 per cent are the equivalent of the employee's fixed wage and that cash dividends in excess of that figure may be fairly considered as extraordinary. The plan devised, therefore, provides that the dividend to wage earners shall be based upon such extra cash dividends paid to shareholders. In arriving at the proportion (in the absence of any established standard) all of the factors bearing upon the problem, including length of service, have been taken into consideration, and it has been finally decided to fix the percentage of the wage dividend at 35 per cent of the percentage of the extra cash dividends paid to holders of common stock, same to be divided and applied on a period of five years.

The extra cash dividends paid to holders of common stock in the year 1914 having been 20 per cent instead of 30 per cent, as illustrated below, the wage dividend rate was reduced proportionately from 2.1 per cent to 1.4 per cent.

Only employees who are on the pay roll at the time the wage dividend reports are prepared and who worked the full calendar year preceding the payment of the dividend are considered, and continuous service only is recognized. That is to say, any employee who during the previous five years left and reentered the service of the company participates only from the time of reentry. Fractions of years over one year are counted. Pieceworkers participate on the same basis as those receiving fixed wages or salaries. Bonuses paid for efficiency are counted as wages, but payments from the welfare fund are not so treated.

No person having authority to engage labor for the company is permitted, in fixing wages, to take into account any wage dividends which may have been or may be received by the employee.

The trial of this plan does not commit the company to its continuance, but it may be assumed that if it is continued the wage dividend will be proportioned to the extra cash dividends paid on common stock.

The following is an illustration of the method employed in determining amounts of individual shares:

In 1911 the common-stock holders of the company received a 30 per cent dividend over and above the stipulated 10 per cent. Thirty-five per cent of the amount representing this additional 30 per cent dividend was then set aside for purposes of profit sharing—for labor dividends, as the company calls them. Thirty-five per cent of 30 is 10.5, the dividend on wages paid to employees with the longest term of service—five years and over—that is, such employees received as their labor dividend an amount equal to 10.5 per cent of their combined earnings for the five years preceding and including the distribution year. The amount in labor dividends paid to employees with the shortest length of service eligible under the plan—one year—was $\frac{10.5}{5}$, or 2.1 per cent, as no employees with a record of service shorter than one year are eligible for participation. An employee who was in the service 1 year and 10 months and has earned, for instance, \$400 in the first period and \$500 in the second, although not receiving anything on the earnings of the first 10 months before becoming eligible, gets a dividend after the second period on the earnings of both periods, that is, on \$400 and \$500, or on a total of \$900.

The highest amount upon which dividends may be paid during any one year is the aggregate earnings of the employee during the last five years, including the distribution year.

Aside from the minimum qualification of length of service, employees, in order to participate in the labor dividend, must comply with the following conditions: (1) Appear on the list of those in employ of the company on December 31 of the distribution year; (2) appear on the final dividend list on March 1 of the year following the distribution period; and (3) be in the employ of the company on the distribution day, July 1, following December 31 of the distribution period.

The percentages of the total employed that received profit-sharing dividends under this plan were as follows: In 1911, 63 per cent; in 1912, 57.6 per cent; in 1913, 67.2 per cent; and in 1914, 88 per cent; the dividends on earnings paid during the same years having been 7.2 per cent, 6.9 per cent, 7 per cent, and 5 per cent, respectively. Over 85 per cent of all the participants in 1914 were engaged in mechanical and manual work. The cost of the plan to the company, in terms of a percentage of the pay roll of the organization, was: In 1911, 5.2 per cent; in 1912, 4.9 per cent; in 1913, 5.1 per cent; and in 1914, 4.1 per cent.

The table following shows the total number employed and the number and per cent participating for each year since 1911.

TABLE 90.—NUMBER AND PER CENT OF EMPLOYEES PARTICIPATING IN THE PROFIT-SHARING, BY YEARS, 1911 TO 1914.

Year.	Total employees.	Employees participating in profits.	
		Number.	Per cent.
1911.....	6,348	4,001	63.0
1912.....	8,177	4,712	57.6
1913.....	8,447	5,676	67.2
1914.....	7,348	6,466	88.0

The above table shows that the proportion of beneficiaries under the plan of this company has been on the increase since 1911 with the exception of one year, 1912, when the proportion participating decreased by about 6 per cent.

PLAN NO. 11.

The shares of profits paid to employees under plan No. 11 depend upon: (1) Dividends over and above 6 per cent declared on capital, and (2) length of continuous service of the employees, employees with a service record of three years or more receiving the maximum—a dividend on wages equal to the extra dividend paid on capital. Employees in service less than six months do not participate in the benefits of the plan.

The following are the essential features of this plan as originally announced to the employees on January 1, 1915:

There will be allowed 6 per cent interest on the capital stock.

After the above 6 per cent interest on capital stock has been paid, all cash dividends will be divided between stockholders and employees as follows:

All employees who have been in the service of the company continually for three years or more, same percentage as to stockholders.

All employees in the service for two years but less than three years, two-thirds of the rate of cash dividends.

All employees in the service for six months but less than two years, one-third of the rate of cash dividends.

Dividends to employees will be based on the total amount of wages paid each employee for the year ending December 31.

This will apply to all persons in any department or capacity who have served the company six months or over within the year except those dismissed or discharged.

Employees voluntarily leaving the service of the company, or dismissed or discharged, will forfeit their right to share in any dividends.

Should employees be laid off owing to lack of work, they will be entitled to their share of the dividends based on the wages received by them during the year.

In the announcement of the plan it was specifically stated that "the directors reserve the privilege to change this plan as they may consider advisable for the best interests of the organization."

Over nine-tenths of all employed participated in the distributed profits at the end of the first year's operation of the plan. Eighty-eight per cent of all the participating employees belonged to mechanical and manual occupations and were engaged in the actual processes of manufacturing. The average profit-sharing dividend on wages paid at the end of the year was 6.9 per cent, the cost of the plan to the management having been 6.2 per cent of the total pay roll of the establishment.

PLAN NO. 12.

Plan No. 12 represents a phase of profit sharing that, in view of the tendency manifested of late by employers to engage in so-called welfare work, is apparently destined to become more and more popular among them. Plans such as this are technically known as "deferred profit sharing," because the payments of the individual shares are deferred in order to accumulate an amount sufficient to constitute a pension for the participant after the expiration of a certain period of service. The pensions accumulating under such plans, however, are contributory, inasmuch as one of the main prerequisites for participation is that the participating employee deposit with the company, at regular intervals and for a certain specified length of time, stipulated amounts, these amounts in conjunction with the profit-sharing fund of the company being deemed sufficient to constitute at the end of a specified period a moderate pension for the employee.

The plan, which was established in 1916, provides that, subject to restrictions, employees may contribute 5 per cent of their monthly salary and the firm will contribute 5 per cent of its earnings (without reduction for dividends paid to stockholders) to a fund held by trustees, who will invest the money and have general administration of its benefits. The following is the text of this plan in full:

PURPOSE.

In order that employees may share in the profits of this business, and to encourage the habit of saving, the company has decided to contribute annually a sum equal to 5 per cent of its net earnings (without deduction of dividends to stockholders), as shown by the annual audit of its books, to an employees' savings and profit-sharing fund, as explained below, which will go into effect commencing July 1, 1916.

It is intended that this plan will furnish to those who remain in the employ of the company until they reach the age when they retire from active service a sum sufficient to provide for them thereafter, and that even those who achieve a long service record, but who may not remain with the company all of their business life, will have accumulated a substantial sum. This savings and profit-sharing fund will enable an employee to secure an income for himself after the close of his active business career or, in case of his death, for his family.

ELIGIBILITY.

1. Participation will be entirely voluntary.
2. Every employee of ——— Co., regardless of position, will, after three years of service, be eligible to participate in this fund, so long as he remains an employee.

CONTRIBUTIONS TO THE FUND.

1. An employee in order to participate must deposit in the fund 5 per cent of his salary. The company will contribute a sum equal to 5 per cent of its net earnings (without deduction for dividends paid stockholders), as shown by the annual audit of its books. As this fund starts July 1, the company will for the year 1916 contribute 5 per cent of one-half of the profits of the entire year.

2. No employee may deposit more than 5 per cent of his salary, and in no case more than \$150 per annum; this limit being deemed advisable so that the higher salaried employees may not too largely participate in the fund.

PARTICIPATION IN THE PROFITS.

1. The contributions of the company will be made annually as soon after the first of each year as an audit of the books will permit, and will be credited pro rata to participating employees in the proportion which the amount deposited by each employee during the preceding year for which the company has contributed bears to the total amount deposited by all employees during such year.

2. So that every employee eligible to participate may have ample opportunity to carefully consider its advantages and to enter at its inception, all those joining prior to September 1, 1916, may, by paying into the fund 5 per cent of their salary from July 1, 1916, share in the fund from its inception as of July 1, 1916.

WITHDRAWALS.

1. A depositor who has completed 10 years of service will be entitled to withdraw all money credited to his account, including the company's contributions.

2. A depositor who has not completed 10 years of service will be entitled to withdraw only the amount he has deposited, plus interest at 5 per cent per annum, compounded semiannually, and no more; except in the case of a woman depositor who, after five years' service, leaves to become married, in which case she will be entitled to her full share in the fund, including the portion contributed by the company; and except in the case of the death of a depositor while in the service of the company, in which case his estate will be entitled to the full amount credited, including the contributions of the company, and the money due will be paid to his legal representatives.

3. A depositor shall withdraw upon ceasing to be an employee of the company, or upon failing to regularly make his deposit.

4. A depositor who once withdraws can not reenter the fund.

5. In any case of withdrawal where a depositor is entitled to share in the contributions of the company, he will receive the full amount to his credit, as shown by the accounting for the preceding year, plus interest at the rate of 5 per cent per annum and plus such sums as the depositor may have deposited since December 31 of the preceding year, with interest at 5 per cent per annum.

6. Loans will be made to depositors in cases of actual necessity and when in the opinion of the trustees the circumstances warrant it.

MANAGEMENT.

1. The fund will be handled, intrusted, and invested under the direction of a board of five trustees, to be selected by the board of directors of the company, three to be officers or directors and two employees (not officers or directors) of ——— Co.

2. It is intended that so far as practicable and advisable the fund will be invested in shares of stock of the company, to the end that the depositors may, in the largest measure possible, share in the earnings of the company.

3. The board of trustees may, from time to time, adopt rules to carry out the purposes of this plan, and may adopt amendments to the plan; but no change shall be made in the plan as above outlined unless the same is ratified by the vote of a majority of the depositors. All questions of interpretation of this plan, or amendments thereto,

or the rules pertaining thereto, or relating to any matter of accounting, values, profits, or any other matters or differences which may arise, shall be determined solely by the board of trustees, and the decision of the board shall be final and conclusive upon all concerned.

DISCONTINUANCE.

The fund may be discontinued at any time by announcement of the company, made at least six months before its final yearly contribution. After such announcement no new depositors will be eligible to join, and upon the payment into the fund of such final contribution the fund shall be distributed among all the depositors pro rata in proportion to their interests as ascertained by the board of trustees.

LIMITED PROFIT-SHARING PLANS.

DESCRIPTIVE AND STATISTICAL SUMMARY OF A SELECTED GROUP.

The number of establishments sharing some proportion of their profits with a few of their more important employees is known to be very large. Very frequently such profit sharing serves as a satisfactory automatic substitute for increases in the salaries of those in immediate charge of the operation of the business, for the purpose of offering them substantial inducements to remain in the service. In view, however, of the relatively small number of people affected by such plans it was deemed sufficient to limit the study of this phase of profit sharing to an intensive examination of a selected group of such plans, the basis of selection having been the relatively large (for limited profit-sharing plans) sphere of application, the greater part of the plans examined extending their benefits to the bulk of the executive, administrative, and supervisory employees, and in some instances also to a part of the higher paid employees of the manufacturing force.

THE DETERMINATION OF THE PROFIT-SHARING FUND.

The method of determining the proportion of the net profits to be distributed varies greatly under the limited profit-sharing plans studied, the usual practice prevailing, in over one-half of those examined, being the setting aside, at the discretion of the employer, of an arbitrary percentage of the profits after meeting all the legitimate expenses, including interest on the investment. The specific proportion of the profits thus set aside for the benefit of the employees varies greatly with the individual plans, its range of variation being from one-twentieth to one-half, with an approximate average of about one-fifth for the entire group of plans.

Under two plans dividends on wages varying with the amounts of net profits of the firm are paid. Under one plan the divisible fund is arrived at in the following manner: After meeting all the legitimate expenses of the company, including a dividend of 4 per cent on the preferred and of 6 per cent on the common stock, the surplus earnings are divided among three so-called participating accounts, as follows: (1) Account of bonus fund for employees (profit-sharing

fund); (2) account of dividends; and (3) account of sinking fund. The proportionate share of the surplus profits going to each of the three mentioned accounts is as each single or participating account is to the total of all participating accounts. The specific instances covered by these accounts are: Total wages of participants, amount of dividends paid, and amount to be allowed for depreciation, respectively.

Under another plan the divisible fund consists of the aggregate of dividends accruing on a specific number of shares of the capital stock of the company, set aside for that purpose, the shares themselves remaining all the time the property of the concern. Still another specifies a minimum amount of net profits that is to be earned before specific amounts (on a scale announced in advance) become available for profit-sharing purposes, the amounts distributed varying with the profits of the business over and above the stipulated minimum.

As a rule, the relative proportion of the profits available for distribution under these plans seems to be considerably larger than under the profit-sharing plans described in the preceding pages of this report. This relative liberality of employers, coupled with the fact that the numbers of those participating are much smaller, account for the larger benefits accruing to the beneficiaries of the limited profit-sharing plans. Such results are naturally to be expected in view of the fact, mentioned elsewhere, that one of the principal objects of the limited profit-sharing plans is to furnish a method that would tend to encourage the more important policy-forming, executive, and supervisory employees to remain in the service of their respective employers permanently.

CONDITIONS OF ELIGIBILITY.

Seven, or slightly over 40 per cent, of 17 limited profit-sharing plans examined specify a minimum length of service—from one to five years—as a condition for participation. Almost all the plans bar from participation the wage-earning or manual workers, confining the benefits of the plan primarily to their executive, supervisory, and commercial employees, including in a few instances the regular clerical force.

One of the plans confines its operation to "employees of the company who have authority to formulate policies, make commitments, engage employees, and approve expenditures." The merit of service as established by the judgment of the employer seems to be one of the factors prerequisite to participation in a great majority of these plans. Two of the plans specify that only employees earning \$100 per month be allowed to participate; one confines its operation to "all employees, except pieceworkers, with an earning capacity of at least \$780 per year."

BASIS FOR COMPUTING INDIVIDUAL SHARES.

In the majority of the plans—those in operation in the smaller establishments mostly—the prospective beneficiary is informed in a general way of the method by which his individual share of profits will be computed. In a considerable number of the remaining plans, however, those chiefly in operation in organizations of considerable size, the method of determining the individual shares is unknown to the employees, such shares being determined usually by a special committee appointed by the management, individual shares varying with the reported efficiency as well as with the relative importance of the positions held by the prospective beneficiaries. Under such plans beneficiaries sometimes, under the penalty of dismissal or loss of favor with the company, are enjoined from communicating to each other the amount of their respective shares.

In only six of the plans are individual shares of profits based wholly upon salaries or earnings.

CONDITIONS OF FORFEITURE.

In every one of the limited profit-sharing plans examined discharge and voluntary leaving of employment act as automatic causes for forfeiture of profits of the current year. In one instance voluntary leave causes forfeiture of 25 per cent of the share of profits of the previous year, in addition to profits of the current year.

DISPOSITION OF FORFEITURES AND FORM OF PAYMENT.

Twelve of 17 limited profit-sharing plans examined specifically provide that amounts of forfeited shares be distributed among the other participating employees. Under four plans, or less than one-fourth of all studied, in view of the fact that profit sharing under them takes the form of a percentage dividend on earnings (a principle that does not involve the setting aside in advance of a definite amount for profit-sharing purposes), forfeited shares revert to the company. The remaining plans in most instances make no specific provision with reference to the disposition of forfeited shares, all of them reporting that "each case is settled on its own merits."

Under the limited profit-sharing plans investigated, as under the profit-sharing plans described above, shares of profits, in the majority of instances, are paid in cash. This is true of 10 of 17 plans examined. Of the remainder, in 4, or 23.5 per cent, they are paid wholly in stock, and in three, or 17.6 per cent, in part stock or savings account and part cash. As in 2 of the latter not less than half of each share is paid in stock, the prevailing forms of payment under the limited profit-sharing plans for all practical purposes may be stated to be about 60 per cent all in cash and the remainder, 40 per cent, in stock.

Those of the limited profit-sharing plans under which shares of profits are paid in full or in part in stock were apparently designed for the purpose of inducing the more valuable employees to remain in the service as long as possible. That this was the intention of the management may be inferred from the provisions specifying conditions under which the stock in which the profits are paid may be disposed of by the beneficiaries. Thus in two plans the selling of the profit-sharing stock by an employee disqualifies him from further participation in the benefits of the plan. In one plan the profit-sharing stock is not transferred to the employee for a period of at least five years after distribution and in still another the stock due to the employee is transferred to him gradually, 25 per cent after the first year, 25 per cent after the second, and the remainder after the third.

YEARS IN WHICH THE LIMITED PLANS WERE ESTABLISHED.

The following table shows the years in which 17 limited profit-sharing plans studied in this report were established:

TABLE 21.—YEARS IN WHICH THE LIMITED PROFIT-SHARING PLANS WERE ESTABLISHED.

Year.	Number of plans.	Year.	Number of plans.
1900.....	1	1912.....	4
1905.....	3	1913.....	1
1906.....	1	1914.....	2
1908.....	1	1915.....	2
1910.....	1	Total.....	17
1911.....	1		

As can readily be seen from the above table, none of the plans date back prior to 1900. Over one-half of them have come into existence during the last four years.

LOCATION OF LIMITED PROFIT-SHARING ESTABLISHMENTS.

The geographical location of the establishments in which the plans studied were in operation is shown in the following table:

TABLE 22.—LOCATION OF LIMITED PROFIT-SHARING ESTABLISHMENTS.

State.	Number of establishments.	State.	Number of establishments.
Indiana.....	2	Ohio.....	3
Massachusetts.....	2	Pennsylvania.....	1
Michigan.....	1	Total.....	17
New Jersey.....	1		
New York.....	7		

As in the case of the profit-sharing plans described elsewhere in this report, the bulk of the limited profit-sharing plans examined—considerably more than one-half—were in operation in establishments located in a very small number of North Atlantic States.

INDUSTRY OR BUSINESS OF LIMITED PROFIT-SHARING ESTABLISHMENTS.

The nature of the industry or business of the establishments with limited profit-sharing plans is as follows:

Eleven of 17 limited profit-sharing plans examined were found in establishments engaged in manufacturing; 2 in mercantile establishments; 2 in establishments of building contractors; and 2 were unclassified.

SIZE OF LIMITED PROFIT-SHARING ESTABLISHMENTS.

In the table presented below is shown the size of the establishments in which the 18 plans examined were in operation, as indicated by the average number employed during a representative distribution period:

TABLE 23.—NUMBER OF LIMITED PROFIT-SHARING ESTABLISHMENTS HAVING EACH CLASSIFIED NUMBER OF EMPLOYEES.

Classified number of employees.	Number of establishments.	Classified number of employees.	Number of establishments.
Under 100.....	4	3,000 and under 5,000.....	1
100 and under 300.....	4	5,000 and under 10,000.....	2
300 and under 500.....	4		
1,000 and under 3,000.....	3	Total.....	18

Two-thirds of the 18 establishments for which information was obtained employed less than 500 employees; nearly half employed less than 300; one-third employed 1,000 people or more.

EXTENT OF PARTICIPATION.

The proportion of the total employed that participated in the distributed profits under the 18 plans examined was as follows:

Under only two limited profit-sharing plans did the proportion participating exceed 40 per cent.¹ In four establishments the proportion was from 20 to 40 per cent; in two it was 10 and under 20 per cent; in five the proportion was 5 and under 10 per cent; and in the remaining five establishments less than 5 per cent of the employees participated in the benefits of the plans.

BENEFIT ACCRUING TO EMPLOYEES.

Below is given a table showing the benefits accruing to the participating employees, in terms of per cent of their regular earnings.

TABLE 24.—PER CENT OF EARNINGS PAID AS DIVIDENDS IN 18 ESTABLISHMENTS HAVING LIMITED PROFIT SHARING PLANS.

Classified per cent of earnings paid as dividends.	Number of establishments.	Classified per cent of earnings paid as dividends.	Number of establishments.
Under 2.....	1	30 and under 30.....	5
4 and under 6.....	1	40 and under 50.....	1
8 and under 8.....	2	50 and over.....	1
8 and under 10.....	2		
10 and under 15.....	2	Total.....	18
15 and under 20.....	1		

¹ Except for the arbitrary methods of determining the shares of the individual participants these two plans might have been classified as pure profit sharing.

In one-half of the plans the profit-sharing dividend on the regular earnings of the participating employees was 15 per cent or over. In over two-fifths of them it was 20 per cent or more. In over one-third of the plans the profit-sharing dividend was less than 10 per cent.

COST OF PLANS TO EMPLOYERS.

The following table shows the cost of the plans to the employers in per cent of the total pay rolls of their establishments:

TABLE 25.—COST OF LIMITED PROFIT-SHARING PLANS TO 16 EMPLOYERS, IN PER CENT OF TOTAL PAY ROLLS FOR ONE YEAR.

Classified per cent of pay rolls paid as dividends.	Number of establishments.	Classified per cent of pay rolls paid as dividends.	Number of establishments.
Under 1.....	1	6 and under 8.....	2
1 and under 2.....	6	15 and under 20.....	1
2 and under 4.....	5		
4 and under 6.....	1	Total.....	16

In 15 of the 16 establishments the cost was less than 8 per cent on the total pay rolls of the respective establishments. In three-fourths of the plans it was less than 4 per cent. In one instance only was the cost of the plan more than 15 per cent.

OCCUPATIONS OF PARTICIPATING EMPLOYEES.

The following table shows the occupation groups of the participating employees under 18 limited profit-sharing plans:

TABLE 26.—NUMBER AND PER CENT OF PARTICIPATING EMPLOYEES IN EACH OCCUPATION GROUP.

Occupation group.	Participating employees.	
	Number.	Per cent.
Executive.....	1,078	52.5
Clerical.....	272	13.2
Sales.....	171	8.3
All others.....	532	25.9
Total.....	2,053	100.0

The table shows that 74 per cent of all the participating employees belonged to the group of executive, clerical, and sales occupations. As would be expected in establishments with limited profit sharing, more than half of the participants belonged to the executive force. Only 25.9 per cent were in the group "all others," which includes the mechanical and manual occupations.

DETAILED TABLES.

The principal part of the data which is shown in summary form in the preceding tables of this section of the report is shown in detail in the two tables which follow.

TABLE 27.—NUMBER OF EMPLOYEES, PROPORTION PARTICIPATING IN PROFITS, DIVIDENDS TO EMPLOYEES, AND COST OF PROFIT-SHARING PLANS TO EMPLOYERS, IN 18 ESTABLISHMENTS HAVING LIMITED PROFIT-SHARING PLANS.

Es-tablish-ment No.	Dividend period ending—	Average number of employ-ees.	Employees participating in profits.		Total pay roll.	Pay roll of participants.		Dividends to employees.		
			Num-ber.	Per cent of total.		Amount.	Per cent of total pay roll.	Amount.	Per cent of total pay roll.	Per cent of pay roll of participants.
1	Dec. 31, 1913.....	3,414	72	2.1	\$2,842,116	\$311,000	10.9	\$42,600	1.5	13.7
	Dec. 31, 1914.....	3,354	75	2.2	2,941,671	352,500	12.0	87,500	3.0	24.8
2	June 30, 1914.....	2,271	153	6.7	2,112,061	(1)	(1)	23,098	1.1	(1)
	June 30, 1915.....	2,686	139	5.2	2,531,519	272,340	10.8	43,693	1.7	16.0
3	Dec. 31, 1911.....	251	5	2.0	160,983	10,080	6.3	2,243	1.4	22.3
	Dec. 31, 1912.....	292	5	1.7	182,502	11,184	6.1	3,012	1.7	26.9
	Dec. 31, 1914 ²	339	5	1.5	213,071	11,900	5.6	88	(3)	.7
4	June 30, 1911.....	225	13	5.8	202,927	21,057	10.4	734	.4	3.5
	June 30, 1913 ⁴	325	14	4.3	296,130	21,614	7.3	8,941	3.0	41.4
	June 30, 1914.....	275	13	4.7	251,730	24,768	9.8	3,810	1.5	15.4
	June 30, 1915.....	225	14	6.2	203,145	26,289	12.9	2,120	1.0	8.1
5	Dec. 31, 1914.....	206	46	22.3	202,208	68,863	34.1	(1)	(1)	(1)
	June 30, 1913.....	8,716	837	9.6	6,719,276	1,048,259	15.6	87,061	1.3	8.3
7	June 30, 1914.....	9,300	860	9.2	7,216,843	1,052,538	14.6	84,763	1.2	8.1
	Dec. 31, 1912.....	2,700	190	7.0	1,995,980	453,027	22.7	150,890	7.6	33.3
	Dec. 31, 1913.....	2,700	202	7.5	2,025,955	513,754	25.4	186,040	9.2	36.2
	Dec. 31, 1914.....	2,700	210	7.8	2,028,297	511,160	25.2	127,790	6.3	25.0
	Dec. 31, 1915.....	2,700	228	8.4	1,968,560	517,289	26.3	128,840	6.5	24.9
8	June 1, 1911.....	1,778	39	2.2	725,572	52,270	7.2	15,500	2.1	29.7
	June 1, 1912.....	1,767	37	2.1	711,306	53,190	7.5	5,200	.7	9.8
	June 1, 1914 ⁵	1,678	33	2.0	816,338	50,150	6.1	13,100	1.6	26.1
	June 1, 1915.....	1,612	38	2.4	802,632	58,672	7.3	12,100	1.5	20.6
9	Dec. 31, 1909.....	(1)	12	(1)	(1)	8,000	(1)	2,500	(1)	31.3
	Dec. 31, 1910.....	(1)	12	(1)	(1)	8,000	(1)	2,500	(1)	31.3
	Dec. 31, 1911.....	(1)	12	(1)	(1)	8,500	(1)	2,500	(1)	29.4
	Dec. 31, 1912.....	(1)	145	(1)	(1)	45,500	(1)	6,500	(1)	14.3
	Dec. 31, 1913.....	(1)	151	(1)	(1)	52,000	(1)	9,000	(1)	17.3
	Dec. 31, 1914.....	410	180	43.9	355,000	65,000	18.3	9,200	2.6	14.2
	Dec. 31, 1915.....	400	180	45.0	350,000	65,000	18.6	9,500	2.7	14.6
	Dec. 31, 1912.....	456	38	8.3	374,870	56,200	15.0	12,509	3.3	22.3
10	Dec. 31, 1914.....	38	11	28.9	25,773	10,504	40.8	828	3.2	7.9
12	Feb. 1, 1916.....	225	29	12.9	171,887	50,514	29.4	3,031	1.8	6.0
13	Dec. 31, 1907.....	(1)	3	(1)	(1)	9,000	(1)	1,662	(1)	18.5
	Dec. 31, 1908.....	(1)	4	(1)	(1)	11,200	(1)	1,362	(1)	12.2
	Dec. 31, 1909.....	(1)	4	(1)	(1)	12,000	(1)	888	(1)	7.4
	Dec. 31, 1910.....	(1)	4	(1)	(1)	12,000	(1)	1,333	(1)	11.1
	Dec. 31, 1912 ⁶	15	4	26.7	18,841	12,900	68.5	947	5.0	7.3
	Dec. 31, 1913.....	18	4	22.2	26,502	12,900	48.7	1,582	6.0	12.3
	Dec. 31, 1914.....	19	4	21.1	28,242	12,900	45.7	1,647	5.8	12.6
14	June 1, 1915.....	115	4	3.5	78,906	7,800	9.9	6,231	7.9	79.9
15	Dec. 31, 1915.....	70	7	10.0	(1)	19,240	(1)	8,862	(1)	46.1
16	Dec. 31, 1914.....	67	31	46.3	104,168	72,438	69.5	20,140	19.3	27.8
17	Dec. 31, 1914.....	9,645	271	2.8	8,283,426	(1)	(1)	271,166	3.3	(1)
18	Dec. 31, 1914.....	448	91	20.3	336,120	102,406	30.5	5,000	1.5	4.9

¹ Not reported.

² No distribution made in 1913.

³ Less than one-tenth of 1 per cent.

⁴ No distribution made in 1912.

⁵ Data for 1913 not reported.

⁶ No distribution made in 1911.

TABLE 28.—NUMBER OF EMPLOYEES, PROPORTION PARTICIPATING IN PROFITS, AND NUMBER AND PER CENT OF PARTICIPANTS IN EACH SPECIFIED OCCUPATION GROUP, IN 18 ESTABLISHMENTS HAVING LIMITED PROFIT-SHARING PLANS.

Estab- lishment No.	Dividend period ending—	Average num- ber of em- ploy- ees.	Employees participating in profits.		Occupation groups of participants.									
			Num- ber.	Per cent of total.	Executive.		Clerical.		Sales.		All others.			
					Num- ber.	Per cent.	Num- ber.	Per cent.	Num- ber.	Per cent.	Num- ber.	Per cent.		
1	Dec. 31, 1914	3,354	75	2.2	75	100.0								
2	July 1, 1915	2,696	139	5.2	139	100.0								
3	Dec. 31, 1914	339	5	1.5	5	100.0								
4	June 30, 1915	225	14	6.2	14	100.0								
5	Dec. 31, 1914	206	46	22.3	11	23.9	30	65.2				5	10.9	
6	June 30, 1914	9,300	860	9.2	317	36.9	140	16.3	30	3.5		373	43.4	
7	Dec. 31, 1914	2,700	210	7.8	48	22.9	37	17.6	118	56.2		7	3.3	
8	June 1, 1915	1,612	38	2.4	38	100.0								
9	Dec. 31, 1915	400	180	45.0	40	22.2	20	11.1				120	66.7	
10	Dec. 31, 1912	456	26	5.7	26	100.0								
11	Dec. 31, 1914	38	11	28.9	11	100.0								
12	Feb. 1, 1916	225	29	12.9	29	100.0								
13	Dec. 31, 1914	19	4	21.1	4	100.0								
14	June 1, 1915	115	4	3.5	4	100.0								
15	Dec. 31, 1915	70	7	10.0	5	71.4			2	28.6				
16	Dec. 31, 1914	67	31	46.3	3	9.7	8	25.8	11	35.5		9	29.0	
17	Dec. 31, 1914	9,645	271	2.8	271	100.0								
18	Dec. 31, 1914	448	91	20.3	26	28.6	37	40.7	10	11.0		18	19.8	

ANALYSIS OF WORKING OF FIVE TYPICAL LIMITED PROFIT-SHARING PLANS.

As compared with the profit-sharing plans described in the preceding sections of this report, the distinguishing feature of the limited profit-sharing plans is the limited extent of their application, the majority of them having been devised, apparently, either for the benefit of the executive and supervisory employees, as in plans 1, 2, 3, and 4 described below, or for the benefit of the better paid employees, as in plan No. 5.

Aside from the relatively small proportion of beneficiaries and the fact that only the executive and supervisory or better paid employees are allowed to participate, these plans in many instances are to be noted for the lack of any definitely announced rule for the computation of individual shares in the divisible fund. From this point of view plan marked No. 1 is considered as typical. Under its provisions none of the employees of the company are informed as to the method by which their shares will be determined; they are furthermore specifically prohibited from communicating to the other employees the amounts received by them under the penalty of such an action on their part resulting "to the disadvantage of the employee involved."

As far as it could be ascertained, the main principle guiding the determination of individual shares under such plans is that the more important the position of the employee, as shown naturally in the amount of salary he receives and in the desire of the company to retain his services, the larger his proportion in the divisible fund. The working of this principle is clearly shown in plan designated as No. 3.

PLAN NO. 1.

This plan has been in operation since 1910 and is applicable only to "officers and employees occupying semiofficial positions," meaning by this classification managers, superintendents, and other important employees engaged in "directing the affairs of the company, including officers." Not all of the employees engaged in the above-mentioned occupations, however, are allowed to participate. The plan, as announced, is addressed to "the officers and those occupying semiofficial positions—to whom this letter [announcing the plan] is officially delivered."

Although the specific proportion of the profits that is to be distributed is announced in advance, the determination of the amount of individual shares is left to the discretion of the management. It was stated by officers of the company that the amount of individual shares depends chiefly "upon the relative importance of the position occupied by a specific employee," and the merit of his service, although "salaries, in a general way, are taken into consideration," the higher the salary the larger, apparently, the share of profits awarded.

The basis of determining individual shares is not communicated to any of the profit-sharing employees. In fact, as stated in the last paragraph of the text of the plan reproduced below, "it is the desire of the board that there shall not be any discussion among the employees as to the amounts received under the distribution," and any such discussion coming to the knowledge of the special committee "will operate to the disadvantage of the employee involved."

No profits were available for distribution during 1911 and 1912. In 1915, \$42,600 and in 1914, \$87,500 were distributed. In 1913, of a total of 3,414 employed, 72, or 2.1 per cent, shared in the distributed profits. In 1914, 2.2 per cent of the total employed benefited by the operation of the plan. The profits distributed amounted to 13.7 per cent of the earnings of the participants in 1913 and to 24.8 per cent in 1914. The cost of the plan to the company in per cent of the total pay roll of the entire organization amounted to 1.5 per cent and 3 per cent in 1913 and 1914, respectively.

The text of this plan is herewith reproduced in full:

To the officers and those occupying semiofficial positions, and managers of the ——— Co. and its subsidiary companies, to whom this letter is officially delivered:

The company desires those within the above class, upon whose efforts much of the success of the business depends and who are engaged in directing and managing the affairs of the company and operating the properties, to share with the stockholders in any profits made after a certain amount of net earnings shall have been reached. To this end the following plan has been adopted:

Twelve per cent upon the outstanding capital stock of the company is sufficient to allow the payment of a 7 per cent dividend whenever that course may be deemed wise and the application of a reasonable sum for betterment or toward surplus. It is believed that the business is capable of earning a sum each year much in excess of said 12 per cent. The company proposes to divide among the officers and those occupying

semiofficial positions and managers to whom this letter is officially delivered, a percentage of the increased earnings over and above 12 per cent on the amount of the capital stock from time to time outstanding, the amount to be thus divided to be decided each year by the board of directors. The present intention of the board is to distribute a sum (in stock of the company) equal to 25 per cent of the increased net earnings of the company over and above said 12 per cent. Said amount to be distributed is to be paid out by direction of the board of directors at the end of each year, in such amounts and to such persons as a special committee appointed by the board of directors shall determine. The distribution recommended by such special committee will be made amongst the class above specified and in the proportions fixed by that committee. The special committee shall make no award to any member of that committee, but if any member thereof shall be within the above class, the amount of the award, if any, to such member shall be fixed by the board of directors and not by the committee, and such award shall be subject to the same provisions applicable to the awards made by the special committee. The stock will be distributed on a basis of value to be fixed by the board. In making the distribution one-half will be distributed at the end of each year and the other half held in the hands of a trustee or trustees from time to time selected by the board of directors; and the stock so issued to, or transferred to said trustee or trustees, will be delivered to the beneficiary at the end of five years from the beginning of the year in which the profits are earned. Each man will receive a certificate for his interest, the certificate to recite amongst other things:

(a) That if he remains continuously in the service of the corporation, or one or another of its subsidiary companies, for five years from the beginning of the year in which the profits are earned and during all of said time shall have rendered faithful and satisfactory service to the company, or one or another of its subsidiary companies the stock is to be delivered to him and that he may do as he likes with it after delivery:

(b) That if he dies or becomes totally and permanently disabled while in the employ of the corporation, or one or another of its subsidiary companies, the stock will be delivered to his estate or to him;

(c) That he can draw the dividends declared on the stock while it is held in trust for his account and he remains in the employ of the corporation, or one or another of its subsidiary companies, until such shares have been delivered to the participant or shall have been forfeited as herein provided;

(d) That if, without the consent of the corporation, for any cause, he shall have quitted the service of the corporation, or one or another of its subsidiary companies, except as provided in (b), or shall be discharged, and except when voluntary retirement may be made under any general pension scheme which may hereafter be adopted, he shall forfeit all right to said stock, and in such case it will be held in a fund which at the end of five years from the beginning of the year in which the profits are earned will be divided among such of the above-mentioned class of the series of that year as shall have complied with all the conditions;

(e) That neither it, nor any right thereunder, shall be assignable or transferable by the beneficiary, nor shall same be encumbered either by act of the party or by operation of law without the written consent of the company, and in the event of the violation of this provision he and his successors in interest shall forfeit all right to said stock and every right thereunder, if the corporation at any time shall so elect. Provision against assignment by operation of law shall not be deemed to prohibit beneficiary's estate from receiving the stock if he dies while in the employ of the corporation. Until such time as the stock is issued in the name of the certificate holder and delivered to him, he shall have no interest therein which will entitle him to vote thereon, but the voting power under said stock, if any, may be exercised by the trustee or trustees.

Thus 50 per cent of the amount set aside in this profit-sharing plan for one year will be held in the shape of stock and will be given only to such of the members of that

series, and at the end of the period next mentioned, as shall have been continuously in the employ of the company, or one or another of its subsidiary companies, for five years from the 1st day of January of the year in which such profits are earned.

The board in carrying out this plan may decide to make the distribution so that as to the one-half distributed at the end of the year the employee may receive all cash or all stock, or part in each, and the other half that is to be received and held by the trustees may be all cash or all stock, or part in each. Neither the company nor any trustee shall be required at any time to deliver any fractional share of stock, but the trustee or trustees shall have the right and will for any fractional share to which the participant would appear to be entitled and which may not be delivered to the participant at the time the stock is deliverable, pay to the participant in cash the pro rata price for the fraction of a share not delivered, computed on the price per share which the trustee or trustees paid for the stock. The trustees shall be authorized to sell and transfer the said stock and to invest and reinvest same as they may elect, subject to the approval of the board of directors, and the certificate of interest herein mentioned, and all the provisions thereof shall be deemed to apply as well to such cash or securities, if any, in the hands of the trustees, as it does or would have applied to stock of the company.

It is not intended to have the distribution made pro rata according to salaries received, but same is to be made as a reward for efficient services. Profits obtained by individual departments, reduction of cost at the factories, closing of contracts of special importance, harmonious relations with other branches, and all other matters of benefit to the company will be taken into consideration by the special committee.

Applicants for the benefits of this plan shall sign and forward to the treasurer of the Co., a form which is herewith inclosed, in which the party states that it is his intention to remain permanently with the company, or one or another of its subsidiary companies, and that he will use every possible endeavor to maintain harmonious relations with other branches, and to unify the company's interests and to increase in every legitimate way its profits, both in his own department and by suggestion where it may benefit departments other than his own. This form will insure all of the names of those eligible to participate being before the special committee at the distribution period.

While it is the purpose of the company to inaugurate for the 1913 series the foregoing plan on April 1, 1914, treating the year in which the share of profits will be computed as commencing January 1, 1913, and will probably continue this plan annually thereafter with new series, from each January 1, it has been thought best not to have this arrangement in any year take any form which would create a contract obligation on behalf of the company, prior to or except as the delivery of stock or certificates of interest create same, and therefore this plan is one merely of a declaration of intention.

The question of what constitutes profits shall be determined solely by the board of directors.

None of the class above mentioned and none sharing in the distribution, nor anyone in anywise interested under this plan, shall have any right to demand an accounting, and the distribution to be made by the special committee is to be made wholly within its discretion, subject to ratification by the board of directors, and no right attaches to the fund or any share in it on the part of an employee, and the committee reserves the right to withhold participation in part or entirety from anyone, the selection of participants resting solely upon the judgment of the committee, and all other questions affecting the applicants or rights of certificate holders shall be determined solely and finally by the special committee as it may from time to time be constituted by direction of the board of directors, and its rulings must be accepted as conclusive.

It is the desire of the board that stock so distributed shall not be sold but shall be held by the employee as his own, thereby increasing his interest in the welfare of the

company, and any sale of such stock will be considered a matter of bad faith, and will militate against the employee in any distribution in a subsequent year.

It is also the desire of the board that there shall not be any discussion among the employees as to the amounts received under the distribution, and any such discussion coming to the knowledge of the special committee will operate to the disadvantage of the employee involved.

Neither this plan nor anything growing out of it shall be construed to be a contract of employment.

PLAN NO. 2

Plan No. 2 seems to be in a class by itself. Unlike most of the plans, profit sharing, bonus or gain sharing or otherwise, described in this report, its main provisions are embodied in the articles of incorporation of the company of 1911. Under these articles the authorized capital of the company is divided into first preferred stock (\$4,500,000), second preferred stock (\$50,000), and industrial partnership stock (\$1,050,000).

First preferred stock consists of all converted common stock, carries a fixed cumulative dividend with preference in assets and dividends, but no rights to accretions. The rate of dividend (8 per cent) was chosen to represent what was considered a fair return on the capital, at the time of reincorporation, invested in the concern.

Any profits remaining after these dividends have been fully paid are invested in the business, and against them is issued yearly the so-called industrial partnership stock.

Only to "principal employees," such as sales managers, senior salesmen, department heads, foremen, etc., is industrial partnership stock issued. "Principal employees" includes only those who have at least seven years of service and an annual remuneration of at least \$1,200, or six years' service and a remuneration of \$1,500, or five years' service and a remuneration of \$1,800, and who have contracted in writing for the stock. Remuneration for overtime work or piece-work or commissions is not to be included in the above earnings. Individual shares of profit are based exclusively upon the salaries of the participating employees.

To ascertain the amount of net profits to be divided among participating employees, termed industrial partners, not less than 6 per cent is allowed for depreciation; 8 per cent, cumulative dividend, is paid on first preferred stock; next a cumulative dividend at a rate determined by the by-laws (but in no case to be less than 4 per cent) is paid on second preferred stock; 5 per cent of the remaining net profits are then set aside for the purpose of buying shares of first preferred stock at the discretion of the directors; out of one-half of the remaining net profits, dividends, not to exceed 20 per cent, are paid to holders of industrial partnership stock; the other half of the remaining net profits, subject to provision being made for a reserve fund, is apportioned to "principal employees," upon the basis of

their earnings, in shares of industrial partnership stock issued at par. Beginning with January 1, 1913, no further issue of industrial partnership stock can be made unless at least a 5 per cent dividend is paid on the outstanding industrial partnership stock.

Until industrial partnership stock to the amount of \$1,000,000 is issued the entire voting power of stockholders is vested in the holders of the first preferred and industrial partnership stock, each holder of the former being entitled to one vote for each share held and each holder of the latter being entitled to one vote for each 10 shares held.

At the next annual meeting after industrial partnership stock to the amount of \$1,000,000 shall have been issued, the entire voting power will rest with the holders of that stock, unless: (a) For any 12 months dividends on first preferred stock average less than 4 per cent; (b) if for any 24 months such dividends average less than 6 per cent per annum; (c) if for any 36 months such dividends average less than 7 per cent; or (d) if for any period of four years all cumulative dividends have not been paid in full. The voting power reverts to the preferred stockholders in cases (a) and (b) temporarily, and in cases (c) and (d) permanently.

All shares of industrial partnership stock are nontransferable and nonassignable except to the company itself. When a holder of such stock, from whatever cause, ceases to be an employee, no dividends thereafter accrue from his stock, and he or his legal representative must resell his shares to the company at par or, at the company's option, exchange them for second preferred stock.

Employees contracting for industrial partnership stock have no right to any accounting by the company concerning its business or profits. They are subject to the rules and discipline of the company and to discharge like other employees, but with the right of appealing in writing to the directors, whose decision is final.

RESULTS OF THE WORKING OF THE PLAN.

The percentage of the total employed that participated in the distributed profits during the period of existence of the plan, 1912 to 1915, varied from 7 (the lowest) in 1912 to 8.4 (the highest) in 1915. Over one-half of all the participants in 1914 were associated with the selling end of the business in the capacity of directors of sales, district managers of sales, and ordinary salesmen. Slightly over one-fourth of the participants held executive and supervisory positions in the manufacturing departments of the business. The remainder of the participants occupied clerical positions of various kinds. In this connection, however, it is interesting to note that although constituting only 8.4 per cent of the total employed in 1915, the participating group received 26.3 per cent of the total pay roll.

The following table shows the annual salaries of the employees participating in the profit sharing during the year 1914:

Salary.	Number.
\$1,200 to \$1,500.....	55
\$1,500 to \$1,800.....	45
\$1,800 to \$2,000.....	35
\$2,000 to \$3,000.....	43
\$3,000 to \$5,000.....	22
\$5,000 to \$10,000.....	6
\$10,000 and over.....	4
	210

Thus it may be seen that about two-thirds of the participants received less than \$2,000 per year, less than one-third from \$2,000 to \$5,000, and only 10, or 4.8 per cent, of all participants received an annual salary of over \$5,000.

The amounts distributed as profits constituted the following percentage additions to the ordinary earnings of the participants: In 1912, 33.3 per cent; in 1913, 36.2 per cent; in 1914, 25 per cent, and in 1915, 24.9 per cent.

The cost of the plan to the company in terms of per cent of the total pay roll was: In 1912, 7.6 per cent; in 1913, 9.2 per cent; in 1914, 6.3 per cent, and in 1915, 6.5 per cent.

The following table shows the number of participating employees who have left the employ of the company since the inception of the plan and the causes for leaving:

TABLE 29.—PARTICIPATING EMPLOYEES LEAVING EMPLOY OF COMPANY, BY YEARS AND CAUSES.

Year.	Death.	Dis-charge.	Volun-tary leaving.	Other causes.	Total.
1912.....	1	2	—	2	5
1913.....	1	2	2	2	8
1914.....	2	2	7	2	13

Out of a total of slightly over 200 industrial partners during each of the years of the existence of the plan the following numbers left the employ of the company for causes stated below: In 1912, 5; in 1913, 8; in 1914, 13, making a total of 26 in three years. The following are the causes of their withdrawal from employment: Voluntarily, 9; discharged, 7; death, 4; other causes, 6.

As noted elsewhere, the divisible profits are reinvested in the business of the company, the specific annual amounts being capitalized or converted into industrial partnership stock to be distributed to participating employees—the industrial partners—on the basis of their respective salaries.

The following table shows the number of participating employees, the number of shares held by them and the par value of these shares for the years 1911 to 1915:

TABLE 80.—NUMBER OF PARTICIPATING EMPLOYEES AND NUMBER AND PAR VALUE OF SHARES HELD, BY YEARS, 1911 TO 1915.

Year.	Participating employees.	Shares held.	Par value of shares held.
1911.....	167	410	\$4,100
1912.....	190	15,499	154,990
1913.....	303	34,103	341,030
1914.....	210	46,882	468,820
1915.....	228	59,966	596,960

The value of the industrial partnership stock held by employees on March 1, 1916, was \$596,960. This amount constituted slightly over 10 per cent of the entire authorized capital stock of the company and was held by 228 employees, or 8.4 per cent of the total employed.

The text of this plan is reprinted herewith in full:

ARTICLES OF ASSOCIATION.

1. (a) Said first preferred stock may be issued in payment for the property and assets, including good will (including name) of the original company, with the assumption by this company of the liabilities of the original company, accrued or accruing or arising out of the state of affairs existing at the time of such purchase.

(b) No increase of first preferred stock shall be authorized without the written consent of the holders of three-fourths of the then outstanding stock of each of the three classes of stock.

2. (a) Second preferred stock may be issued only: First, in exchange for industrial partnership stock, as hereinafter provided; or, second, for cash or property.

(b) Increases of second preferred stock may be authorized by vote of a majority of all stock outstanding of the classes or class of stock then entitled to vote as hereinafter provided in paragraph 11.

3.¹ (a) The first issue of industrial partnership stock shall be for cash to such employees of the original company as shall be designated by the directors of this new company as having substantially fulfilled the requirements as to time and remuneration of principal employees as hereinafter set forth; and each such employee may subscribe, payable in cash, for shares, disregarding fractions, in proportion to salary.

(b) All subsequent issues of industrial partnership stock shall be to principal employees as defined and limited in paragraph 8 of this agreement, but after January 1, 1913, no such issue shall be made unless a dividend for the preceding calendar year of at least 5 per cent in cash on industrial partnership stock already outstanding shall be paid or provided for.

(c) Increases of industrial partnership stock may be authorized by vote of a majority of all stock outstanding of the classes or class of stock then entitled to vote as hereinafter provided in paragraph 11.

4. In ascertaining net-profits:

(a) The valuation of good will (including name) of the original company shall not be increased beyond the valuation thereof at which it is taken in this company's

¹ This cash purchase applied only to an initial issue of \$4,100. The article is no longer operative.

purchase of the property and assets of said original company; nor shall any sum be added for good will (including name) of this company.

(b) The total amount allowed for depreciation since the organization of this company shall not at any time be less than a yearly allowance of 5 per cent, figured on dies, tools, furniture and fixtures, buildings, and machinery.

5. First preferred stock shall be entitled to a preferential cumulative dividend at the rate of 8 per cent per annum, payable quarterly as and when declared by the directors, and shall begin to accrue as of or on December 1, 1911.

6. Second preferred stock may, as herein limited, be issued in series under provisions in the by-laws and amendments thereof: the first series to include all second preferred stock issued until, by amendment of the by-laws, the rate of dividend is changed; the second series to begin upon such change of rate and to include all second preferred stock issued until another such change of rate; and so on, similarly, as to subsequent series. But the rate so provided for any series shall always remain the rate of dividend for that series.

The first series of second preferred stock shall be entitled, after dividends on first preferred stock have been paid or provided as aforesaid, to a preferential cumulative dividend at such rate (not less than 4 per cent per annum) as may be provided in the by-laws.

The second series of second preferred stock shall be entitled to a dividend (similar in preference to said first series dividend) at such rate as may be provided in the amendment to the by-laws; and so on, similarly, as to subsequent series. But in no series shall the rate of dividend provided be less than 4 per cent per annum.

7. After all first and second preferred dividends have been provided for as above required, there shall be set aside annually out of the remaining net profits 5 per cent of such remainder for the purpose of buying in shares of first preferred stock as and when the directors may deem it expedient.

Out of one-half of the remaining net profits, dividends may be declared and paid annually to holders of industrial partnership stock. The rate shall not exceed a total of 20 per cent for any year.

8. After all above requirements shall have been fulfilled, the remaining net profits shall be apportioned under provisions of the by-laws to principal employees as extra remuneration for services theretofore rendered by them, except that an amount or amounts not at any time exceeding a total of 10 per cent of the total par value of the then outstanding capital stock of all classes may be reserved in a suspense account at the discretion of the directors, who may likewise dispose of the same, except as may be otherwise provided by the by-laws.

Such extra remuneration shall be paid to each principal employee by issuing to him for such services, out of authorized industrial partnership stock, shares of industrial partnership stock of the total par value equal to his apportioned extra remuneration.

Principal employees shall be limited to the following:

Employees (including salaried officers) of this company, at the time any such apportionment is voted, whose aggregate service in this company (including time served with the original company) shall amount, at the end of the calendar year for which such apportionment is made, to the time set forth below, and whose remuneration actually received from one or both of said companies during such calendar year (but not counting remuneration paid for overtime work or piecework or commissions) shall have been as set forth below, and which rate of remuneration in this company shall have been approved by a two-thirds vote of all the directors, namely:

At least seven years' service and remuneration of at least \$1,200, or at least six years' service and remuneration of at least \$1,500, or at least five years' service and remuneration of at least \$1,800, and who shall have contracted in writing with this company for extra remuneration.

9. (a) All shares of industrial partnership stock shall be nontransferable and non-assignable, except to or for this company as provided below.

(b) Whenever an industrial partnership stockholder ceases, from any cause, to be an employee, no dividends shall thereafter accrue to his stock, and he or his legal representatives shall forthwith transfer and assign such industrial partnership stock at and in accordance with the request of this company, upon payment or tender by this company of the par value thereof, or at the company's option upon its issue or tender (in exchange for such industrial partnership shares) of an equal number of second preferred shares. In either case there shall also be paid in cash all declared but unpaid dividends.

(c) No such industrial partnership shares shall be paid for in cash, however, if any obligations due to first preferred stock remain unsatisfied or if the company's capital shall have or would thereby become impaired.

10. In case of liquidation or dissolution of the company or a distribution of its assets, or in case of any sale of substantially its entire property and assets, first preferred stock shall be entitled to a preference to the extent of \$125 a share and all accrued but unpaid dividends thereon; and thereafter second preferred stock shall be entitled to a preference to the extent of \$10 a share and all accrued but unpaid dividends thereon; and then industrial partnership stock shall be entitled to receive \$10 a share and all declared but unpaid dividends thereon—after which all surplus value remaining shall be divided pro rata among the holders of all classes of stock according to their total par value holdings.

11. Until industrial partnership stock to the amount of \$1,000,000 in par value shall have been issued, the entire voting power of stockholders, except as otherwise provided in subdivision (c) of this paragraph, shall vest in first preferred and industrial partnership stock together, each holder of first preferred stock being entitled to one vote for each share held and each holder of industrial partnership stock being entitled to one vote for each 10 shares held, but without any fractional vote for any shares aggregating less than 10 shares.

At the next annual meeting of the stockholders after industrial partnership stock to the amount of \$1,000,000 shall have been issued, the entire voting power of stockholders shall vest and remain in holders of industrial partnership stock, except that holders of first preferred stock or holders of first and second preferred stock shall have voting power as hereinafter provided:

(a) If for any 12 months dividends on first preferred average less than 4 per cent per annum, except in case of destruction of any substantial part of the manufacturing plant by fire, earthquake, or other natural calamity, or if for any 24 months such dividends average less than 6 per cent per annum, then holders of first preferred stock shall have sole voting power of stockholders, but without power to alter or amend this agreement, except by vote of two-thirds of each class of stock, outstanding; but, when full obligations to first preferred shall have been again earned and paid (figuring minimum depreciation as above provided in paragraph 4), voting power shall revert to holders of industrial partnership stock, and the original plan shall be carried on, unless meanwhile sole voting power shall have finally vested in first preferred stockholders as provided in the following paragraph (b).

(b) If for any 36 months such dividends average less than 7 per cent per annum, or if in any period of four years the company shall not have paid all cumulative dividends in full, so that there shall be no dividend or part of any dividend in arrears, then sole voting power shall vest at the next annual meeting and thereafter remain in first preferred stockholders.

(c) In case of a proposed dissolution of the company or of amendment or alteration of this agreement, or of a sale or lease of all or such substantial part of its property as would involve a virtual change or abandonment of the company's business, holders

of all classes of stock shall be entitled to vote; and such dissolution, amendment or alteration, or sale or lease, may be voted and authorized by vote of a majority of the outstanding stock of each class in the case of a dissolution, and of two-thirds of the outstanding stock of each class in case of such amendment or alteration or sale or lease.

12. No mortgage or mortgages for more than a total of one-half the par value of all classes of stock then outstanding shall be given or placed upon the company's property or any part of it without the written consent of the holders of three-fourths of the then outstanding first preferred stock.

BY-LAWS.

ARTICLE II.—*Employees—Contract for extra remuneration—Industrial partnership stock.*

SECTION 1. *Contract for extra remuneration.*—The directors, or any officer or officers of the company authorized by them for such purpose, may contract in behalf of the company in writing with employees for extra remuneration for future services, as limited by the agreement of association and as hereinafter provided.

SEC. 2. *No right of accounting.*—It shall be agreed in each contract between the company and any such employee that he shall have no right thereunder to any accounting by the company concerning its business or profits, and that, if notwithstanding such agreement it is deemed that he has any such right, he waives the same.

SEC. 3. *Subject to rules, and discipline and discharge—Appeal.*—Employees holding such contracts shall at all times be subject to the rules and discipline of the company and to discharge like other employees, but with the right of appeal, upon discharge or forced resignation, to the directors, whose decision shall be final; such appeal to be made in writing and presented within 30 days from the date of such discharge or forced resignation; and pending the appeal such employee may be suspended.

SEC. 4. *Apportionment of net profits—Fractional adjustment.*—Such net profits as are to be apportioned as extra remuneration for such services among the principal employees shall be apportioned annually in proportion to the amount of remuneration actually received during the entire preceding calendar year by such principal employees (not including any remuneration for overtime work, piecework, or commissions), except that in determining such proportions all amounts in excess of \$10 (the par value of the shares of industrial partnership stock) or in excess of any multiple of \$10, up to and including \$5, shall be disregarded, and all such excess amounts from \$5 to and including \$9.99 shall be considered \$10. In making these fractional adjustments, amounts may be supplied from or carried to the suspense account. The directors may likewise, at any time after January 1, 1912, apportion similar net profits earned from the incorporation of this company to December 31, 1911, inclusive.¹

ARTICLE IX.—*Amendment—Alteration—Repeal.*

Amendment, alteration, repeal.—These by-laws may be amended, altered, or repealed at any meeting of the stockholders, when only one class of stock is entitled to vote, by a two-thirds vote of all the outstanding stock of such class; and, when first preferred and industrial partnership stock are entitled to vote together, by a vote of two-thirds in interest of the total par value of the outstanding shares of said two classes of stock, without regard to the presence of such two-thirds of each class: *Provided, however,* That the notice calling any such meeting shall contain notice of the purpose to amend, alter, or repeal a by-law or by-laws, specifying or identifying the by-law or by-laws to be amended, altered, or repealed.

¹ For issue of industrial partnership stock for services, see Articles of Association, paragraph 8.

As can readily be seen from the articles of incorporation reproduced, the entire plan of this firm is based upon specified contractual relations. Thus each of the participating employees, or of the industrial partners, as they are called in the plan, in order to come under the plan, is obliged to sign the following contract:

CONTRACT WITH EMPLOYEE FOR EXTRA REMUNERATION.

(Not a contract of employment.)

—— Co. and —— hereinafter called employee, in consideration of \$1 by each to the other paid, the receipt whereof is hereby acknowledged by each, and also in consideration of the following promises and agreements by each to the other made, do hereby covenant, agree, and contract as follows:

(1) That certain provisions of the agreement of association and by-laws of said company relating to extra remuneration, printed on the back of this contract, are hereby made, and agreed to as part of this contract.

(2) That, at the date of signing this contract, said employee is within said provisions as to time of service and rate of remuneration, which are preliminary requisites to becoming a principal employee.

(3) That so long as said employee remains an employee of the company, and fulfills for any calendar year all the said printed provisions requisite to becoming a principal employee, he shall be entitled as principal employee to receive, as extra remuneration for services for each such calendar year h proportional share of net profits for each such calendar year, to be paid to h in industrial partnership stock: *Provided*, That at the date when the vote is passed apportioning net profits for any preceding calendar year he shall still be an employee of the company.

(4) The company may terminate or modify this contract as may be required by any alteration or amendment or repeal of said agreement of association or by-laws.

PLAN NO. 2.

In many of its essential features plan No. 3 resembles closely plan No. 1 reproduced and described above. Its main point of distinction is the fact that the beneficiaries are informed of the basis upon which their shares will be computed.

The application of this plan is limited to "men in the organization who have authority to formulate policies, make commitments, engage employees, and approve expenditures of money," with the exception of executives who have special bonus agreements with the company, as part of their contractual salary.

For the purpose of distributing the available profits the eligible employees are classified into four distinct and separate groups, as per section 2 of the plan, each group receiving a specific part of the total amount available for distribution during each specific distribution year, each group amount being apportioned among its members on a per capita basis.

Provisions slightly different from those shown in the reproduced text govern the distribution of the profits assigned to group 4—plant foremen, managers of bureaus, chief clerks of departments, and

assistant branch managers. The points of distinction are as follows: (1) The form of payment of the shares is all cash in group 4, as against part cash and part stock in the cases of the first three groups, as per section 3 of plan; and (2) employees of group 4, in case of leaving employment, forfeit share for current year only, while members of the first three groups, aside from forfeiting the shares for the current year, forfeit also one-fifth of the share paid to them in stock (still held by the company) during the previous year.

The specific part of the divisible profits assigned to each of the groups of participants varies from year to year, changes being made at the discretion of the committee in charge of the plan. For 1915 the fund was apportioned as follows: Groups 1 and 2 each received 30 per cent and groups 3 and 4 each received 20 per cent of the fund.

Of a total of 9,645 employees of the company, 271, or 2.8 per cent participated in the distributed profits of 1914. The number of employees in each of the four groups were as follows: 10 in group 1, 64 in group 2, 197 in group 3, none of the employees appearing in group 4. This is accounted for by the fact that prior to 1915 this group had not as yet been brought under the plan. The preliminary profit-sharing list for 1915 gives the group distribution as follows: Total participating 314, of which 11 are in group 1, 36 in group 2, 52 in group 3, and 215 in group 4. On this basis the available profit-sharing fund for 1915 will be distributed as follows:

TABLE 31.—DISTRIBUTION OF PROFITS OF 1915.

Group No.	Employees participating.		Per cent of fund allotted.
	Number.	Per cent in each group.	
1.....	11	3.5	30
2.....	36	11.5	30
3.....	52	16.6	20
4.....	215	68.5	20

To 85 per cent of all the participants will be allotted 40 per cent of the profit-sharing fund, while 15 per cent of all—mostly high executives—will receive 60 per cent of all the distributed profits.

The text of this plan, as announced for 1915, is herewith reproduced in full:

On April 6, 1915, the directors voted to continue the employees' profit-sharing plan for the year of 1915, making some modifications as to the grouping of participants but not changing the total amount of the fund, and by reason of the responsible executive position which you occupy and in the belief that your work and efforts can materially influence the profits of the business, we take pleasure in advising you that your name has been placed on the list of participants for this year.

This statement of intention concerning a voluntary and contingent distribution of a certain part of our 1915 profits does not in any way constitute a contract on the part of the corporation, nor alter or affect any of its contract relations, with you or other employees. Unless we receive at once your written declination of this offer we will understand that you accept it on this condition.

The plan is continued for the fiscal year of 1915 only, but it will be renewed from year to year unless, in the judgment of the board of directors, it shall prove undesirable, or experience suggests amendments or modifications.

The deductions from the total net profits referred to in the plan will amount to approximately \$2,640,000 for the year 1915, and therefore the total net profits this year must exceed this amount before anything will be set aside for the fund. For example:

If the net profits of 1915 are—	The total fund will be—	The amount applicable to your group will be per cent, or—
\$2, 640, 000	Nothing.	Nothing.
3, 640, 000	\$120, 000	.....
4, 640, 000	260, 000	.....
5, 640, 000	410, 000	.....
6, 640, 000	560, 000	.....
7, 640, 000	710, 000	.....
Etc.	Etc.	Etc.

The number of participants in your group as at present constituted is — men and your share, on a per capita division, will be — of the amount earned by your group. However, the finance committee reserves the right to increase or decrease the number of participants in your group as may be necessary from time to time which of course may slightly alter these figures.

The fund shall be known as the "employees' profit-sharing fund," and it shall be administered by the finance committee and under the following terms and conditions:

1. *The fund.*—The fund shall be computed in the following manner: From the consolidated net profits of — and subsidiary companies as certified to by our auditors there shall be deducted: (1) The amount of the 7 per cent dividends on the preferred stock; (2) the amount which, under its charter, the corporation is required to set aside annually in "Special surplus account" for the amortization of the preferred stock, and (3) a further amount equal to 5 per cent upon the common stock outstanding. There shall thereafter be computed a sum arrived at by taking 12 per cent of the balance remaining up to the first \$1,000,000 thereof; 14 per cent of such balance in excess of \$1,000,000 and up to \$2,000,000; and 15 per cent of the excess of such balance over \$2,000,000, which sum shall constitute the fund.

The credits to the "Special surplus account" for the amortization of the preferred stock will reduce the amount of the preferred dividends, and thus increase the amount available for the fund each year.

The total fund shall be distributed to the participants by dividing the amounts into four parts, one part for each group, by use of percentages adopted for each division annually by the finance committee. Thereafter the amount of each group fund shall be equally divided among the participants thereof as described below.

2. *Participants.*—Employees entitled to participate shall be only those holding executive positions as described below, whose responsibilities include spending the corporation's money, handling its property, making commitments for its account, and the employment and supervision of its employees.

Participants shall be divided into four groups, according to positions held, and according to whether, and to what extent, the finance committee may deem a participant is contributing to the corporation's profits by reason of his position, worth, and loyalty, as follows:

Group No. 1: The principal operating heads at ——— and ———.

Group No. 2: Managers of principal departments, junior officers, managers large branches, and general plant superintendents, at ——— and ———.

Group No. 3: Assistant managers of principal departments, managers minor branches, assistant plant superintendents, and general foremen, at ——— and ———.

Group No. 4: Plant foremen, managers of bureaus, chief clerks of departments and assistant branch managers.

At the beginning of each year, the official heads of the executive, manufacturing, sales, financial, and accounting departments shall submit a list of proposed participants to the finance committee, from which the committee shall make selections, approve those entitled to participate in the fund, and notify each person accordingly.

No director of the corporation, nor any officer or employee holding a personal bonus contract, shall participate in the fund, unless such participation is approved by the executive committee.

3. *Distribution of fund.*—Within 30 days after the annual audit of the corporation's books shall have been completed, each participant will be notified of the amount of bonus, if any, to which he is entitled under the plan and will receive a check for not less than — per cent of the amount and subject to possible forfeiture mentioned below, a participating certificate for the balance covering common stock of the corporation, which stock will be delivered to him 25 per cent after the first year, 25 per cent after the second year, and 50 per cent after the third year, provided he has continued uninterruptedly in the service of the corporation. Any dividends received upon said stock while in the possession of the corporation will be promptly paid to participants.

Participants shall have no right to assign stock held for their account by the corporation, and any attempt at assignment will give the corporation the right to remove the person making it from the list of participants.

The finance committee shall have discretion after August 1 of each year, if the net profits warrant it and the market price of the common stock seems favorable, to buy common stock from time to time for the account of the fund, in order to give employees the benefit of purchases at as low prices as possible.

4. *Promotions.*—In the event of promotion no change shall be made during the current year in the group to which a participant is already assigned.

5. *Resignations.*—Participants who resign from the service during the year shall not be entitled to participate, proportionately or otherwise, in the fund of the current year, and shall forfeit to the corporation as a penalty 20 per cent of the common stock held for their account from the bonus of the previous year.

6. *Dismissals.*—Participants dismissed from the service during the year, for lack of efficiency or because their services are no longer required, shall not be entitled to participate, proportionately or otherwise, in the fund of the current year, but shall receive the full amount of common stock, if any, held for their account from previous years.

Participants released on account of curtailment in business or shutdowns, and not on account of lack of efficiency or conduct prejudicial to the corporation's business, or being officers and failing of reelection, shall be entitled to their proportionate participation in the fund of the current year, and shall receive the full amount of common stock, if any, held for their account from previous years.

7. *Disability and death.*—Participants compelled to leave the service on account of protracted illness, disability, or old age, shall be entitled to their proportionate participation in the fund of the current year, and shall receive the full amount of common stock, if any, held for their account from previous years.

In case of the death of a participant having stock held for his account as above, the corporation shall promptly deliver it to his legal representative, and as soon thereafter as determined shall deliver to his legal representative his proportion of the cash and stock from the fund of the current year.

PLAN NO. 4.

This limited profit-sharing plan, in operation since 1912, was framed, according to statements of the management, with two objects in view—(1) additional reward to and recognition of deserving employees, and (2) greater and better results for the company in the way of greater efficiency, reduced costs, and improvement in the quality of the finished product.

Profit sharing under this plan depends, first, on the company's net income for the year, the rate of participation being governed by the amount of such income in excess of stipulated requirements; second, on the standing of the particular manufacturing or sales unit with which a specific employee is connected; and, third, upon the length and character of the service of the individual employee.

Individual shares of profits depend upon the net income of the company above a certain specified minimum. When the net profits of the business exceed the stipulated minimum, for the first \$100,000 of such excess a profit-sharing dividend of 8 per cent on salaries or wages is declared; for the second \$100,000 in excess of the minimum 8.1 per cent is paid; and for each additional \$100,000 above the minimum profits two-tenths of 1 per cent is added. At a certain point further the relative increase is changed from two-tenths of 1 per cent to three-tenths of 1 per cent. Shares or profits are paid wholly in cash, but under certain conditions the cash received by an employee as his profits may be used to purchase shares of common stock of the company at par. For instance, each employee whose dividend totals \$200 or more is privileged to subscribe for whole shares of the company's common stock at par (\$100) up to the amount of even hundreds of his cash distribution. Such subscriptions are entirely optional with the employee.

The plan is administered by a committee consisting of the officers of the company and the head of each department involved.

The standing of the particular manufacturing or sales unit for purposes of profit sharing is established by a very elaborate method of accounting which takes into consideration controllable costs and quality of finished product in the case of manufacturing units, and increased sales, controllable sales expenses, etc., in the case of sales units. It is to be noted that the basis of factory participation is quality and cost of the finished product. In order to equitably determine the eligibility of the various factories it was found necessary to adopt "a few arbitrarics," as detailed below.

Owing to the fact that the factories are located in different zones—paying different prices for their manufacturing material—it was deemed fair that all factories be charged with the same price for their raw materials; also that the charge for depreciation be eliminated from factory expenses. This is done in order to put all the

plants on the same basis, thus holding the superintendents and their assistants responsible only for expenses directly under their control.

By reason of the factories manufacturing different sizes and brands, and in order to level them down to a common basis, a system is in force whereby the average cost of the total output of each factory is ascertained; an arbitrary figure per unit is then credited to the factory having the lowest cost and the other factories making the same size or brand are credited with the difference between their cost and the lowest cost plus the arbitrary figure. All factories coming within a fair range of best practice are eligible to profit sharing.

To cover finished product not up to the standard quality, ranging from one-tenth to one-half of 1 per cent of their year's output, the factories are penalized from a minimum of 2 per cent to a maximum of 10 per cent. Any factory exceeding one-half of 1 per cent becomes ineligible for profit sharing that year.

The positions participating in the profit sharing of factories are as follows:

Superintendent, assistant superintendent, head bookkeepers, inspectors, foremen, operators, chief engineers, chief firemen, and chemists.

City Branches.

In determining the eligibility of the city sales branches, an efficiency score is kept on the following lines:

Sales.—For each 1 per cent of increase, credit is given up to a maximum of 20 points; minimum, 2 points.

Cash collections.—For each one-fourth of 1 per cent over standard, credit is given up to a maximum of 20 points; minimum, 10 points.

Container collections.—For each 1 per cent over standard a maximum of 10 points; minimum, 5 points.

Total operating cost, per point.—For each one-tenth of 1 per cent decrease per point, credit is given up to a maximum of 26 points; minimum, 2 points.

General condition of branch property.—Maximum of 8 points, minimum of 3 points.

Condition of salesmen's books.—Maximum of 8, and minimum of 3 points.

Condition and appearance of equipment.—Maximum of 8, and minimum of 3 points.

This allows a possible score of 100 points. A score of 70 or more points entitles to profit sharing.

Rents and depreciation are eliminated in establishing cost of delivery.

The participating positions are as follows:

Superintendents, assistant superintendents, inspectors, cashiers, and head bookkeepers.

General office and field men.

To this group of participants belong employees holding the more important positions in the general office and some men in the field not connected with any particular plant. All employees in the general office receiving \$2,000 or more per annum are eligible, unless in some specific case a department head recommends otherwise. The admission of employees receiving this salary, without regard to position, is considered fully warranted, as under this company's method of advancement, it is said, it means proven efficiency as well as a satisfactory service. When the force is augmented by outside men at a salary of or exceeding \$2,000 (which is not frequent), it is invariably because of a technical knowledge or a special fitness which would entitle them to profit-sharing consideration aside from salary.

Salesmen.

The eligibility of salesmen is dependent on a certain percentage of increase in the sales of the company's leading brand over the sales of the previous year.

Results of the working of the plan.

A total of \$171,824 was distributed as profits during the first two years of the operation of the plan, the dividends on the earnings of the participants amounting to 8.3 per cent in 1913, and 8.1 in 1914. No profits were available for distribution for the business year ending June 30, 1915. The relative proportions of the total employed that participated were as follows: In 1913, 837 or 9.6 per cent; in 1914, 860 or 9.2 per cent. The cost of the plan to the management, in terms of a percentage of the total labor pay roll was 1.3 per cent and 1.2 per cent in 1913 and 1914, respectively.

PLAN NO. 5.

The application of the following plan, No. 5, is restricted to employees earning "not less than \$780" per year. The first distribution under it will be made on February 1, 1917.

The following is the text of this plan as announced to the officers and employees of the company on December 31, 1915:

1. The company will distribute among the officers and employees entitled to share in the benefits of the plan so much of its common stock as shall have been acquired by it for the purpose by an expenditure of money equal in amount to 20 per cent of its net profits for the year 1916 remaining after making certain deductions, as hereinafter defined and explained. Net profits remaining after such deductions shall mean the net profits remaining after deducting from the consolidated net profits of the company for the year 1916 as determined by its auditors, whose determination shall be final—first, the full amount of dividends on the preferred stock of the company for the year 1916 and then an amount equal to 5 per cent on its common stock outstanding at the end of the year.

2. Only officers and employees, other than pieceworkers, who shall have been in the employ of this company or one of its said subsidiary companies for approximately the entire calendar year 1916 and shall remain in such employ until February 1, 1917, and whose salary for the year 1916 shall have been not less than approximately \$780, shall be entitled to share in the benefits of the plan. No officer or employee shall, however, be entitled to share in the benefits of this plan who shall have sold or otherwise disposed of any stock received by him under the profit-sharing plan of 1915, or who shall have sold or otherwise disposed of or attempted to sell or otherwise dispose of any stock in anticipation of the receipt of such stock by him under this plan for the year 1916, unless the committee mentioned in paragraph 4 of this plan shall consent in writing to any such sale or other disposition.

3. Subject to the right of such committee to exclude any officer or employee for any cause which it deems proper, the stock to be distributed under this plan for the year 1916 shall be distributed among the officers and employees mentioned in the preceding paragraph 2 as nearly as may be pro rata upon the following salary basis: The full salary received for the year 1916 by each officer and employee entitled to share in the benefits of the plan, who shall have been so employed approximately from January 1, 1915, to February 1, 1917, and one-half of the salary received for the year 1916 by each officer and employee entitled to share in the benefits of the plan so employed for a less period, but not less than from approximately January 1, 1916, to February 1, 1917, shall be taken as the basis for distribution.

4. The determination of what officers and employees shall be entitled to share in the benefits of the plan, the amount of their salaries to be taken for the purposes of the plan, all matters to be determined under the plan, including adjustments as to fractional shares, and all details of the plan and its operation shall rest with a committee of the board of directors of this company, consisting at present of Messrs. ———, ———, and ———, whose determination shall be final.

5. Nothing in the plan contained shall be deemed to limit the power of this company or of its said subsidiary companies to discharge any officer or employee at any time, with or without cause, and any officer or employee so discharged shall not be entitled to share in the benefits of the plan. This company reserves the right to dispose in whole or in part of its interest in any subsidiary company at any time, in which event the officers and employees of such subsidiary company shall not be entitled to participate in the benefits of the plan, except to such extent, if any, as the committee of directors above mentioned may deem proper.

6. The provisions of paragraph 2 of this plan that no officer or employee who shall sell or otherwise dispose of his stock shall be entitled to share in the benefits of the plan unless the committee shall consent to such sale or other disposition, were inserted in furtherance of the fundamental idea of the plan that the officers and employees of this company and its subsidiaries would be included among its permanent stockholders and as part owners of its business and properties be directly and vitally concerned in its continued prosperity and success. To the extent therefore, that officers and employees sell or otherwise dispose of their stock, the real purpose of the plan is defeated. The retention of their stock by officers and employees from year to year will result in constantly increasing benefits and advantages to such officers and employees and to the company alike, and in this way the fundamental purposes of the plan can be accomplished. The committee will be glad, however, to consider and pass upon the application of any officer or employee of this company, if unusual circumstances at any time exist.

7. This plan is applicable only to the calendar year 1916. It is the intention of the company, however, to continue such plan from year to year, unless in the judgment of its board of directors it shall prove unsatisfactory or experience suggests amendments or modifications.

BONUS PLANS COMMONLY KNOWN AS PROFIT SHARING.

The term "profit sharing" has been extended in popular usage to include several bonus plans, the essential features of which are clearly outside of a correct interpretation of the term. These schemes, although providing a supplementary remuneration to the ordinary earnings of employees, do not involve a direct or definite relation to the net profits of the enterprise.

In examining the profit-sharing system of an establishment little concern is generally given to the theoretical conceptions of the employer who formulated it. Interest lies rather in the fact that the employer is willing to share a part of his profits with his employees. This interest is heightened in some cases by the fact that the amount thus distributed is considerable, presenting a marked augmentation to the ordinary earnings of the employees.

In many instances, profit sharing (as popularly understood) takes the form of a simple bonus in terms of a percentage on earnings which is given to employees at the end of the business or calendar year, the percentage varying with the length of service. In most of these instances the bonus is a mere gift which is not guaranteed and bears no direct relation to the profits realized, even if the amounts distributed vary more or less with the general prosperity of the business. In one notable instance, one of the most widely known, the profits likely to accrue within the year are estimated, about one-half of this estimated amount being distributed among the employees of the concern. The distribution under this plan takes the form of a guaranteed minimum wage per day, graded according to skill.

Profit sharing, properly speaking, should clearly be distinguished from those related forms of remuneration in addition to ordinary wages which do not depend directly or vary with the net profits of the enterprise. Whatever merit the plans presented in the following section may have, they can not be classified as involving the application of the principle of profit sharing. Inasmuch, however, as many of such plans are commonly thought of and discussed as profit sharing, it was deemed desirable to give complete accounts of the workings of the more notable types of such plans in operation in the United States at the present time.

The main interest of the plans described in this section lies in the factors which determine the bonuses to be distributed and the conditions which determine participation. In plan No. 1, presented below, the amounts to be distributed depend upon the length of service and a subscription for a specified amount of stock of the company. In plan No. 2 the distributions depend wholly upon the skill of the employees, as indicated by the rate of wages received and upon a minimum length of service. In plan No. 3 the conditions under which the

various bonuses are paid are the nature of the work and the merit of service. In the various stock subscription plans, types of which are shown on pages 136 to 157, the extra remuneration depends upon subscriptions for stock, while in the various so-called cash bonus plans based upon the length of service, the extra remuneration depends upon both the earnings of an employee and his length of service; the plan on pages 158 and 159 is presented as typical of the latter group. In the plan described on page 161 the hourly rates of wages paid vary with the gross receipts, while in the plan given on page 162 the daily wage varies with the price for which the manufactured commodity is sold. Finally, under the plan described on pages 164 to 166 the bonus dividend on the earnings of the employees depends upon the savings collectively effected in a specific department over and above an established standard.

PLAN NO. 1

HISTORY OF THE PLAN.

This plan, which was established in 1887 and revised last in January, 1913, is applicable only to employees who earn \$1,500 or less per year, excluding salesmen and traveling representatives. It provides that an employee in order to be eligible to participate in the benefits of the plan must either own or subscribe for an amount of common stock of the company equal to one year's salary, neither more nor less.

Upon application and after approval by the company, the required amount of stock is issued at its market value and held for the employee by three trustees selected by the board of directors of the company from its officers, directors, or employees. A cash payment of $2\frac{1}{2}$ per cent of the cost price of the stock is required at the time of subscription, and a yearly cash payment of at least 4 per cent of the total amount of subscription must be made until the stock is paid for in full. Three per cent interest is charged on the unpaid balances in the meantime.

Immediately upon payment of the first installment of the purchase price, each employee receives a "trust receipt pass book," containing the formal contract between himself and the company, called a "trust receipt." This trust receipt entitles the holder to a dividend at the rate of 16 per cent upon the amount of his wages for the year, in addition to the regular dividend on the common stock that he holds. Both these dividends are applied toward the payment of the stock, but trust receipt dividends are credited to the employee only if he has been in the employ of the company continuously during the preceding half year, dividends being paid on January 1 and July 1 of each year.

After the stock has been paid for in full, the employee's "trust receipt pass book" is exchanged for a "paid-up trust receipt" and all further stock dividends, as well as "trust receipt dividends," are paid in cash. If the employee chooses, however, to withdraw from the plan before he has been a participant for two years, all trust receipt dividends which have been credited to him are deducted from the amount due him.

After an employee has been a participant in the benefits of the plan or an owner of common stock for five years, he may increase his common-stock holdings to 125 per cent of his annual earnings and receive trust receipt participation dividends at the rate of 20 per cent. After 10 years he may increase his holdings to 150 per cent of his annual wages and receive trust receipt dividends at the rate of 24 per cent, the maximum.

Employees are prohibited by the company from assigning or transferring trust receipts or any interests represented thereby.

An employee may, by giving notice at any time, withdraw from the scheme and surrender his holdings; if he decides to withdraw before being a participant at least two years, or before his credits from all sources equal 35 per cent of his subscription, he forfeits all dividends. If he withdraws from the scheme after having been a participant for two years or more and the amounts credited to his account from all sources equal 35 per cent of his total subscription, he may, at the option of the company, and under certain provisions, be paid dividends on his stock, and also receive trust receipt dividends. In this case, he is debarred from further participation in the benefits of the plan.

After having been a participant for two years or more and having paid his stock subscription in full, an employee giving notice of withdrawal has the option of receiving either stock certificates or the cash, equal in amount to his credit from all sources. As in the case of the other employee he forfeits the right to again participate in the benefits of the scheme.

The rules governing the operation of this plan since January 1, 1913, will be found in the following text of the revised plan, issued in pamphlet form by the company:

RULES GOVERNING OPERATION OF PLAN.

PLAN FOR TRUST RECEIPT DIVIDENDS FOR EMPLOYEES THROUGH STOCK OWNERSHIP.

APPLICATION.

Any employee of the ——— Co. (hereinafter called "the company"), earning an amount not exceeding \$1,500 a year, excluding, however, salesmen and traveling representatives, may upon application to the treasurer of the company and after approval by the company, have purchased for his account, at its market value at the time of application, an amount of common stock of the company equal to his annual wages, but neither more nor less, except as hereinafter provided.

TRUSTEES.

The stock so purchased for an employee shall be held for the benefit of the employee by three trustees to be appointed from time to time by the board of directors of the company, which trustees may be selected at the board's discretion from its officers, directors, or employees.

PAYMENTS, CREDITS, AND INTEREST.

Such employee shall pay in cash toward the purchase of stock at the time of the approval of his application for its purchase not less than 2½ per cent of the cost price thereof. He shall also pay in cash during each year succeeding the day of purchase, until the stock is fully paid for, not less than 4 per cent of the total amount of his subscription.

All dividends declared upon the stock so purchased for an employee and all trust receipt dividends due such employee, as hereinafter provided, shall be credited upon his unpaid balance until said stock and all interest payable are fully paid.

Upon the unpaid balance which remains after crediting cash payments, dividends on stock, and trust receipt dividends, the company shall charge the employee interest at the rate of 3 per cent per annum; when, however, the stock subscribed together with all interest due have been fully paid, trust receipt dividends and dividends upon the paid-up shares of stock shall be paid in cash to the employee subject to the conditions hereinafter provided.

TRUST RECEIPT PASS BOOKS, PAID-UP TRUST RECEIPTS, AND TRUST RECEIPT DIVIDENDS.

Immediately upon the first payment on the part of the employee on account of the purchase price of the stock, the trustees shall issue to the employee making such payment a trust receipt pass book, containing the formal contract, called the trust receipt, between the company and the employee and stating the amount of stock bought and the amount of money paid on account of such stock, and guaranteeing to the holder of the trust receipt, dividends upon it, at the rate of 16 per cent per annum upon the amount of wages actually earned by him during each year or part thereof, subject to the following conditions:

(a) Trust receipt dividends shall be payable semiannually January 1 and July 1, and shall be credited on those dates on the employee's unpaid balance as hereinbefore provided.

(b) Said trust receipt dividends shall be credited to the employee only in case he is in the employ of the company on the dates said dividends become payable, and shall have been in the employ of the company continuously during the semiannual period just preceding or from the date of his trust receipt pass book, if same was issued during the previous semiannual period.

(c) Should the employee leave the employ of the company or make application for withdrawal from this plan during the said semiannual period, he shall not be entitled to receive or be credited with any trust receipt dividend whatsoever on the wages earned by him during any portion of such period.

(d) When the purchase price of the stock subscribed by any employee, together with all interest payable, are fully paid as hereinbefore provided, then the trustees shall recall the trust receipt pass book and shall issue to the employee instead thereof a paid-up trust receipt, and all further trust receipt dividends, as well as dividends on the stock held for him under this plan, shall be paid to the employee in cash, subject to all conditions herein stated, and subject in particular to the further condition that if the employee should make application for withdrawal from this plan before he has been a participant under same for two years, all trust receipt dividends that have been paid to him in cash shall be deducted and retained by the company from the cash returnable to him.

Neither trust receipt pass book nor paid-up trust receipt, nor any interest therein nor any stock represented thereby, can be assigned or transferred by the employee, and the company will not recognize any such assignment or transfer from the name of the original holder.

The trust receipt pass book or paid-up trust receipt shall be surrendered to the company whenever its holder has demanded and received a certificate or certificates of the common stock of the company therefor, or has been paid or tendered the value of his interest in such stock; or after termination of his employment, upon payment or tender to him of the value of his interest in any such trust receipt pass book or paid-up trust receipt on the date of the termination of his employment, according to the provisions of this plan.

The trustees, from time to time, as dividends or payments are credited or interest charged for the account of the employee, shall have proper entries made in his trust receipt pass book.

INCREASE OF HOLDINGS AFTER FIVE YEARS.

After an employee has been a shareholder of the common stock of the company for a term of five years, he may, upon written application to the treasurer of the company, increase his holding of stock under this plan by an amount equal to 25 per cent of his annual wages at the time he makes application for such increase, and thereafter while he remains an employee receive a trust receipt dividend at the rate of 20 per cent per annum upon his wages, subject, however, to conditions (a), (b), (c), and (d) hereinbefore stated. The additional stock so purchased for his account shall be held by the trustees subject to all provisions and conditions herein contained.

INCREASE OF HOLDINGS AFTER 10 YEARS.

After an employee has been a shareholder of the common stock of the company for a term of 10 years, he may, upon written application to the treasurer of the company, increase his holding of stock under this plan to an amount equal to 150 per cent of his annual wages at the time he makes application for such increase, and thereafter while he remains an employee, receive a trust receipt dividend at the rate of 24 per cent per annum upon his wages, subject, however, to conditions (a), (b), (c), and (d) hereinbefore stated. The additional stock so purchased for his account shall be held by the trustees subject to all provisions and conditions herein contained.

An employee holding a paid-up trust receipt who increases his subscription under any of the provisions of this plan shall have issued to him a trust receipt pass book for such increase. When the amount of this additional subscription, together with all interest thereon, is paid in full, a new paid-up trust receipt covering both amounts will be issued to him in exchange.

INCREASE OF HOLDINGS UPON ADVANCE IN WAGES.

An employee receiving an increase in his annual wages—such wages, with increase, however, not exceeding \$1,500 per annum—may, upon approved application to the treasurer of the company, have purchased for his account, subject to all the conditions of this plan, an additional amount of the common stock of the company at its then market value equal to the increase in his annual wages. Until such application is actually made to the treasurer of the company and approved the basis upon which trust receipt dividends are payable to the employee shall remain unchanged.

Any employee under this plan whose wages are increased to a sum in excess of \$1,500 per annum, and whose trust stock has not been paid for in full, may retain his stock under this plan, provided he shall continue to pay annually on account thereof an amount equal to the 4 per cent per annum payment required under this plan, plus a further amount equal to the annual dividends previously credited to his account until same is paid for in full.

Any employee whose wages are increased beyond \$1,500 per annum, who has paid for his stock in full, shall receive at once certificates of stock covering the full shares and cash for any fraction thereof to which he may be entitled, on surrender of his paid-up trust receipt. Refund for any fractional interest shall be based upon the then market value of the stock.

WITHDRAWAL.

An employee may at any time surrender his trust receipt pass book or his paid-up trust receipt and withdraw his interest thereunder, subject to the terms and conditions stated below:

Notice and surrender.—He shall give notice in writing to the treasurer of the company of his desire to receive such money or stock as may be due him, and shall, with said written notice, surrender his trust receipt pass book or paid-up trust receipt.

Withdrawal before participation for two years.—An employee who has been a holder under this plan of either a trust receipt pass book or a paid-up trust receipt for a period of less than two years prior to the date of his written notice of withdrawal shall have refunded to him only such an amount as he actually has paid in cash.

Withdrawal before payment in full.—In the event of an employee giving written notice of his desire to withdraw from this plan before the amount of his cash payments, dividends on stock and trust receipt dividends less interest payable, equal 35 per cent of the total amount of his subscription, there shall be refunded to him only such money as he has actually paid in cash toward the purchase of his stock. He shall not derive the benefit of any dividends of any kind whatsoever which may have been credited.

In the event of an employee who has been a holder of a trust receipt pass book for a period of two years or more giving written notice of his desire to withdraw from this plan, after the amount of his cash payments, dividends on stock and trust receipt dividends less interest payable, equal or exceed 35 per cent of the total amount of his subscription, he shall receive within 90 days thereafter, at the company's option, an amount equal to the money paid by him toward the subscription price of his stock, plus the dividends on his stock and trust receipt dividends credited, less interest payable, subject to all conditions and provisions herein stated: *Provided*, That this privilege shall not be given to anyone who, to bring the total amount of his net credits to 35 per cent, has paid more than 5 per cent of his total subscription within 60 days next preceding his notice of withdrawal. The employee so withdrawing, upon receiving the value of his interest in this plan, either in the common stock of the company or its money equivalent as provided, shall surrender all rights hereunder and shall be debarred from further right to subscribe for stock or to have or enjoy any of the privileges of this plan. He shall not be entitled to receive any trust receipt dividends upon wages earned after date of written notice of his desire to withdraw, nor shall anyone receive any such trust receipt dividends who is not the rightful holder of a trust receipt pass book or paid up trust receipt.

Withdrawal after payment in full.—If an employee who has been a holder of a trust receipt for two years or more, and who has paid his subscription in full with interest, should desire to withdraw the paid up stock held in trust for him under this plan, or its money equivalent, he may do so by giving 90 days' notice in writing to the company of his intention so to do.

At the end of 90 days, or before at the option of the company, there shall be delivered to him certificate or certificates of the common stock of the company representing stock paid for under this agreement, or its money equivalent, based upon the market price of the stock on date of written notice of withdrawal, and subject to all conditions and provisions herein stated: *Provided, however*, That the total cash payments made by the employee during the 60 days immediately preceding the date of his written notice of withdrawal be not in excess of 10 per cent of the total amount of his

subscription, in the manner stated in the preceding clause entitled "Withdrawal before payment in full." No certificate shall be demanded or issued for a fractional share of stock.

An employee receiving such stock or its money equivalent as provided shall surrender all rights and privileges under this plan, as stated at the close of the preceding clause entitled "Withdrawal before payment in full."

Withdrawal or discharge of employee.—The fact that an employee is taking advantage of and is receiving the benefits of this plan, shall not deprive the company of the right at any time to discharge such employee and thereby terminate his participation under the plan. Should the employee be discharged or should he leave the employ of the company for any cause, he shall within three days thereafter, make written application for the withdrawal of his interest under this plan. In the event of his failure to do so then his participation in the benefits of the plan shall cease and determine upon the termination of his employment, and settlement shall be based on the status of his account on said date of termination, subject to the conditions and provisions herein stated.

SETTLEMENT UPON DEATH OF EMPLOYEE.

In the event of the death of an employee participating in this plan, there shall be paid to his estate all money paid by him on account of his subscription to stock under the plan, together with all dividends credited upon the purchase price of said stock less the amount of interest, if any, remaining unpaid. In addition, his estate shall receive in cash the benefit of any increase in the market value of his investment over and above its purchase price.

This arrangement shall be effective regardless of the amount paid toward the original subscription.

GUARANTEE.

If, on the date of the signed application of an employee for withdrawal of his interest under this plan, the market value of the total stock held for him is less than the total of his subscription in money, there shall be refunded to him, without deduction, all money paid and dividends credited, less interest payable, subject however to all conditions governing withdrawal before or after payment in full.

Any increased value of the employee's stock on the date of his application for withdrawal shall accrue to him only in the event that his subscription shall have been paid in full, and subject in particular to the conditions governing withdrawal after payment in full.

All stock held by an employee under this plan shall be considered as a whole, and fractional additions made from time to time, as the result of salary increases or for other reasons, shall not be considered in making refunders as [sic] separate subscriptions.

STOCK INCREASES.

If at any time common capital stock is issued to stockholders for cash, then a holder of stock under the trust receipt plan will have added to his account a pro rata portion of such increase less such an amount which, sold at the current market, will produce a sum sufficient to pay for his pro rata allotment, and the remaining amount of stock shall be added without cost to the account of the trust receipt holder.

Any increase in the common capital stock distributed to common stockholders as a dividend shall be added to the account of a trust receipt holder in his proper proportion, without charge or deduction in amount, and such stock dividend may not be sold or otherwise disposed of, but must be added to the account of the employee until such account is terminated in accordance with other sections of this plan.

PASS BOOKS AND TRUST RECEIPTS—PROPERTY OF THE COMPANY.

Trust receipt pass books and paid up trust receipts shall belong to the company and shall be surrendered to it whenever a holder, after paying for the interest represented by such receipt or pass book, has demanded or received a certificate or certificates of the common stock of the company therefor or has been paid or tendered the value of such interest; or after termination of the employment of the receipt holder, upon payment or tender to him of the value of his interest in such receipt according to the provisions of this plan.

TERMINATION OF PLAN.

The company reserves the right as against any or all employees to terminate this plan altogether at the end of any fiscal year, and in such event settlement with each trust receipt holder will be made according to the condition of his individual account at such time and under the aforementioned conditions governing withdrawal.

RESULTS OF THE WORKING OF THE PLAN.

The following table shows in detail, by distribution periods, since 1903, the number and per cent of employees participating, dividends to employees, and the cost of the profit-sharing plan to the company in terms of a percentage of the total pay roll of the establishment.

TABLE 32.—NUMBER OF EMPLOYEES, PROPORTION PARTICIPATING, PARTICIPATION DIVIDENDS TO EMPLOYEES, AND COST OF PROFIT-SHARING PLAN TO EMPLOYER, BY DISTRIBUTION PERIODS, 1903 TO 1915.

Dividend period ending—	Total employees.	Employees participating in profits.		Total pay roll.	Pay roll of participants.		Dividends to employees.		
		Number.	Per cent of total.		Amount.	Per cent of total pay roll.	Amount.	Per cent of total pay roll.	Per cent of pay roll of participants.
Dec. 31, 1903.....	940	458	48.7	\$243,060	\$134,762	57.6	\$16,178	6.9	12.0
June 30, 1904.....	952	476	50.0	238,904	141,561	59.3	16,993	7.1	12.0
Dec. 31, 1904.....	987	474	48.0	250,698	149,307	59.6	17,924	7.1	12.0
June 30, 1905.....	1,043	499	47.8	270,140	155,279	57.5	18,841	7.0	12.1
Dec. 31, 1905.....	1,088	529	48.2	273,039	161,668	59.2	19,408	7.1	12.0
June 30, 1906.....	1,157	531	45.9	289,050	166,693	57.7	20,004	6.9	12.0
Dec. 31, 1906.....	1,175	527	44.9	292,797	170,034	58.1	20,405	7.0	12.0
June 30, 1907.....	1,540	535	34.7	340,382	171,043	44.9	20,526	5.4	12.0
Dec. 31, 1907.....	1,544	525	34.0	385,997	171,901	49.7	20,629	5.3	12.0
June 30, 1908.....	1,980	551	27.8	479,999	166,511	34.7	20,252	4.2	12.2
Dec. 31, 1908.....	1,986	537	27.1	485,406	168,759	34.8	21,200	4.4	12.6
June 30, 1909.....	2,040	599	29.4	515,855	174,108	33.8	22,310	4.2	12.8
Dec. 31, 1909.....	2,082	584	28.0	523,684	188,325	36.0	23,955	4.6	12.7
June 30, 1910.....	2,601	647	24.9	722,284	199,483	27.6	25,284	3.5	12.7
Dec. 31, 1910.....	2,640	728	27.5	734,984	228,557	31.1	28,319	4.0	12.8
June 30, 1911.....	2,687	778	28.9	752,871	236,632	31.4	30,619	4.1	12.9
Dec. 31, 1911.....	2,711	795	29.3	763,566	251,073	32.9	32,030	4.2	12.8
June 30, 1912.....	2,840	859	30.2	824,728	290,595	34.0	35,522	4.3	12.7
Dec. 31, 1912.....	2,852	950	33.3	832,890	293,405	34.0	36,140	4.3	12.8
June 30, 1913.....	2,963	1,122	37.9	926,136	340,807	36.8	57,600	6.2	16.9
Dec. 31, 1913.....	2,980	1,272	42.7	937,877	365,112	42.1	67,805	7.2	17.2
June 30, 1914.....	2,994	1,474	49.2	992,328	443,581	44.7	75,537	7.6	17.0
Dec. 31, 1914.....	2,915	1,653	56.7	1,003,280	495,899	49.4	84,176	8.4	17.0
June 30, 1915.....	2,912	2,003	68.8	984,241	590,133	60.0	99,549	10.1	16.9
Dec. 31, 1915.....	2,908	1,991	68.7	997,756	648,444	64.9	109,671	11.0	16.9

Since 1903 the proportion of the total employed that participated in the benefits of the plan varied considerably—from 24.9 per cent

for the distribution period ending June 30, 1910, to 68.8 per cent for the period ending June 30, 1915. The average proportion participating for the entire period was slightly over 40 per cent of the total employed.

The size of the participation dividend, as might be expected, did not vary as much as the proportion of employees participating. The lowest average dividend paid to an employee—12 per cent—was during the first years of the operation of the plan, while the highest average dividend—16.9 per cent—was paid at the end of the period ending June 30, 1915.

Below is presented a table showing the occupation groups of the participating employees for one representative distribution period, ending December 31, 1915:

TABLE 33.—NUMBER AND PER CENT OF PARTICIPATING EMPLOYEES IN EACH OCCUPATION GROUP, FOR THE DISTRIBUTION PERIOD ENDING DEC. 31, 1915.

Occupation group.	Employees.	
	Number.	Per cent.
Executive and supervisory.....	38	1.9
Clerical.....	506	25.4
Manufacturing.....	1,447	72.7
Total.....	1,991	100.0

The provisions of the plan, as described in detail above, exclude from the benefits of the plan employees whose earnings exceed \$1,500 per year; this accounts for the small number of executive and supervisory employees that participated in the distribution of December 31, 1915, namely, 1.9 per cent. All of the latter were foremen. As the table shows, over 70 per cent of all the participants belonged to the group of mechanical or manual occupations, skilled and unskilled.

The following table shows the changes in the total number employed and the number participating, 1904 to 1915:

TABLE 34.—NUMBER AND PER CENT OF EMPLOYEES PARTICIPATING IN PROFITS, BY YEARS, 1904 TO 1915.

Year.	Total employees.	Employees participating in profits.	
		Number.	Per cent.
1904.....	970	475	49.0
1905.....	1,071	514	48.0
1906.....	1,166	329	45.4
1907.....	1,512	530	34.4
1908.....	1,983	544	27.4
1909.....	2,061	592	28.7
1910.....	2,621	687	26.2
1911.....	2,699	787	29.2
1912.....	2,646	905	31.2
1913.....	2,972	1,197	40.3
1914.....	2,955	1,564	52.9
1915.....	2,905	1,997	68.7

On December 31, 1915, 1,997, or 68.7 per cent of all the employees of the company, with the aid of the plan, were holding 3.2 per cent of the total number of shares of common stock of the corporation, and 2.8 per cent of the number of shares of common and preferred stock of the concern combined. The 4,378 shares of common stock held by them on the above-mentioned date had a market value of over three million dollars. The aggregate amount of money paid in by them to cover their subscriptions since 1903 was \$543,616. No modifications in the essential features of the plan as outlined above are contemplated in the near future.

PLAN NO. 2.

The relation of the amount of money distributed as "profits" under this plan to the actual profits of the company is discretionary. It is stated by the company to be as follows:

The amount of the profits to be distributed among the employees will be determined yearly and will be based upon the result of the company's business during the previous year, together with an estimate of what the profits will be during the year to come. The amount of profits to be distributed, once determined, will not be changed, however, during the year.

The plan went into operation January 12, 1914, and since that date the participation rates as described below have undergone no change. Inasmuch as it can hardly be assumed that the profits of the company have undergone no variation during this period, it can not be said that there is an immediate relation between the net profits of the business and the amounts distributed to employees under this plan. For this reason, whatever of intrinsic value the plan may have, it may not properly be classified as profit sharing, for, as pointed out in this report, one of the essential principles of profit sharing is that the amount distributed to participating employees shall depend upon and vary with the net profits of the enterprise.

Under this plan the so-called share of profits that each employee receives although paid at the same time as his wages is yet separate and distinct. The detailed provisions governing the plan seem to indicate that the design is to give to the employee who is getting the least wages the largest share of the "profits." This can readily be seen from the text on page 99 showing rates of wages, participation rates, and total daily income of specific classes of employees.

THE BASIC WAGE OR SALARY.

Before the introduction of the plan in 1914 an effort was made by the management to determine and establish what would be an equitable basic wage for specific grades of work, the elemental basis for such classification being the relative amounts of skill required in

specific grades of work. Accordingly, such a classification was worked out from a general survey of the entire operating force.

As a standard of comparison for the individual skill of each operative the established shop rate of the plant was taken. This shop rate for any particular operation was derived from the machine production, as rated by the records of the specific shop, less a percentage deduction for the human element and the necessary stoppages of the machine. For each operation in the shop the human equation has been based on what was considered "the best possible production of a skilled employee determined by actual trial." It was decided that all shop employees should be classified as to occupation into five general divisions: (A) mechanics and subforemen; (B) skilled operators; (C) operators; (D) helpers; (E) laborers; and (F) a special class composed of women, messengers, etc. The five major classes just mentioned were each further divided into: (1) First-class workmen; (2) men of average ability; and (3) beginners. Thus an employee rated as A-1 would be a first-class mechanic, while a man rated as D-3 would be a helper and a beginner.

Rates of pay on a per hour basis were then determined and adopted according to the following table:

TABLE 85.—CLASSIFICATION OF EMPLOYEES AND WAGE SCHEDULE MADE EFFECTIVE OCT. 1, 1913 (COMPILED AUG. 1, 1915.)

[Key: A—Mechanics and subforemen. B—Skilled operators. C—Operators. D—Helpers. E—Laborers. Service—Employees in service continuously for 2 years and over. 1—First-class workmen. 2—Men of average ability. 3—Beginners.]

Skillrate.	Former hiring rate.	Present per hour rate.	Number of employees having a wage-rate range of—										Total.
			55-60	55-58	58-59	59-65	59-61	64-67	69-73	74-78	79-85	85-90	
			cents.	cents.	cents.	cents.	cents.	cents.	cents.	cents.	cents.	cents.	
			Condensed to—										
	65	69	74	65	63	58	54	50	48	45			
	cents.	cents.	cents.	cents.	cents.	cents.	cents.	cents.	cents.	cents.			
A-XX.....			3	7									10
A-X.....													2
A-1.....		54			2								45
A-2.....		48			45								373
A-3.....		43						273					51
B-Service.....		45						51					608
B-1.....		38							608				1,457
B-2.....		34							1,457				1,317
B-3.....	38	30								1,317			19
C-Service.....		35							19				348
C-1.....		34								348			2,071
C-2.....		30									2,071		4,311
C-3.....	38	36										4,311	31
D-1.....		34								31			137
D-2.....		30									137		416
D-3.....		28										416	2,023
E.....	33	32										2,023	268
Special.....	30	38											268
													13,364

* This minimum-wage classification has been revised upward three times since Oct. 1, 1913, the minimum for this and all other classes except specials since Oct. 10, 1916, being 45 cents.

PARTICIPATION IN THE "PROFITS."

For purposes of participation all the employees of the company are divided into two general groups: (A) Salaried employees—hired and paid by the month, and including all the general executive, supervisory, technical, commercial, and clerical employees; and (B) wage-earning employees—hired by the day or hour, and engaged directly or indirectly in the various processes of manufacturing, who may be termed manufacturing employees. It is for the latter group chiefly that the plan, under certain conditions, has established a minimum of \$5 for adult employees for an eight-hour day.

A. Salaried Employees.

Class 1.—Embraces the greater part of the executive and supervisory employees of the company, from foremen up, with an earning capacity of over \$175 per month. The bonuses are paid annually, individual amounts being determined arbitrarily by the management.

This class, it appears, was receiving these bonuses before 1914.

For purposes of bonus distribution at the end of the last fiscal year, this class was divided into three separate divisions. The following shows the number of employees in each of the divisions and the total amount received by them:

Division.	Number of employees.	Total bonuses.
1.....	79	\$213,700
2.....	240	367,300
3.....	1,050	246,300
Total.....	1,369	\$827,300

Of the total number in this group—1,369—994 were also benefited by the general plan instituted on January 12, 1914.

Class 2.—Salaried employees. Rates of participation are according to classified basic salary, as follows:

Classified basic salaries.	Rate per day under plan.
\$75 and under.....	\$5. 00
\$76 to \$85.....	5. 25
\$86 to \$95.....	5. 50
\$96 to \$110.....	5. 75
\$111 to \$120.....	6. 00
\$121 to \$135.....	6. 25
\$136 to \$150.....	6. 50
\$151 to \$165.....	6. 75
\$166 to \$175.....	7. 00

Class 3.—Salaried employees. Rates of participation are according to classified basic salary, as follows:

Classified basic salaries.	Rate per day under plan.
\$30 and under.....	\$2. 00
\$31 to \$35.....	2. 25
\$36 to \$40.....	2. 50
\$41 to \$45.....	2. 75
\$46 to \$50.....	3. 00
\$51 to \$55.....	3. 25
\$56 to \$60.....	3. 50
\$61 to \$65.....	3. 75
\$66 to \$75.....	4. 00

B. Manufacturing Employees.

Rates of participation are according to classified basic wage rates.

Skilled grade.	Basic wage rate per hour.	Participation rate per hour.	Total income per hour.		Total income per 8-hour day.		
			Before plan became effective.	Under plan.	Before plan became effective.	Under plan.	Per cent increase per day.
	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>	<i>Cents.</i>			
A.....	80	74	80	87	\$6. 40	\$7. 00	9. 4
X.....	75	114	75	84	5. 94	6. 75	15. 6
1.....	68	13	68	81	5. 44	6. 50	19. 5
2.....	61	17	61	78	4. 88	6. 25	28. 1
3.....	54	21	54	75	4. 32	6. 00	38. 9
B-Service.....	54	21	54	75	4. 32	6. 00	38. 9
1.....	48	23	48	71	3. 84	5. 75	49. 7
2.....	43	25	43	64	3. 44	5. 30	59. 9
3.....	38	27	38	63	3. 04	5. 25	72. 7
C-Service.....	48	23	48	71	3. 84	5. 75	49. 7
1.....	43	25	43	64	3. 44	5. 30	59. 9
2.....	38	27	38	63	3. 04	5. 25	72. 7
3.....	34	28	34	62	2. 72	5. 00	83. 8
D-1.....	43	25	43	64	3. 44	5. 30	59. 9
2.....	38	27	38	63	3. 04	5. 25	72. 7
3.....	34	28	34	62	2. 72	5. 00	83. 8
E.....	34	28	34	62	2. 72	5. 00	83. 8
Girls.....	34	28	34	62	2. 72	5. 00	83. 8

As can readily be seen, the essential principle guiding the distribution of "profits" is that the largest proportion be given to the lowest paid employees; thus an employee with an earning capacity of 80 cents per hour receives as "profits" only 9.4 per cent of his wage, while the lowest paid operatives receive almost nine times as large a proportion, namely, 83.8 per cent.

DETERMINATION OF ELIGIBILITY FOR PARTICIPATION.

Below is presented a summary of the rules governing eligibility for participation in the benefits of the plan as in force October, 1916.

Every employee 21 years of age or over, in employ for six months, who leads a clean, sober, and industrious life, and who can prove that he has thrifty habits, is eligible to share in the profits.

Every married man, no matter what age, in employ for six months, who can qualify as to sobriety, industry, and cleanliness, can participate, if he is living with his family.¹

Every employee under 21 years of age, in employ for six months, who is the sole support of a widowed mother, or next of kin, and who leads a clean, sober, and industrious life, can participate.

Immediately after employing a man an investigation is started by one of the company's agents especially appointed for that purpose into the economic, social, moral, etc., conditions of the prospective participant on the theory that while an employee's wages are his own, the company having no concern about them, except to pay when due, the giving of profits is at the option of the company and is conditional upon requirements of thrift. The comprehensiveness of this investigation may readily be seen by examining the following three exhibits taken from the original records of the education department of the company.

Record A.—This employee upon investigation made on January 2, 1914, was not approved for participation because "he lived in a dirty insanitary hut, and has a home full of boarders, who sleep three and four in a room * * * there is no privacy. Wife looks haggard from overwork. She and the children are as dirty as the surroundings." The investigator of the company advised this man "to move to a more sanitary neighborhood; clean up, and put in some home comforts."

On May 23 of the same year this employee was again visited. It was found that, acting on the suggestion of the company's investigator, he had greatly improved his home conditions, and had also purchased a lot in the suburbs for home building purposes. He was accordingly approved for participation.

On December 16, 1914, upon a third visit, it was found that he had completed the payments on the purchased lot, had built a house on it, and that he "now has a modern 7-room house, containing a bath and all modern improvements, occupied by the family only. * * * He also bought new furniture."

On August 15, 1915, upon a fourth visit the agent of the company reported that this employee "is making wonderful progress with his share of the profits. His home is comfortably furnished, the family is neat and clean. * * *. They are a happy and contented family."

The record of investigation as kept by the company on a special card-index form, follows verbatim:

¹ Since October, 1916, every married man is approved for participation at the end of his first six months of service, regardless of home conditions. However, he is expected to meet the expectations of the company in matters relating to living conditions, thrift, etc.

RECORD OF INVESTIGATION. No. ——— [Record A].

Name: ———. Address: ———, 1-9-14; ———, 5-23-15.

Date (factory): 1-10-14. Date (home): 1-9-14. Date hired: 10-1-13. Date of last inv.: ———

Age: 30. Date of birth: 5-10-1833. Religion: Catholic. Speak English: No. Nationality: German Pole.

Married: Yes. In Detroit how long: 6 months. In U. S.: 1 year. Naturalized: No.

Dependents.

Name: ———. Relation: Wife. Age: 29 years. Address: Same. Extent: Totally.

Name: ———. Relation: Daughter. Age: 5 years. Address: Same. Extent: Totally.

Name: ———. Relation: Daughter. Age: 3 years. Address: Same. Extent: Totally.

Name: ———. Relation: Son. Age: 1½ years. Address: Same. Extent: Totally.

Name: ———. Relation: Son. Age: 4 months. Address: Same. Extent: Totally.

Habits: Drinks and smokes. Education: Past—One year in old country; present—None. Doctor: None; address ———

Life Ins. Co. name: None. What kind: ——— Amount: ——— Premiums per year: ———

Kind of building: 2-story frame; poor condition. No. of rooms: 7; no bath. Occupants: Male, 10; female, 1; children, 4. Light: Poor. Air: Poor. Sanitation: Very bad. How furnished: Only bare necessities.

Neighborhood: Very bad. This is an alley with one and two story houses in poor condition on one side only—Foreign. Rents, month: \$14.

FINANCIAL CONDITION.

Property owned or buying.	Location.	Value.	Am't paid this inv.	Am't paid (date), 5-23-14.	Am't paid (date), 12-16-14.	Am't paid (date), 8-10-15.
None.....						
Buying lot.....	Jerome Park.....	\$700		\$250		
Owms shack.....	On lot above.....	235		235		
Buying home.....	— Jerome Park.....	3,250			\$900	\$1,100

Name of bank.	Location.	Account No.	Balance this inv.	Balance (date), 5-23-14.	Balance (date), 12-16-14.	Balance (date), 8-10-15.
State Savings.....	Main Street.....	306	\$300	\$25	\$1	\$116

Debts to—	For—	Balance due this inv.	Balance due (date), 5-23-14.	Balance due (date), 12-16-14.	Balance due (date), 8-10-15.
None.....					
Restriet Lumber Co.....	Built shack.....			\$75	
Peoples Furniture Co.....				\$150	\$45

Acc't of share of profits.	This date.	Acc't of share of profits.	(Date), 5-23-14.	Acc't of share of profits.	(Date), 12-16-14.	Acc't of share of profits.	(Date), 8-10-15.
None.....		On lot (v).....	\$280	Paid on home (v).....	\$530	Prtn. on home (v).....	\$300
		On shack (v).....	150	Lumber debt (v).....	75	Int. on home (v).....	65
		Clothes for family (v).....	20	Furniture (v).....	20	Furniture (v).....	100
		Moving (w).....	5		745	Banked (v).....	115
		Bank decrease.....	415	Bank decrease.....	21		
			275	From sale of shack.....	200		221
			150		521		

Upon a second visit made six months afterwards it was found "that the profits have been a detriment to this young man. After getting a share of the profits he started in having a good time. He not only spent all the profits he received, but the money he had in the bank." On the basis of this report the employee was disqualified from further participation in the benefits of the plan.

Upon a third visit, again six months later, the investigator of the company reported that the employee "has realized his mistake, that he now has a bank account and has shown thrift." The employee was accordingly put back on the participating roll.

The record as kept by the company is as follows:

No. — [Record B].

RECORD OF INVESTIGATION.

Name: — Address: —, 1-10-14.

Date (factory): 1-13-1914. Date (home): 1-10-14. Date hired: 6-2-11. Date of last inv.:

Age: 23 (v). Date of birth: July 7, 1890 (birth certificate). Religion: Catholic. Speak English: Yes. Nationality: American.

Married: No. In Detroit how long: Life. In U. S.: Life. Naturalized:

Dependents.

Name: None. Relation: Age: Address: Extent:
 Name: Relation: Age: Address: Extent:
 Name: Relation: Age: Address: Extent:
 Name: Relation: Age: Address: Extent:

Habits: Good; smokes—does not drink. Education: Past—high school; present—None. Doctor: None; address:

Life Ins. Co. name: Metropolitan. What kind: 20 year endow. Amount: \$2,000. Premiums per year: \$65.

Kind of building: 2-story brick. No. of rooms: 9 and bath. Occupants: Male 4; female 2; children 1. Light, air, sanitation: Good. How furnished: Well.

Neighborhood: Good; American residential 2-story houses in good condition. Boards, week: \$7.

FINANCIAL CONDITION.

Property owned or buying.	Location.	Value.	Am't paid this inv.	Am't paid (date), 7-10-14.	Am't paid (date), 12-1-14.	Am't paid (date), 2-1-15.
None.....						
None.....				None.	None.	
Buying lot.....	— Center St.	\$950				\$55

Name of bank.	Location.	Account No.	Balance this inv.	Balance (date), 7-10-14.	Balance (date), 12-1-14.	Balance (date), 2-1-15.
H. P. State.....	H. P.....	2263	\$64			
None.....				None.		
H. P. State.....	H. P.....	1067			\$24	\$228

FINANCIAL CONDITION—Concluded.

Debts to—		For.	Balance due this inv.	Balance due (date), 7-10-14.	Balance due (date), 12-1-14.	Balance due (date), 8-1-15.
None.....				None.	None.	None.

Acc't of share of profits.	This date.	Acc't of share of profits.	(Date) 7-10-14.	Acc't of share of profits.	(Date) 12-1-14.	Acc't of share of profits.	(Date) 8-1-15.
		Bank decrease. Can not account for any of profits.	\$64	Clothes (v)..... Banked (v)..... Dentist (v).....	\$35 24 8 67	Insurance (v). Lot (v)..... Banked (v).....	\$65 56 229 349

Home condition.

Date: 7-10-14, *Same.* Date: 12-1-14, *Same.* Date: 8-1-15, *Same.*

Remarks.

This man lives with a respectable family, and has started a savings account, and I believe will make good use of the profits, if granted.

July 10, 1914: The profits have been a detriment to this young man. After getting a share of the profits he started in having a good time. He not only spent all of the profits he received, but the money he had in the bank as well. He has absolutely nothing to show for the wages and share of the profits he has received since last investigation.

Dec. 1, 1914: This man has realized his mistake. He has started a new account at the H. P. State bank; says he now stays in nearly every evening. Since he has shown thrift with his wages since last investigation, I think he should be given another chance.

Aug. 1, 1915: A big change has taken place in this young man. Every one around the place where he lives speaks very well of him. He has saved his share of profits, bought a lot, and intends to get married shortly and build a home. He has started a technical course in the Y. M. C. A.

Inf'n from: *Self & Mrs. J. W.* Relation: *Landlady.* Int'r: *None.* Inv'r: ———. This date: *Approve.*

Inf'n from: *Self & Mrs. J. W.* Relation: *Landlady.* Int'r: *None.* Inv'r: ———. Date: *Disapprove, 7-10.*

Inf'n from: *Self & Mrs. J. W.* Relation: *Landlady.* Int'r: *None.* Inv'r: ———. Date: *Approve, 12-1-14.*

Inf'n from: *Self.* Relation: ———. Int'r: *None.* Inv'r: ———. Date: *Approve, 8-1-15.*

Approved for Share in Div. Profits.

By *L. G. M.* Date: *1-14-14.* By ———. Date: ———. By *A. E.* Date: *12-5-14.*
By *L. G. M.* Date: *8-5-15.*

Rate: *1-14-14, 68%.* Skill: 43 B 2. Rate: *7-12-14,* Skill: 43 B 2. Rate: *12-5-14, 68%.* Skill: 43 B 2. Rate: *8-5-15, 68%.* Skill: 43 B 2.

Remarks.

Have talked to this man, and he realizes the mistake he has made. Promises to mend his ways.

Record C.—This employee, although not eligible to participate by reason of the fact that he was under 22 years of age, was put on the participating roll upon the recommendation of the company's investigator because it was found that he was the sole support of the family. The father of the family, upon his death, had left it penniless, without any means of support.

The record follows:

No. ——— [Record C].

RECORD OF INVESTIGATION.

Name: ———. Address: ———; 1-8-1914, ———, 8-5-14, ———, 1-20-15.
 Date (factory): 1-9-14. Date (home): 1-8-14. Date hired: 12-10-13. Date of last inv.:

Age: 20. Date of birth: 3-12-1893. Religion: *Protestant*. Speak English: *Yes*. Nationality: *American*.

Married: *No*. In Detroit how long: *8 years*. In U. S.: *Life*. Naturalized:

Dependents.

Name: ———. Relation: *Mother*. Age: *46 yrs*. Address: *Same*. Extent: *Totally*.

Name: ———. Relation: *Brother*. Age: *13*. Address: *Same*. Extent: *Totally*.

Name: ———. Relation: *Sister*. Age: *9*. Address: *Same*. Extent: *Totally*.

Habits: *Good; does not smoke or drink*. Education: *Past—Common school*. Present—..... Doctor, ———; address: ———.

Life Ins. Co. name: *None*. What kind: Amount: Premiums per year:

Kind of building: *1-story frame*. No. of rooms: *Four*. Occupants: *Male, 1; female, 1; children, 2*. Light: *Fair*. Air: *Good*. Sanitation: *Good*. How furnished: *Fairly well*.

Neighborhood: *Mostly frame cottages in fair condition, congested, mixed nationalities*. Rent, month: *\$12*.

FINANCIAL CONDITION.

Property owned or buying.	Location.	Value.	Am't paid this inv. 1-8-14.	Am't paid (date), 8-5-14.	Am't paid (date), 1-20-15.	Am't paid (date), 10-5-15.
None						
Buying home.....	2873 Main St.....	\$2,830		None	\$500	\$705

Name of bank.	Location.	Account No.	Balance this inv. 1-8-14.	Balance (date), 8-5-14.	Balance (date), 1-20-15.	Balance (date), 10-5-15.
None						
H. F. State.....	H. F.....	11204		\$20	\$20	\$205

Debts to—	For—	Balance due this inv. 1-8-14.	Balance due (date), 8-5-14.	Balance due (date), 1-20-15.	Balance due (date), 10-5-15.
Family Furniture Co.....	Furniture.....	\$20	None		
D. J. Green.....	Undertaker.....	60	\$20	None	
Family Furniture Co.....	New furniture.....		20	\$12	None

FINANCIAL CONDITION—Concluded.

Acc't of share of profits.	This date.	Acc't of share of profits.	(Date) 8-5-14.	Acc't of share of profits.	(Date) 1-20-15.	Acc't of share of profits.	(Date) 10-5-15.
		Banked (v)....	\$250	Paid on home....	\$500	Prin. on home.	\$265
		Furniture debt..	20	Undertaker.....	20	Int. on home..	40
		Funeral debt....	40	Furniture.....	20	Banked.....	55
		New furniture..	40	Insurance.....	30	Furniture.....	12
			350	Bank decrease.	570 200		372
					370		

Home condition.

Date: 8-5-14, *Good*. Date: 1-20-15, *Good*. Date: 10-5-15, *Same*.

Remarks.

This boy lost his father by death about 6 months ago, and the mother has had a rather hard struggle to make both ends meet. The father did not carry life insurance, and they are still in debt for the funeral expenses. This son is very good to his mother. He turns his pay envelope over to her each pay day. A very worthy case. Mother has no other means of support.

Aug. 5, 1914: This family has moved to a nice five-room flat, occupied by themselves only. Have bought new furniture, and everything is clean and comfortable. They intend to buy a home of their own as soon as they have a little more saved.

Jan. 20, 1915: Since last investigation this family has purchased a nice little cottage containing 6 rooms and bath; have all modern conveniences, including furnace, and is in a neighborhood not very thickly settled; children have plenty of room to play and lots of fresh air. Boy has taken out a 20-year insurance policy with the New York Life for \$1,000.

Oct. 5, 1915: This family is getting along very nicely. They are very thrifty. The share of profits has been put to good use, and they are very happy and contented. The boy is now 22 years old and has verified his age by birth certificate. Brother and sister are attending school. He still lets his mother handle the money.

Inf'n from: *Self & mother*. Relation:..... Int'r: *None*. Inv'r: ———. This date: *Approve*.

Inf'n from: *Self & mother*. Relation:..... Int'r: *None*. Inv'r: ———. Date: *Approve, 8-5-14*.

Inf'n from: *Self & mother*. Relation:..... Int'r: *None*. Inv'r: ———. Date: *Approve, 1-20-15*.

Inf'n from: *Employee*. Relation:..... Int'r: *None*. Inv'r: ———. Date: *Approve, 10-20-15*.

Approved for Share in Div. Profits.

By *A. E.* Date: *1-12-14*. By *L. G. M.* Date: *8-7-14*. By *L. G. M.* Date: *1-25-14*. By *A. E.* Date: *10-23-15*.

Rate: *1-12-14, 62½%*. Skill *34 C 2*. Rate: *8-7-14, 62½%*. Skill *34 C 2*. Rate: *1-25-15, 65½%*. Skill *38 C 3*. Rate: *10-23-15, 65½%*. Skill *38 C 3*.

Each of the company's investigators devotes his entire time to this work. He is furnished with an interpreter and an automobile. It is his duty to learn all he can about the employees whom he is

requested to investigate. He finds out, as can be seen from the blanks here reproduced, what are the conditions in their homes, what recreations they indulge in, how much money they have saved, how much they owe, how much they send to their friends abroad, how many persons are dependent upon them, in fact, everything possible that might assist in determining whether the employee is to participate in the benefits of the plan. The following is a copy of an instruction sheet for the guidance of investigators employed by the company:

TO INVESTIGATORS.—The salient facts to ascertain about the three classes into which we have divided our men are noted below. Understand that the lack of positive information withholds all benefits from employees until all of the facts in each individual case have been ascertained.

MARRIED MEN.—We must have such information as will assure us through you that a man is married and is living with his wife. Use all the thought and ingenuity at your command to get this information positively. We also must know about the man's habits.

SINGLE MEN OVER 22.—Granting the division of the profits to them is based entirely upon their being "proven" thrifty. We must know through you positively as to the conduct of employees outside of business, the extent of their indulgences that makes for good or bad manhood.

SINGLE MEN UNDER 22.—We want to ascertain positively whether or not these young men have anyone dependent upon them, and whom, and to what extent. Verify their ages positively. In case of conflict between the office records and the man's statements of his age, please give us your best judgment if you can not obtain tangible proof.

GENERAL.—Please throw into the investigation of each case a deep, personal interest and state as briefly and concisely as you can all of the facts and features necessary for a well-rounded judgment. The honesty of a man in making frank statements, and the home conditions particularly, are of vital importance. Get as much information as you can in each case to cover the points gone over in talks and outlines with you. Please remember that we want the exact truth on all phases of the situation rather than quick returns.

It must be noted, however, that of late the principal emphasis in these investigations is laid upon the question of thrift, the relative importance of all other conditions described in the foregoing sections having been greatly diminished on account of reasons stated elsewhere.

The judgment formed by the investigator, based upon the information and figures obtained, is presented in writing with a specific recommendation. Each case, after being reported upon by the investigator, goes before a committee of the education department, which passes a final judgment on the case, either approving or disapproving the recommendation.

As may be seen from the foregoing records, investigations are repeated in ordinary cases at regular intervals of about six months. In special instances more frequent investigations are made. The number of times that an employee may have been disapproved has no bearing whatever upon his ultimate approval for participation.

In every instance of disapproval the employee involved is informed of the reasons for such action and suggestions given as to how he may qualify. The same is true of cases approved and subsequently disapproved; if a reinvestigation shows that the causes for the previous disqualification have been removed the employee is put back on the participation roll.

EXTENT OF ACTUAL PARTICIPATION.

The rules governing the participation in the benefits of the plan are strictly applied; the rigidity of the application, however, depends to a very significant extent upon the character of the specific group of employees concerned. The company pays very little attention to the manner of life, etc., of their office employees. These are approved for participation upon only a cursory investigation of their respective records. It is the opinion of the company that the employees of the commercial and clerical occupations, who mostly are native Americans with some education, need not be told how to live decently and respectably. For this reason most of the rules and regulations as well as the results described in this section of the report concern chiefly the manual and mechanical workers, many of whom are of foreign birth and unable to speak the English language.

For convenience of discussion, the nonparticipating employees of the company may be classified into a "nonparticipating but eligible" group and a "nonparticipating because ineligible" group. The former embraces all the employees who for individual reasons have not received the benefits of the plan but remain eligible to receive them. The latter embraces all employees who, by the very nature of the plan, can not immediately or ever come under it inasmuch as the plan was designed to benefit only those employees who have worked six months or more directly for the company. This group includes all the newly-hired employees as well as people who are only nominally employees of the company—those engaged in building and construction, delivery and transportation work done by independent firms under contract with the company. It also includes employees too young to participate—under 21 years—and girls with no total dependents.

The following table shows the extent of participation for a period of 31 months, between April 10, 1914, and November 1, 1916:

TABLE 26.—NUMBER AND PER CENT OF PARTICIPATING AND NONPARTICIPATING EMPLOYEES (HOME PLANT) AT SPECIFIED DATES DURING 31 MONTHS ENDING NOV. 1, 1916.

Date.	Total employed.	Participating.		Nonparticipating—			
		Number.	Per cent.	But eligible.		Because ineligible.	
				Number.	Per cent.	Number.	Per cent.
Apr. 10, 1914.....	13,251	7,567	57.11	8,729	28.14	1,955	14.78
July 17, 1914.....	9,917	8,332	84.02	805	8.11	780	7.87
Sept. 23, 1914.....	12,123	10,039	82.81	683	5.63	1,401	11.65
Dec. 2, 1914.....	12,700	11,125	87.60	404	3.05	1,111	8.75
May 12, 1915.....	17,765	10,595	59.04	491	2.77	6,679	37.39
Nov. 17, 1915.....	21,808	16,225	74.40	439	2.01	5,144	23.59
July 20, 1916.....	34,490	22,156	64.24	418	1.21	11,916	34.55
Nov. 1, 1916.....	40,075	27,492	68.00	238	.59	12,345	30.80

On November 1, 1916—31 months after the inauguration of the plan—of a total average employed of 40,075, 27,492, or 68.60 per cent, were participating in the benefits of the plan. The 12,583 nonparticipating employees (31.39 per cent of all employees) were distributed as follows: "Nonparticipating, but eligible," 238, or 0.59 per cent, and "Nonparticipating because ineligible," 12,345, or 30.80 per cent.

The real extent of deliberate disqualification from participation for reasons stated elsewhere is shown in the column of the above given table entitled "Nonparticipating, but eligible." The percentage this group is of the total force has been on the decrease during the entire period, having declined from 28.14 per cent on April 10, 1914, to 2.77 per cent on May 12, 1915. The investigation made July 20, 1916, 28 months after the plan was put into effect, showed that this group has been reduced to slightly over 1 per cent of the total employed. By November 1, 1916, the number of those deliberately disqualified from participation was further reduced—to 238, or slightly over one-half of one per cent of the total working force of the plant. The decrease in the percentage participating between December 2, 1914, and May 12, 1915, as shown in the table, is due largely to the influx of a great number of new employees, the working force of the company having been increased by over five thousand between December 2, 1914, and May 12, 1915.

Table 37 shows in detail the relative status of one of the two groups and Table 38 the relative status of the other, on eight different dates during the first 31 months of the operation of the plan, as well as the causes for nonparticipation.

TABLE 87.—NUMBER AND PER CENT OF EMPLOYEES NOT PARTICIPATING BUT ELIGIBLE DURING 31 MONTHS ENDING NOV, 1, 1916, CLASSIFIED BY CAUSES.

Cause of disapproval.	Employees nonparticipating but eligible.							
	Apr. 10, 1914.		July 17, 1914.		Sept. 25, 1914.		Dec. 2, 1914.	
	Num-ber.	Per-cent.	Num-ber.	Per-cent.	Num-ber.	Per-cent.	Num-ber.	Per-cent.
Poor home conditions ¹	2,535	19.13	428	4.32	74	0.61	35	0.28
Lack of thrift ²	798	0.02	189	1.91	240	1.98	153	1.20
No proof of age.....			134	1.35	327	2.70	234	1.84
Domestic trouble.....	209	1.58	40	.40	10	.13	14	.11
Liars.....	70	.53	14	.13	15	.12	19	.15
Bad habits.....					11	.09	9	.07
No proof of marriage.....								
Doubtful statement and miscellaneous.....	117	.88						
Total.....	3,729	28.14	805	8.11	683	5.63	464	3.66
Cause of disapproval.	May 12, 1915.		Nov. 17, 1915.		July 23, 1916.		Nov. 1, 1916.	
	Num-ber.	Per-cent.	Num-ber.	Per-cent.	Num-ber.	Per-cent.	Num-ber.	Per-cent.
	Poor home conditions ¹	131	0.74	51	0.23	13	0.04	9	0.02
Lack of thrift ²	228	1.28	206	.94	145	.42	87	.22
No proof of age.....	80	.45	97	.45	140	.40	61	.15
Domestic trouble.....			9	.04	46	.13	40	.10
Liars.....	26	.15	14	.06	34	.10	26	.06
Bad habits.....	14	.08	32	.15	27	.08	13	.03
No proof of marriage.....	10	.06	15	.07	4	.01		
Doubtful statement and miscellaneous.....	2	.01	15	.07	9	.03	2	.003
Total.....	491	2.77	439	2.01	418	1.21	238	.59

¹ The following is a statement of the company bearing on this point:

Home comforts and sanitation.—Employees should not sacrifice their family rights, pleasures, and comforts by filling the house with roomers and boarders, nor endanger their children's morals or welfare by allowing them to associate with people about whom they know little or nothing.

Employees should live in clean, well-conducted homes, in rooms that are well lighted and ventilated. Avoid the congested and slum parts of the city. The company will not approve, as profit sharers, men who herd themselves in overcrowded boarding houses which menace their health. Select a home where there are few boarders or roomers, the surroundings clean and wholesome, paying particular attention to the sanitary conditions in the house.

Do not occupy a room in which one other person sleeps, as the company is anxious to have its employees live comfortably and under conditions that make for cleanliness, good manhood, and good citizenship.

² The following is a statement of company bearing on this point:

Thrift.—Every employee participating in profit-sharing is expected to save some part of the profits allowed him. No hard and fast rule can be laid down or adopted in this particular, as responsibilities differ with different persons and families. For instance, an employee with a family of wife and six children can not be expected to save as much as one with only two or three children, or none.

The single man with no one dependent upon him is in a position to save all of his profits, and it is from this class that the company expects the greatest gain in savings to be made.

At the end of the first 31 months of the operation of the plan the percentage of "nonparticipating, but eligible" employees was reduced from 28.14 per cent to 0.59 per cent.

The two principal reasons for the existence of this group were "poor home conditions" and "lack of thrift," these two causes having been responsible for almost nine-tenths of the group. During the first 31 months of operation of the plan the percentage of employees disqualified on account of "poor home conditions" decreased from 19.13 per cent to less than one-fourth of 1 per cent; at the same time the proportion of disqualified because of lack of thrift decreased from 6.02 per cent to 0.22 per cent of the average total number employed.

TABLE 88.—NUMBER AND PER CENT OF EMPLOYEES NOT PARTICIPATING BECAUSE INELIGIBLE DURING 31 MONTHS ENDING NOV. 1, 1916, CLASSIFIED BY CAUSES.

Cause of ineligibility.	Employees nonparticipating because ineligible.							
	Apr. 10, 1914.		July 17, 1914.		Sept. 25, 1914.		Dec. 2, 1914.	
	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.
Too young; no total dependents.....	1,955	14.75	900	6.05	850	7.01	623	4.91
Girls; no total dependents.....			180	1.82	290	2.44	285	2.24
Power and construction ¹					262	2.08	200	1.58
Men and teams ¹					3	.03	3	.02
New men.....	(?)		(?)		(?)		(?)	
Total.....	1,955	14.75	780	7.87	1,401	11.56	1,111	8.75
	May 12, 1915.		Nov. 17, 1915.		July 20, 1916.		Nov. 1, 1916.	
	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.
	Too young; no total dependents.....	831	2.99	585	2.08	409	1.19	425	1.06
Girls; no total dependents.....	424	2.38	301	1.38	258	.75	45	.11
Power and construction ¹	450	2.53	787	2.47				
Men and teams ¹	4	.02					3	.005
New men.....	5,270	29.67	3,001	16.06	11,249	32.61	11,873	29.63
Total.....	6,679	27.69	5,164	23.59	11,916	34.55	12,345	30.80

¹ Construction employees and men on teams are employees of the company only indirectly, inasmuch as they are not hired by the company, but by contractors doing work for the firm.
² Not reported.

The relative size of the "Nonparticipating because ineligible" group of employees seems to have been in a constant flux during the first 31 months; in terms of a percentage of the total employed this group was as follows: April 10, 1914, 14.75; July 17, 1914, 7.87; Sept. 25, 1914, 11.56; December 2, 1914, 8.75; May 12, 1915, 37.59; November 17, 1915, 23.59; July 20, 1916, 34.55, and November 1, 1916, 30.80, the percentage on the last date being more than twice as large as that on the first date, in spite of the fact (shown in the table) that the percentage ineligible on account of being under 23 years of age had decreased from 14.75 to 1.06 per cent. The reason for the great increase of employees in this group can be gathered from the table, namely, the great increase in the total force of the factory during the period immediately preceding May 12, 1915, there appearing on that date a total of 5,270 new employees; that is, employees with a service record of less than six months and not eligible to participate.

Temporary disqualification from participation.

During the first 18 months of the operation of the plan a total of 1,293 employees were temporarily disqualified from participation in the benefits of the plan. Of this number, 853, or about two-thirds, have been restored to the participating roll within the same period. The following table shows the number and per cent of employees disqualified, classified by the causes for disqualification, as given by the company:

TABLE 89.—NUMBER AND PER CENT OF EMPLOYEES TEMPORARILY DISQUALIFIED FROM AND AFTERWARD RESTORED TO PARTICIPATION DURING 18 MONTHS ENDING JULY 12, 1915, BY CAUSES.

Cause of disqualification.	Employees who were—			
	Disqualified.		Afterwards restored.	
	Number.	Per cent of total.	Number.	Per cent of group.
1. Lack of thrift.....	532	41.1	244	64.7
2. Poor home conditions.....	255	19.7	188	73.7
3. No proof of age.....	152	11.8	132	86.8
4. Liar.....	92	7.1	63	57.6
5. Rehired.....	69	4.6	13	22.0
6. Money loaned on note without security.....	58	4.5	35	60.3
7. Bad habits.....	45	3.5	33	73.3
8. No proof of marriage.....	23	1.8	19	82.6
9. Living with woman not their wives.....	19	1.5	10	52.6
10. Under 22 years; no total dependents.....	17	1.3	1	5.9
11. Hoarding money at home.....	15	1.0	11	84.5
12. Girls; no total dependents.....	13	1.0	3	23.1
13. Domestic troubles.....	4	.3	1	25.0
14. Stealing.....	3	.2	3	100.0
15. Money placed in private banks.....	2	.15	1	50.0
16. Keeping roomers.....	2	.15	2	100.0
17. Wife working.....	2	.15	2	100.0
18. Nonsupport and desertion.....	1	.08	1	100.0
19. Business outside of company.....	1	.08	1	100.0
Total.....	1,298	100.0	853	.....

A few notes concerning some of the causes for disqualification as listed in the above table may be of some value as illustrating the attitude of the company on some of the problems involved in the administration of the plan. Thus, "3. No proof of age": This means that employees, if unmarried, must prove in a satisfactory way that they are over 22 in order to qualify for participation. "4. Liar": By this is meant an employee who has made misstatements to the investigator of the company with reference to age, number of dependents, conjugal condition, etc., in order to get the benefits of the plan. "5. Rehired": This means that with reference to participation a rehired employee is on the same basis as a newly hired one—disqualified from the benefits of the plan during the first six months of service. "6. Money loaned on note without security": It is the policy of the company to discourage indiscriminate loaning of money to irresponsible persons. "11. Hoarding money at home": The company is endeavoring to make employees keep their savings in regularly incorporated banking institutions instead of hoarding them at home or depositing them in the so-called private banks maintained by financially irresponsible countrymen of the employees. "14. Stealing": This refers to the stealing of material, tools, etc. This rule, however, is not in operation at the present time, as this offense, if not grave enough to cause discharge, is not considered a bar to participation. "19. Business outside of company": This means that no participating employee is permitted to have outside business in-

terests; in the opinion of the management a worker can not be efficient if he has outside work in addition to his work in the factory.

Over 60 per cent of all the temporary disqualifications from participation were due to two causes: (1) Lack of thrift on the part of the employees, and (2) poor home conditions—facts demonstrating, in the opinion of the company, that “the profits paid have been wrongly utilized.” Sixty-four and seven-tenths per cent of all disqualified by reason of lack of thrift and 73.7 per cent of those disqualified on account of poor home conditions were put back on the participating rolls within 18 months, the period covered by the table, showing that the objectionable conditions responsible for the disqualification had wholly or to a great extent been removed.

The following table shows the relative proportions of participating and nonparticipating employees in the various plants of the company in the United States on January 12, 1915, one year after the inauguration of the plan:

TABLE 40.—NUMBER AND PER CENT OF EMPLOYEES PARTICIPATING ON JAN. 12 1915, BY PLANTS.

Location of plant.	Number of employees.			Per cent participating.	Location of plant.	Number of employees.			Per cent participating.
	Total.	Participating.	Nonparticipating.			Total.	Participating.	Nonparticipating.	
Indianapolis.....	274	67	207	24.5	Milwaukee.....	103	70	33	68.0
Cincinnati.....	250	64	186	25.6	Denver.....	253	175	77	69.2
Atlanta.....	319	67	252	20.9	Philadelphia.....	136	95	41	69.9
Memphis.....	152	58	94	38.2	Chicago.....	410	390	120	70.3
San Francisco.....	305	137	168	44.9	Buffalo.....	308	146	57	71.9
Columbus.....	184	86	100	46.7	Oklahoma City.....	71	53	18	74.6
Detroit (commercial branch).....	618	298	320	48.0	Houston.....	189	104	35	74.0
Charlotte.....	87	37	50	42.4	Fargo.....	64	48	16	75.0
Louisville.....	70	36	34	51.4	Kansas City.....	496	301	105	78.9
Long Island City (N. Y.).....	668	330	338	49.4	Cambridge.....	349	228	21	91.6
Minneapolis.....	304	208	196	68.4	St. Louis.....	173	161	12	93.1
Dallas.....	156	85	71	54.5	Pittsburgh.....	308	298	5	97.5
Omaha.....	138	70	68	50.7	Detroit (manufacturing plant).....	14,255	10,339	4,096	71.7
Portland.....	178	109	69	61.2	Detroit (office).....	792	772	20	97.5
Seattle.....	518	140	378	27.0					
Cleveland.....	141	95	46	67.4					
Los Angeles.....	356	243	113	68.3	Total.....	21,925	15,005	6,820	68.9

¹ August 31, 1916, the proportion participating rose to 73.8 per cent of the total number employed.

The highest proportions of participants were found in the plants of the company located in Detroit (office), Pittsburgh, St. Louis, and Cambridge, Mass., the specific percentages that participated in the distributed profits in these plants having been 97.5, 97.5, 93.1, and 91.6, respectively. These high proportions of participants, as compared with the other plants of the company, is to be attributed to the fact that the plants located in the above given cities have been in operation longer than any of the others and that, therefore, their relative growth has not been as rapid. Such a condition naturally leads

to a high proportion of participants in view of the fact that the largest single cause for nonparticipation, as shown in Table 38 and in the following table, is the presence of new employees, six months of continuous service being prerequisite for participation. The same reason is to be given for the relatively low proportions of participants in the factories of the company located in Indianapolis (24.5 per cent), Cincinnati (25.6 per cent), and Atlanta (30.6 per cent)—the lowest in the entire organization. The following table shows that in Indianapolis 94 per cent, in Cincinnati 96 per cent, and in Atlanta 95 per cent of the total nonparticipating employees were still new—that is, with a period of service less than six months.

TABLE 41.—PER CENT OF NONPARTICIPATING EMPLOYEES, CLASSIFIED BY CAUSES
JAN. 12, 1913, BY LOCATION OF PLANT.

[All employees except those of home office.]

Location of plant.	Per cent of nonparticipating employees, by cause.					
	New employees.	Single under 22.	Home conditions.	Lack of thrift.	No proof of marriage.	Miscellaneous.
Indianapolis.....	94	6				
Cincinnati.....	96	4				
Atlanta.....	95	4				1
Memphis.....	87	5	1	3		4
San Francisco.....	75	21				4
Columbus.....	91	6		2		1
Detroit (branch).....	97	2		.5		.5
Charlotte.....	83	7				
Louisville.....	88	12				
Long Island City.....	79	19				2
Minneapolis.....	87	12		1		
Dallas.....	93	5		2		
Omaha.....	92	8				
Portland.....	65	33				
Seattle.....	90			2		
Cleveland.....	86	11				10
Los Angeles.....	75	22		3		3
Milwaukee.....	72	23				
Denver.....	79	19				2
Philadelphia.....	68	32				
Chicago.....	77	20		1		2
Buffalo.....	88	8	4			
Oklahoma City.....	89			11		
Houston.....	86	11				3
Fargo.....	69	31				
Kansas City.....	96	4				
Cambridge.....	85	5	5	5		
St. Louis.....		30	34	8		8
Pittsburgh.....			40	20	20	20
Detroit (plant).....	73	15	6	3		3

The places of location of the various plants of the company shown in the preceding table are arranged approximately according to the date of their establishment—the Indianapolis plant being one of the newest extensions of the activities of the company, and the Detroit plant the oldest in point of existence.

The table brings out two interesting facts which throw considerable light on the general nature and workings of the plan: First, that the principal reasons for nonparticipation are (a) the presence of new employees with a service period of less than six months (the minimum

required for participation) due to the constantly and rapidly increasing number of employees throughout the year and (b) employees under the age of 22, not entitled to participate except under special circumstances, namely, when they are the sole support of their families. Second, the older the plant the smaller its relative growth and the number newly hired, and consequently the smaller the number of nonparticipants in the benefits of the plan.

DISPOSITION OF FORFEITURES.

As originally announced the plan contained no specific provision with reference to the disposition of the shares of those employees who for some reason were temporarily disqualified from participation. As the specific amount that was to be distributed under the plan was not and is not now fixed—depending wholly upon the rates of wages and earnings of the employees—such forfeited shares automatically reverted to the treasury of the company.

A new rule dealing with this feature of the plan was promulgated by the company on August 1, 1915. Under this rule temporarily disqualified employees are given the opportunity to recover the forfeited shares in whole or in part, depending upon the length of time that it takes them to eliminate the objectionable features that were the cause of their disqualification. Under this rule employees may recover forfeited shares in the following proportions:

If an employee requalifies within one month he recovers 100 per cent of the forfeiture; if within two months, 75 per cent; if within three months, 60 per cent; if within four months, 40 per cent; and if within five months, he recovers 25 per cent of the forfeiture.

If an employee does not succeed in requalifying after six months his presence in the organization is considered undesirable and he is therefore automatically discharged. All the forfeited moneys revert to a special charity fund, to be used by the management for any charitable purpose it may deem advisable. Out of this fund the company pays \$10,000 per annum to a tuberculosis sanitarium, for the maintenance of beds and treatment.

BENEFITS ACCRUING TO EMPLOYEES AS SHOWN BY THEIR DAILY EARNINGS.

In connection with the information presented below, it must be noted that the entire organization of this company is operated on a daywork basis. There is no piecework or any other individual efficiency bonus scheme in existence.

An analysis of the actual daily earnings of the 49,870 employees of this company made on August 31, 1916, showed that 35,250, or 70.68 per cent, were earning \$5 and over per day and 14,620, or 29.32 per cent were earning under \$5. The proportion that received less than \$5 per day corresponded very closely to the proportion of employees

not yet under the benefits of the plan—mostly new men who have been in the service of the company less than six months.

The following two tables give the detailed figures for the employees of the entire home plant, and for all the branch plants of the company, respectively:

TABLE 42.—NUMBER AND PER CENT OF FACTORY AND OFFICE EMPLOYEES WHO RECEIVED EACH CLASSIFIED WAGE PER 8-HOUR DAY, AUG. 31, 1916.

HOME PLANT.

Classified wage per 8-hour day.	Factory.		Office.		Total.	
	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.
Under \$5.....	9,555	27.71	338	32.88	9,893	27.86
\$5 to \$5.99.....	23,157	67.14	428	41.63	23,585	68.40
\$5 to \$6.99.....	1,367	3.98	112	10.90	1,479	4.18
\$7 and over.....	410	1.19	150	14.59	560	1.58
Total.....	34,489	100.00	1,028	100.00	35,517	100.00

Over 72 per cent of the factory employees, and a slightly smaller per cent of the office employees, were receiving \$5 or more per day. The somewhat smaller proportion of office employees receiving \$5 or more per day is to be accounted for by the fact that the office group contains a considerable number of boys, under 21, messengers, errand boys, etc, employees not old enough to reach the \$5 scale.

The 9,555 factory employees who are classified as earning under \$5 per day received the following daily rates:

\$2.08 to \$2.72.....	7,941
\$2.73 to \$3.99.....	1,459
\$4 to \$4.99.....	155

In view of the fact that on October 10, 1916, the minimum rate per hour for factory employees was raised to 43 cents, the bulk of this group—98 per cent—at the present time earn \$3.44 per day.

For the home plant as a whole, the proportion receiving \$5 or more per day is over 72 per cent.

Table 43 gives the daily earnings of employees in the service of 74 branch plants of the company located all over the United States.

TABLE 43.—NUMBER AND PER CENT OF EMPLOYEES WHO RECEIVED EACH CLASSIFIED WAGE PER 8-HOUR DAY, AUG. 31, 1916.

74 BRANCH PLANTS.

Classified wage per 8-hour day (in dollars).	Number.	Per cent.
Under \$5.....	4,727	22.94
\$5 to \$5.99.....	3,657	30.21
\$5 to \$6.99.....	190	1.25
\$7 and over.....	789	5.59
Total.....	14,263	100.00

Slightly over 67 per cent of all the employees of the 74 branch plants were receiving \$5 or more day. The 4,727 employees who are classified as earning under \$5 per day were receiving the following daily rates:

Under \$2.....	4
\$2 and under \$3.....	4,216
\$3 and under \$4.....	426
\$4 and under \$5.....	81

COST OF THE PLAN AND ITS BENEFITS TO THE COMPANY.

During the first year of the operation of the plan an average of 69.7 per cent of all employed participated in its benefits.¹ The amount distributed as "profits" during the same year was \$8,434,849, on a regular pay roll of \$14,021,067, an increase in the labor cost of 60.2 per cent.²

The management is of the opinion that the operation of the plan has resulted in numerous benefits to the company, chiefly in increased individual and collective efficiency, development of good will and of an esprit de corps; but, particularly, in stabilizing the working force of the plant, which prior to the introduction of the plan was in a constant state of flux. In support of the latter contention the management presents the following figures showing average number employed, numbers discharged, leaving voluntarily and laid off, before and after the adoption of the plan, by years:

TABLE 44.—NUMBER LEAVING EMPLOY OF COMPANY FOR EACH SPECIFIED CAUSE, BY YEARS, 1913 TO 1915.

Year.	Average number employed.	Number discharged.	Number leaving voluntarily.	Number laid off.	Total leaving.
1913.....	13,633	3,490	30,575	2,333	35,448
1914.....	12,115	926	5,199	383	6,508
1915.....	18,023	27	2,871	26	2,924
Jan.-June, 1916..	27,490	1	2,569	.....	2,569

An examination of these figures shows that while the number employed in 1915 was almost one and one-half times as large as in 1913, the number discharged and the number leaving voluntarily in 1913 were 314 and 14 times as large, respectively. From the figures may be derived the following percentages of annual turnover: 1913, 370 per cent; 1914, 54 per cent; 1915, 16 per cent, a reduction of more than 90 per cent in the annual turnover in 1915, two years after the plan was put into operation, as compared with 1913, one year before the plan was announced.

Figures were compiled by the management for the purpose of comparing the turnover percentage of the first six months of 1913 with that of the last six months of 1915—two and one-half years later. A detailed analysis of those figures shows that during the average month of the earlier period 47 per cent of the men left the employ of the company, while during the latter period less than 1 per cent per

¹ On August 31, 1916, of 49,570 employed, 36,636, or 73.5 per cent, were participating.

² This amount does not include bonuses paid to salaried employees, class 1, as per page 86 of this report.

month left the employ of the company. To augment its force for the year by 100 men, the company had to hire 124 men (on the basis of the 1915 record), while during the first six months of 1913 not less than 963 men would have been needed to augment the force by 100. "In other words," concludes the statement of the company, "we have to hire only one-eighth as many men to make the same increase."

That the plan, with its introduction of the 8-hour day,¹ did contribute materially toward increasing the individual and collective efficiency of the organization is the unanimous testimony of all of the officials of the company. Such increases in efficiency, they say, may be inferred from the following decreases in the time required for the production of specific units of the product manufactured, as well as in the significant increases in the per capita output of specific departments, also in the more careful attendance to duties as shown by the large decrease in accidents and in the punctuality in reporting to work.

Foremen and heads of departments, say officials of this company, insist on the correctness of the claim that the large increases in production described below, while made possible by constant improvements in methods and machinery, were due very largely to the increases in wages as well as the introduction of the 8-hour day. These changes, they say, have resulted in the creation of an unusual amount of good will and in the reduction of the turnover of the working force, thus enabling the company to retain the most experienced and efficient employees. In this respect the following table is suggestive:

INCREASED PRODUCTION ATTRIBUTED BY THE COMPANY OFFICIALS CHIEFLY TO THE PROFIT-SHARING PLAN.

Department.	Record prior to operation of plan.	Record of Dec. 31, 1914.
Motor.....	6,125 motors in 9-hour day....	7,200 motors in 8-hour day (same number of men).
Cylinder timing of machining.....	83 minutes.....	50 minutes.
Assembling radiator cores.....	750 in 9-hour day.....	1,350 in 8-hour day (same number of men).
Complete radiator assembly.....	2½ radiators per man in 9-hour day.	4 radiators per man in 8-hour day.
Fender.....	38 fenders per man in 9-hour day.	50 fenders per man in 8-hour day.
Paint shop.....	Formerly required services of 230 men.	Doing same amount of work with 130 men.
Gasoline tanks.....	800 tanks by 65 men in 9-hour day.	1,200 tanks by 60 men in 8-hour day.
Miscellaneous:		
Grinding taper end of drive shaft; number per hour.	18.....	25.
Milling cam back, cam shaft; number per hour.	13.....	17.
Milling cam face, cam shaft; number per hour.	12.....	14.
Grinding center bearing, cam shaft; number per hour.	30.....	44.
Grinding cams; number per hour....	5.....	6.
Final assembly; average time per car.	2 hours 37 minutes.....	1 hour 30 minutes.
General.....	16,000 men on 10-hour day basis made and shipped 16,000 cars per month. Average number of man-hours per car per month: 10 (Feb., 1913).	15,500 men on 8-hour day basis made and shipped 26,000 cars per month. Average number of man-hours per car per month: 4.8 (Feb., 1914).

¹ The hours of labor per day in this establishment have been reduced as follows: October, 1913, from 10 to 9; January, 1914, from 9 to 8.

During the first year's operation of the plan, in spite of the somewhat increased number of employees, as compared with the immediately preceding year, the number of employees receiving compensation for accident decreased by 68 per cent, the total of reported accidents by 54 per cent, and the proportion of employees losing over one day's time on account of injury by 29 per cent. During the same period the average proportion of daily absentees was reduced from 10.5 per cent to 0.4 per cent.

CHANGES IN ECONOMIC AND SOCIAL CONDITIONS ATTRIBUTABLE TO THE PLAN.

The changes in the economic and social conditions of the employees of this company briefly described in the following paragraphs are to be attributed, it is believed, to the inauguration and operation of the plan for two principal reasons: (1) The unusually large increases in the earnings of the employees, thus making economic improvements on an extensive scale possible; (2) the general but close supervision maintained by the company over the expenditures of its employees (elsewhere described), thus making a thrifty management of incomes, better homes, decent and harmonious family life, and a wise use of leisure the principal requisites for participation in the benefits of the plan. The relatively large financial reward offered by the plan for complying with specified conditions of life and the financial loss incidental to a failure to comply with them, seem to have furnished a powerful incentive for better neighborhood conditions, more comfortable and up-to-date homes, larger savings accounts, and more numerous insurance policies.

The analysis presented below is based upon the records of the annual summaries compiled by the education department of the company. The thorough character of the investigations upon which these summaries are based has been described in detail on pages 97 to 106. The figures thus obtained may be considered as reliable and accurate by reason of the fact that the statements of fact as furnished by the employees concerned or their relatives are carefully verified by the investigators of the company through other and impartial sources, viz, bank books, land contracts, receipts, marriage certificates, etc.

The table following presents a summary of the status of the financial, neighborhood, and other conditions of the employees of the company on the date of the inauguration of the plan, January 12, 1914, and on January 12, 1915, one year after the plan had been put into effect.

TABLE 45.—ECONOMIC, CONJUGAL, HOME, AND NEIGHBORHOOD CONDITIONS OF EMPLOYEES ON JAN. 12, 1914, AND JAN. 12, 1915.

Conditions.	Per cent of total employees investigated on—		Per cent of increase (+) or decrease (-).
	Jan. 12, 1914.	Jan. 12, 1915.	
Economic:			
Having bank accounts.....	44.31	66.04	+ 48.0
Owning homes.....	2.75	5.06	+ 84.7
Owning lots.....	.85	1.40	+ 64.7
Buying homes.....	9.46	22.03	+132.4
Buying lots.....	5.13	9.69	+ 88.9
Having life insurance.....	19.41	43.47	+124.0
Conjugal:			
Married.....	58.88	76.26	+ 29.5
Single.....	40.01	21.93	- 45.2
Naturalized.	33.95	44.55	+ 31.2
Speaking English.....	64.49	78.22	+ 18.2
Home conditions:			
Good.....	46.77	69.53	+ 48.7
Fair.....	30.42	27.60	- 9.3
Poor.....	22.81	2.87	- 87.4
Neighborhood conditions:			
Good.....	41.43	66.22	+ 59.1
Fair.....	39.50	31.64	- 19.9
Poor.....	19.07	2.14	- 88.8

The figures above presented show that the percentage of employees buying homes increased 132.4 per cent, of those having life insurance 124 per cent, and of those buying lots and owning homes 88.9 and 84.7 per cent, respectively. Increases of about 50 per cent and over took place in the percentages of those having bank accounts and owning lots. The percentage increase in the proportion of employees living in homes rated as good was 48.7 per cent and was accompanied by a decrease in those living in fair homes of 9.3 per cent and by a great decrease—over 87 per cent—in those living in homes rated as poor. A similar change occurred in the neighborhood conditions of the employees. The proportion of those living in neighborhoods rated as good increased over 59 per cent and was accompanied by considerable decreases in those living in neighborhoods rated as only fair or poor.

The increase in the proportion of married employees during the same year was 29.5 per cent and was, as would naturally be expected, accompanied by a decrease in the number of those that were single. The proportion of naturalized employees increased 31.2 per cent and of those able to speak the English language over 18 per cent. Similarly, striking improvements were shown by an investigation made January 12, 1916.

The following two tables present detailed figures showing the amounts of money and property owned at the end of the first year's operation of the plan, as compared with similar figures obtained immediately upon the inauguration of the plan:

TABLE 46.—RESULTS OF OPERATION OF THE PLAN DURING THE FIRST YEAR OF ITS EXISTENCE (JAN. 12, 1914, TO JAN. 12, 1915), AS SHOWN BY BANK DEPOSITS, LIFE INSURANCE, VALUE OF HOMES AND LOTS OWNED AND AMOUNT PAID ON THEM, ETC., FOR ALL EMPLOYEES—HOME PLANT.

Item.	Total amounts for all employees on—		Gain.	
	Jan. 12, 1914.	Jan. 12, 1915.	Amount.	Per cent.
In banks.....	\$996,418.00	\$3,046,301.00	\$2,049,883.00	205
Life insurance.....	2,471,663.00	6,493,709.00	4,022,046.00	163
Homes owned.....	468,230.00	933,524.00	465,294.00	99
Lots owned.....	67,160.00	84,136.00	16,976.00	40
Homes on contract, value of.....	\$,282,331.00	\$,867,159.00	6,584,828.00	170
Lots on contract, value of.....	413,854.00	999,327.00	585,473.00	141
Homes on contract, amount paid.....	1,111,258.00	\$,237,864.00	2,126,608.00	191
Lots on contract, amount paid.....	100,757.00	276,722.00	175,965.00	175
Rent, paid monthly.....	58,576.53	114,464.19	55,887.66	96
Rent, paid weekly.....	1,218.56	2,342.56	1,124.00	92
Board, paid monthly.....	86,171.50	40,103.50	146,068.00	163
Board, paid weekly.....	12,906.82	10,450.76	12,456.06	119

¹ Loss.

In considering the figures presented in this table it should be understood that the first investigation covered 13,251 employees, while the second covered 14,255, 6,636 of whom were hired after June 12, 1914, and 3,531 of whom were still ineligible for participation in the benefit of the plan when the second investigation was made.

From the table it may readily be seen that the total amount of the employees' bank deposits increased over 200 per cent, amounts paid in by them on homes 191 per cent, amounts paid in on lots 175 per cent, total value of homes on contract 170 per cent, and the collective value of their life insurance 163 per cent. The value of lots owned by them on contract increased over 140 per cent, and the total value of homes owned by them almost doubled. The total amounts paid out for monthly and weekly board have decreased 53 and 19 per cent, respectively, by reason of the fact, already referred to, that the proportion of boarders decreased because of the increase in the proportion of married employees. In connection with this table it must be noted that the average number employed during the same period increased less than one-fourth.

In connection with the decrease shown in the total amounts paid out for board it is interesting to note the fact (shown in the following table) that the monthly and weekly expenditures for board, per individual, have increased 16.7 and 6.9 per cent, respectively.

The table following shows the status of the economic and social conditions of the individual employee on January 2, 1915, one year after the introduction of the plan, per employee.

TABLE 47.—RESULTS OF OPERATION OF THE PLAN DURING THE FIRST TWO YEARS OF ITS EXISTENCE (JAN. 12, 1914, TO JAN. 12, 1916), AS SHOWN BY BANK DEPOSITS, LIFE INSURANCE, VALUE OF HOMES AND LOTS OWNED AND AMOUNT PAID ON THEM, ETC., PER EMPLOYEE—HOME PLANT.

Item.	Average per employee on—		Gain.	
	Jan. 12, 1914.	Jan. 12, 1916.	Amount.	Per cent.
In banks.....	\$76.20	\$203.62	\$128.42	170.77
Life insurance.....	186.63	505.66	319.13	171.09
Homes owned.....	35.33	98.68	63.35	179.31
Lots owned.....	5.07	20.97	15.90	313.61
Homes on contract, value of.....	247.70	743.25	495.55	200.06
Homes on contract, amount paid.....	83.86	267.61	183.75	219.12
Lots on contract, value of.....	31.23	95.55	64.32	205.96
Lots on contract, amount paid.....	7.60	26.45	18.85	248.03
Rent, paid monthly.....	14.91	16.60	1.69	11.33
Rent, paid weekly.....	2.99	3.02	.03	1.00
Board, paid monthly.....	19.40	23.09	3.69	19.02
Board, paid weekly.....	5.72	5.80	.08	1.40
Deposited in savings accounts and invested in homes and lots.....	207.06	617.33	410.27	198.15

The per capita amount of lots owned increased over 300 per cent. Similarly, striking improvements—gains of about 200 per cent—are shown in the per capita values of homes and lots on contracts, amounts paid on homes and lots, and deposits in savings accounts. The per capita amounts paid out in life insurance as well as in value of homes owned increased over 170 per cent. The per capita amount of monthly board increased slightly over 19 per cent.

The following table shows in detail the changes in the home and neighborhood conditions of the employees at the home plant by number and per cent of homes and neighborhoods classified as "good," "fair," and "poor" on January 12, 1914, 1915, and 1916:

TABLE 48.—HOME AND NEIGHBORHOOD CONDITIONS OF EMPLOYEES ON JAN. 12, 1914, 1915, AND 1916.

Conditions.	Homes of employees investigated and reported on—					
	Jan. 12, 1914.		Jan. 12, 1915.		Jan. 12, 1916.	
	Number.	Per cent.	Number.	Per cent.	Number.	Per cent.
Home conditions:						
Good.....	6,091	46.77	9,911	69.53	25,514	87.04
Fair.....	3,961	30.42	3,934	27.60	3,312	11.30
Poor.....	2,971	22.81	410	2.87	468	1.66
Total.....	13,023	100.00	14,255	100.00	29,314	100.00
Neighborhood conditions:						
Good.....	5,370	41.43	9,440	66.23	23,097	80.84
Fair.....	5,119	39.50	4,510	31.64	5,324	18.16
Poor.....	2,471	19.07	306	2.14	289	.98
Total.....	12,960	100.00	14,255	100.00	29,314	100.00

As compared with the status of home conditions at the beginning of the year in question, January 12, 1914, the proportion of homes rated as "good" increased from 46.77 per cent to 87.04 at the end of the second year. A somewhat similar change for the better was found at the end of the second year in the neighborhood conditions of the employees. The proportion of homes and neighborhoods classified as "poor" greatly decreased (from 22.81 and 19.07 to 1.66 and 0.98 per cent, respectively) during the same period.

Immediately after the beginning of the plan in 1914 especial attention was paid by the department of education of the company (at that time the sociological department) to the neighborhood and home conditions, family life, general habits, thrift, etc., of the employees participating or about to participate. Aside from the general changes in the social and economic conditions of the employees during the first year of the operation of the plan, described elsewhere, special reference must be made to thrift, which during the first year resulted in the total saving of \$4,844,724, as per the following statement:

Amount of "profits" accounted for by employees between Jan. 12, 1914, and Jan. 12, 1915, showing actual savings effected by them.

Amount in banks.....	\$2, 049, 883
Value of homes.....	465, 294
Value of lots.....	26, 976
Amount paid on homes on contract.....	2, 126, 606
Amount paid on lots on contract.....	175, 965
Total.....	4, 844, 724

This sum does not include increase in amounts paid out in premiums on life insurance policies, a figure difficult to arrive at.

Roughly speaking, of the total of "profits" of slightly over \$8,000,000 paid out during the first year, almost \$5,000,000, or about two-thirds, was stored up by the employees for old age, disability, and general emergencies.

Beginning with the second year of the operation of the plan, the sequence of emphasis laid by the educational department as shown above, namely, home and neighborhood conditions, family life, general habits, thrift has been reversed, and thrift is receiving at the present time the largest attention. This change of emphasis was not due to any change in the policies of the company—good home conditions and thrift still being, in equal degrees, prerequisite for participation—but to the general improvement in the social and economic conditions of the employees which has already taken place as a result of increased earnings and the educational work of the company. These two factors

reduced greatly the proportion of employees in need of advice as to home conditions, increasing proportionately the need of advice in matters of thrift and the development of what the company calls "constructive life."

Thus, at the present time (November, 1916), aside from having to comply with a simple general standard of life, home conditions, etc., as described elsewhere, participants are, in addition, required to account for the "profits" given to them. This accounting must be in the form of savings of some sort or other, no specific form being urged.

The amount of "profits" saved thus during the first two years of the operation of the plan is shown in the following table:

Amount of "Profits" accounted for by the employees between Jan. 12, 1914, and Jan. 12 1916, showing actual saving effected by them.

Amount in banks.....	\$4,972,518
Value of homes.....	2,424,437
Value of lots.....	547,830
Amount paid on homes on contract.....	6,733,356
Amount paid on lots on contract.....	874,696
Total.....	15,352,637

This sum does not include amounts paid out in premiums on life-insurance policies, a figure difficult to arrive at.

On January 12, 1916, the savings effected by employees of the company accounted for \$15,532,637, more than three-fourths of the total amount paid out to them in "profits" during the two years. This, in the opinion of the company, is a gratifying showing of thrift.

PLAN NO. 3.

GENERAL NATURE OF PLAN.

This plan consists of three separate and distinct parts and provides for:

1. Bonuses to employees especially selected for their meritorious service, in the form of shares of stock in a building and loan association organized under the laws of the State of Pennsylvania—in operation since about 1885.

2. Bonuses to all employees engaged in manufacturing occupations who have a satisfactory record of service of one continuous year preceding the distribution date, in the form of an annual cash payment of from 5 to 20 per cent of earnings—in operation since 1898.

3. Bonuses to selected employees in the form of common stock of the company at par, same to be paid for by the accruing dividends—in operation since 1903.

In 1914 a total of 3,207 employees, or 66 per cent of the total number employed, benefited by one or more of the provisions of the plan.

The following table shows the number and per cent of employees thus benefited:

TABLE 49.—NUMBER AND PER CENT OF EMPLOYEES PARTICIPATING IN EACH CLASS OF BONUS IN 1914.

Class.	Employees participating.	
	Number.	Per cent.
One bonus:		
Cash.....	2,301	
Common stock.....	59	
Building and loan stock.....	161	
	2,521	78.6
Two bonuses:		
Cash and common stock.....	129	
Cash and building and loan stock.....	151	
Common stock and building and loan stock.....	169	
	449	14.0
Three bonuses.....	237	7.4
Total.....	3,207	100.0

Of all the employees benefiting by the three provisions 2,521, or 78.6 per cent, participated in one of the bonuses, receiving either cash or stock; 449, or 14 per cent, in two; and 237, or 7.4 per cent, in all of the bonuses.

The following table shows, by nature of the bonuses paid, the distribution of participating employees by occupation groups:

TABLE 50.—PER CENT OF PARTICIPATING EMPLOYEES RECEIVING EACH KIND OF BONUS IN 1914, BY OCCUPATION GROUPS.

Occupation group.	Per cent of participating employees whose bonuses are in the form of—		
	Cash.	Common stock of company.	Building and loan stock.
Executive.....		15.8	15.0
Clerical.....		4.7	5.6
Manufacturing.....	100.0	78.5	78.4

Over 79 per cent of the total employees participating in each of the classified bonuses were engaged in so-called manufacturing occupations, i. e., were concerned with the actual processes of manufacturing.

No clerical employees participated in the cash bonus, but 4.7 and 5.6 per cent of those sharing in the stock distribution, common and building and loan, respectively, were found in clerical occupations. The percentages of participating employees belonging to executive occupations were 15.8 per cent under the common-stock and 15 per cent under the building and loan stock phases of the plan.

DISTRIBUTION OF BUILDING AND LOAN ASSOCIATION STOCK.

Aside from common-stock distribution, described below, the company awards to worthy employees, irrespective of occupations, at the discretion of the president and upon recommendation of heads of departments, shares of stock, varying from two to five, in a building and loan association of Philadelphia, incorporated under the laws of the State of Pennsylvania. Such an allotment implies that the company obligates itself to make payments for the employee until the stock is fully paid for, and money thus accumulated becomes available for home-building purposes of the employee. Payments for such stock are made by the company at the rate of \$1 per month per share until the maturity value of \$200 is reached.

The following table shows the annual distribution of building and loan stock among employees up to and since 1910:

TABLE 51.—DISTRIBUTION OF BUILDING AND LOAN ASSOCIATION STOCK, 1910 TO 1914, BY YEARS.

Years.	Total employees eligible.	Employees holding building and loan stock.		Total shares held.	Cost to company per year.
		Number.	Per cent.		
1910 and before.....	5,204	494	9.3	2,787	\$33,444
1911.....	5,454	545	10.0	3,012	26,144
1912.....	4,950	617	12.5	3,377	40,524
1913.....	5,189	690	13.3	3,754	45,048
1914.....	4,850	708	14.6	3,901	46,812

On December 31, 1914, 708 employees, or 14.6 per cent of the total employed, were holders of 3,901 shares of building and loan stock, with a cost to the company for the year 1914 alone of \$46,812.

The following table shows the distribution of employee holders of building and loan stock by occupation groups:

TABLE 52.—NUMBER AND PER CENT IN EACH OCCUPATION GROUP OF EMPLOYEES HAVING BUILDING AND LOAN STOCK.

Occupation group.	Number.	Per cent.
Executive.....	108	15.0
Clerical.....	40	5.6
Manufacturing.....	562	79.4

DISTRIBUTION OF CASH BONUSES.

This part of the plan, in operation since 1898, involves the payment of annual bonuses in cash, in terms of specified percentages of earnings, to all manufacturing employees of the company with a record of a continuous service of one year preceding the date of dis-

tribution. Foremen are excluded from these benefits. The percentage of annual earnings paid to individual employees depends upon the department in which they are employed, the range of variation in the scale being from 5, the lowest, to 20, the highest.

During the year ending December 31, 1914, of a total of 4,850 eligible employees, 2,818, or 58.1 per cent, received bonuses varying from 5 to 20 per cent of their respective annual earnings. The following are the numbers and percentages (of the total employees participating) that received classified percentage bonuses.

TABLE 53.—NUMBER AND PER CENT OF PARTICIPANTS RECEIVING EACH SPECIFIED PER CENT OF EARNINGS AS BONUS.

Percentage bonus.	Number.	Per cent.
20.....	1,162	41.2
10.....	359	12.7
7.5.....	270	9.6
5.....	1,027	36.5
Total.....	2,818	100.0

An examination of these figures shows that 53.9 per cent of the total employees participating received 10 per cent or more on their annual earnings and 46.1 per cent received under 10 per cent.

DISTRIBUTION OF COMMON STOCK.

The stockholders of this company at a special meeting held November 12, 1902, passed a resolution placing 5,000 shares of the common capital stock of the company at the disposal of the president and the board of directors of the company "to be used by them for distribution at not less than par among the company's employees, irrespective of occupations or type of employment" as a reward for meritorious service.

Originally the maximum number of shares to be allotted to any one employee was fixed by the board at 5; during recent years, however, in view of the greatly increased market value of the stock, the maximum allotted has been reduced to 3 shares.¹

Employees receiving allotments of common stock make no payments on the stock, as it pays for itself by its dividends. When it becomes fully paid for, dividends to the holders are paid in cash. Shares of stock allotted under the plan do not become the sole property of the holder until 15 years after allotment.

The table following shows the number and per cent of employees holding allotted common stock December 31, 1914, by occupation groups.

¹ The common stock of the company, par value \$100, sells at the present time at about \$360. The average annual dividend paid on it during the period of existence of the plan, 1903 to 1914, was slightly over 30 per cent.

TABLE 54.—NUMBER AND PER CENT IN EACH OCCUPATION GROUP OF EMPLOYEES HOLDING COMMON STOCK OF THE COMPANY.

Occupation group.	Number.	Per cent.
Executive.....	94	15.8
Clerical.....	28	4.7
Manufacturing.....	473	79.5
Total.....	595	100.0

A total of 595 employees (12.3 per cent of the number of eligible employees in 1914) held 3,389 shares of common stock, the respective percentages of the total employees holding classified number of shares having been as follows: 3 shares each, 303 employees, or 59.2 per cent; 5 shares each, 247 employees, or 41.5 per cent; 10 shares each, 23 employees, or 3.7 per cent; over 10 shares each, 22 employees, or 3.6 per cent.

BENEFITS OF THE PLAN TO THE COMPANY.

In a general way, one of the principal objects sought by the introduction of the plan, it was stated, was to stabilize as much as possible the working organization of the company. The managing officials believe that a high percentage of labor turnover is expensive, inasmuch as it prevents improvement in the quality of the product manufactured and increases the cost of maintaining the working organization.

That a stable working force has, to a considerable degree, been attained may be inferred from two facts: First, a relatively low percentage of labor turnover in the manufacturing force of the company, as shown in the table presented below; second, a relatively small number of employees who are beneficiaries under the common-stock distribution plan have forfeited their stock by either voluntary leave or discharge.

TABLE 55.—PER CENT OF TURNOVER IN THE MANUFACTURING FORCE OF THE COMPANY, 1910 TO 1914, BY YEARS.

Year.	Per cent.
1910.....	30.3
1911.....	28.7
1912.....	30.8
1913.....	31.9
1914.....	16.2
Average for five-year period.	25.6

As will be shown in a study on the turnover of labor in different industries to be issued in the near future by this bureau, a percentage turnover of 25.6, as shown above, is very moderate. This phenomenon, so important from the point of view of the quality of the product turned out and the expense of maintaining the organization, is attributable, in a considerable degree, it was stated, to the operation of the various bonus plans described above.

The following is the text of an agreement signed by employees to whom common stock is allotted:

This agreement, made this — day of ——— 191 , between ——— Co. (hereinafter called company), of the first part, and ——— (hereinafter called employee), of the second part.

Whereas the stockholders of company at the special meeting held on the 12th day of November, 1902, passed a resolution placing 5,000 shares of proposed issue of common capital stock at the disposal of the president and board of directors, to be used by them for distribution at not less than par among the company's employees, to be allotted and issued upon the terms, conditions, and stipulations, to be fixed by said president and board of directors;

And whereas directors have been advised that the shares can not be actually issued saving upon terms of payment therefor in cash, but, being desirous to give substantially to employees the benefit of said stockholders' resolution to such extent as the same is legal, have decided to enter into this agreement with employee— one of others selected by them, said employee having been long in the employ of company, and having heretofore rendered faithful services to the same.

Now this indenture witnesseth that company and employee do agree to and with each other as follows:

1. Company will appropriate for the purposes of this agreement out of the said proposed new issue of its capital stock, for the benefit of employee, upon the terms, conditions, and restrictions of this agreement, ——— shares of its common capital stock, each share being of the par value of \$100. These shares thus appropriated will not be disposed of otherwise than in accordance with this agreement. An employee, in said shares, shall have such rights as by this agreement are accorded to him.

These shares thus set apart shall not be deliverable, saving upon the conditions of this contract, and employee shall have no interest whatever therein saving that herein and hereby conferred.

2. As compensation for employee's services during such time as he shall continue in the employment of the company, there shall be paid to him, in addition to what shall be due to him in the ordinary way, an additional amount which shall be allotted to the trustees hereinafter provided for in each and every year, commencing from the — day of ——— 191 . This amount in each year shall be a sum equal to the difference between five per centum of the par value of such of said allotted shares as shall not have been delivered to trustees under the terms hereof, and an amount equal to the dividends declared by company during the year upon a number of shares like in number, to the additional shares thus allotted, not delivered. The compensation shall be apportioned, where shares shall have been delivered during the currency of the year, at the rate aforesaid up to the time of delivery.

3. It shall be within the power of company, acting through the board of directors or proper executive officers, at its or their sole discretion, at any time hereafter, to terminate the employment of employee, either because of his inability further to render services which shall be deemed by company valuable, or because of dissatisfaction entertained by company acting as aforesaid, or for any other reason deemed by company, so acting, as sufficient. The power of termination of employment by company is absolute, and may be exercised without any right of question, and with the effect of terminating all rights hereunder, saving as herein otherwise specified.

4. The sum thus allotted to employee, immediately upon the expiration of each and every year, shall not be paid to him directly but shall be paid to trustees to be appointed and continued in the way and manner hereinafter set forth: *Provided, however,* That if in any year, employee shall desire that out of the sum allotted for said year there shall be paid to him one-third or less thereof for his personal use, the portion thus designated, not to exceed one-third, shall be paid over to him directly by company, in no event to exceed five per centum on the par value of stock, and the residue of the allotted sum alone shall be paid to trustees.

In such event, wherever hereinafter, the allotted fund is referred to, such reference shall be taken as covering merely the residue remaining of the original allotted sum for the year. It shall be necessary, however, for employee in each year to make the request for the payment of said portion to him. Any request in one year shall not be considered as extending beyond said year. Said trustees shall hold the fund thus annually allotted to them under and for the purposes of this agreement. To such extent as the fund shall pay therefor, company shall, from time to time, deliver upon payment therefor by trustees, so many shares of its common capital stock at par as can then be paid for. These shares shall be held by trustees, together with any residuum of cash, the latter not to bear interest, for the benefit of employee under the terms and conditions of this agreement. Dividends upon these shares shall be collected by trustees as the same shall be declared, which dividends shall be used in the way and manner provided of and concerning the annual compensation. Shares of stock thus delivered to trustees, however, shall not be entitled to back dividends, but only to such dividends as may be declared thereon after date of delivery.

5. In case of the death of employee, or of the termination of his employment because of his physical or mental inability to discharge his duties, this agreement shall be terminated. Trustees shall then transfer to employee, if he be living, or if he be deceased, to his personal representatives, the number of shares of stock and the amount of surplus cash which then shall be held by them as trustees. No further payments of cash or allotments of stock shall thereafter be made. The undisposed of residue of the allotted shares shall thereafter remain the property of the company, without any right whatever, therein or thereto, in employee or his personal representatives.

6. If the employment of employee be terminated by company for any cause other than his physical or mental inability to discharge his duties, and the judgment of company as to the cause of the termination shall be final and conclusive, this agreement shall terminate at the same time. Trustees shall then turn over to employee an amount equivalent to the unused cash in their hands belonging to the trust and to the par value of the shares of stock then held by them, even if all the allotted shares shall then have been fully paid for. It shall be their duty to dispose of the shares thus held in such way and manner as shall be legal, for the benefit of company, first deducting the par value of the shares paid over to employee. All rights of employee in the allotted shares shall terminate upon said payments being made to him.

7. In no event, saving in case of death of employee, or termination of his employment because of mental or physical inability, shall any shares be actually demanded from trustees by employee, until the first day of ———, and not then unless the dividends declared upon said stock shall have been in sum total an amount equal to the par value of the stock and interest. Until said time, saving under said excepted circumstances, said shares shall continue to be held by them upon an active trust, partly to insure the continued faithful services of employee; but, after the allotted shares have been fully paid for under the terms of this agreement, they shall be held by trustees thereafter, without any further conditions as to the deduction of interest, and the dividends thereon, shall thereafter, as declared, be paid over by trustees to employee from time to time.

On the first day of ———, if all the shares shall then have been paid for, employee, if he shall then be in the employ of company, shall be entitled to the transfer of the same to him absolutely and without restriction.

8. All delivered shares shall be held by said trustees upon an active trust, the trustees being entitled to vote the same as though absolute owners thereof.

9. If dividends be declared in stock and not in cash upon shares, the trustees shall hold the shares thus declared as stock dividends in the same way and manner as is herein provided of and concerning shares delivered to them upon payment therefor in cash.

10. The trustees shall be ———, ———, ———, and ———. In case of vacancies in the trusteeship from time to time, company shall fill the same by vote of its board of directors. The person thus elected shall have all the rights of the trustee originally named.

11. The compensation of trustees shall be fixed by company, and shall be paid by it out of its own funds. No duty to compensate for said services shall be imposed upon employee,

STOCK SUBSCRIPTION PLANS.

A clear line of distinction is to be drawn between plans under which employees, with the assistance of their employers, but with their own money, subscribe for stock of the employing corporation and plans involving the distribution of gratuities or bonuses in the form of stock instead of in cash. The following section of this report deals wholly with plans under which employees, assisted in various ways by their employers, subscribe for stock of the employing corporation, paying for the same on the installment plan.

DESCRIPTIVE AND STATISTICAL SUMMARY OF A SELECTED GROUP OF STOCK SUBSCRIPTION PLANS.

A detailed analysis of over 25 such plans reveals the fact that none of them involve the principle of profit sharing even remotely. In most instances the cost of such plans to the employers is almost negligible, the only expense borne by them being the one involved in the keeping of the books necessary in the receiving and crediting of the partial payments of the subscribing employees.

Under most of the plans the preferred stock of the employing corporation is offered to employees. For this two principal reasons may be given: (1) The fact that the fluctuations in the values of the preferred stock are usually not as great as the fluctuations in the common stock, and (2) the type of investor represented by the subscribing employees usually prefers the certainty of a fixed return on the investment to the uncertainty of a potentially larger return on the common stock as returns on common stock in a great number of industrial corporations are frequently problematical.

The prices charged for the stock offered, based upon an examination of 20 of the largest stock-subscription plans, were as follows: Somewhat higher than the prevailing market value in 1 plan; market value in 6 plans; from \$1 to \$5 below the market value in 5 plans; from \$6 to \$10 below the market value in 5 plans; and \$10 or more per share below the market value in 3 plans.

Under the great majority of such plans all of the employees of the company are eligible to subscribe in amounts determined by the management, usually on the basis of the earning capacity of the subscribing employee. The amounts of stock allotted vary from about one-fourth to the full amount of the employee's annual earnings. As a matter of practice, the smaller the relative financial advantages offered by the employer, the larger the amount of stock for which employees are allowed to subscribe. In only a very few instances, however, is the amount of stock that employees may subscribe for unlimited.

In all of the plans studied, except one, interest ranging from 4 to 6 per cent was charged on the deferred payments of the employees. At the same time the usual dividends accruing were credited to the subscription accounts.

Not until the stock subscribed for is fully paid up are the holding employees allowed to vote on it.

Aside from offering the stock at reasonable prices, frequently lower than the market price, it is the custom of employers in many plans to offer bonuses—a certain sum per share for a limited number of years—for the retention by employees while in the employ of the company of the subscribed for or owned stock. As in the case of the stock dividends, such retention bonuses, until the stock is fully paid for, are credited to the subscription account. When stock is fully paid for, the dividends as well as the retention bonuses are paid to the employee in cash.

The following table shows the different amounts per share paid as retention bonuses under the plans studied:

TABLE 56.—BONUSES PAID UNDER SPECIFIED NUMBER OF PLANS TO SUBSCRIBING EMPLOYEES FOR THE RETENTION OF STOCK (OWNED OR SUBSCRIBED FOR).

Number of plans.	Retention bonuses per share.		
	Amount (per year).	Period (years).	Special fund.
11	None.	-----	None.
1	\$2.50	2	None.
3	2.00	5	None.
2	3.00	5	(1)
1	3.50	5	(2)
2	4.00	5	(3)
4	5.00	5	(4)
1	7.50	5	None.

¹ One plan paid \$5.91; the other will pay pro rata at the end of the series amount of accumulated forfeited bonuses.

² Will pay pro rata at the end of the series amount of accumulated forfeited bonuses.

³ One plan paid \$3.86; the other pays none.

⁴ Three plans will pay pro rata at the end of the series amounts of accumulated forfeited bonuses; the fourth one pays none.

Of a total of 25 plans examined, 14, or about three-fifths, paid bonuses varying from \$2 to \$7.50 per share for periods ranging from three to five years. The table also shows that 11 firms out of 25 paid no retention bonus whatever on the stock purchased by their employees.

Under some of the plans the amounts of the bonuses forfeited through cancellations revert to a special fund which, at the end of the specific subscription series, is distributed pro rata among those of the subscribers who have completed their payments. Provisions for such a fund were found in seven plans, among which were two of the largest in operation. The relative benefits derived by the subscribing employees from the special fund vary directly with the number of cancellations; the more numerous the latter the larger the fund, and, consequently, the amount pro rated per share.

All of the plans examined without any exception allow their employees to cancel their subscriptions at will. Upon cancellation, employees

usually receive the amounts paid in by them, with interest of from 4 to 6 per cent, less dividends and other special bonuses that might have been credited to their subscription accounts.

The following table shows for a representative year the sizes of a selected group of establishments having stock-subscription plans in operation:

TABLE 57.—NUMBER AND PER CENT OF ESTABLISHMENTS WITH STOCK SUBSCRIPTION PLANS IN OPERATION HAVING EACH CLASSIFIED NUMBER OF EMPLOYEES.

Classified number of employees.	Establishments having plans in operation.	
	Number.	Per cent.
100 and under 300.....	1	4.5
300 and under 500.....	2	9.1
500 and under 1,000.....	7	31.8
1,000 and under 3,000....	2	9.1
3,000 and under 5,000....	2	9.1
5,000 and under 10,000....	1	4.5
10,000 and over.....	7	31.8
Total.....	22	100.0

The majority of stock-subscription plans, unlike the profit-sharing plans described in a preceding section of this report, were found in establishments employing relatively large numbers of employees, viz, from one to three thousand.

The following table shows the extent of the application of the stock-subscription plans examined as well as the frequency with which employees avail themselves of the opportunities offered by the plans:

TABLE 58.—EMPLOYEES ELIGIBLE TO SUBSCRIBE FOR STOCK, EMPLOYEES SUBSCRIBING, AND AVERAGE NUMBER OF SHARES SUBSCRIBED FOR, IN EACH OF 21 ESTABLISHMENTS, IN SPECIFIED YEARS.

Establishment No.	Year.	Total employees.	Employees eligible to subscribe.		Employees subscribing.			Average number of shares per subscription.
			Number.	Per cent of total employees.	Number.	Per cent of total employees.	Per cent of eligible employees.	
1.....	1915	2,330	2,000	84.5	499	12.4	14.6	2.0
2.....	1915	131,139	78,587	52.0	33,930	22.4	43.2	3.0
3.....	1916	1,168	1,168	100.0	300	24.8	34.5	2.3
4.....	1915	333	333	100.0	97	29.1	30.1	6.2
5.....	1915	650	650	100.0	17	2.6	2.6	1.0
6.....	(1)	6,596	6,596	100.0	837	12.0	13.0	6.9
7.....	1911	480	183	38.1	13	2.7	7.1	0.6
9.....	1915	1,175	1,178	100.0	234	19.9	19.9	2.3
10.....	(2)	25,400	25,400	100.0	4,374	15.4	15.4	7.8
11.....	(3)	2,327	2,327	100.0	1,413	50.0	30.0	1.9
12.....	(4)	4,334	4,334	100.0	1,907	41.7	41.7	3.0
14.....	1915	644	644	100.0	84	13.0	13.0	1.4
15.....	1907	169	169	100.0	3	1.9	1.9	4.0
16.....	(5)	22,000	22,000	100.0	1,695	3.5	3.5	7.2
17.....	1915	12,461	12,461	100.0	749	6.0	6.0	2.0
18.....	(6)	820	726	84.0	256	30.3	32.5	2.7
19.....	(7)	300	300	100.0	111	37.0	37.0	2.6
20.....	1911	20,000	20,000	100.0	2,383	8.0	8.0	8.1
21.....	1915	33,000	2,300	4.3	1,347	2.4	55.5	4.7
22.....	1914	228,908	228,908	100.0	46,948	20.5	20.5	1.9
23.....	1914	448	448	100.0	5	1.1	1.1	2.0

¹ Entire series, 1911 to 1915.

² Entire series, Aug. 3, 1909, to Aug. 3, 1914.

³ Year ending Jan. 2, 1915.

⁴ Period from June 15, 1916, to Jan. 1, 1916.

⁵ Period from Jan. 15, 1909, to Nov. 14, 1914.

⁶ Year ending Jan. 30, 1915.

⁷ Year ending Oct. 1, 1915.

An interesting feature of this table is the fact that in two-thirds of the plans the proportion of subscribing employees to the employees eligible to subscribe was less than one-fourth. In 13 out of 21 plans studied the proportion subscribing was less than 20 per cent, and in about two-fifths of the plans even less than 10 per cent of the total number employed. The average number of shares per subscription differed considerably—from 1.4, the lowest, to 9.6, the highest—the average number of shares per subscription for the entire group of plans having been slightly over 4.

The proportion of all subscriptions canceled, as well as the average number of shares per cancellation, are shown herewith:

TABLE 59.—SHARES OF STOCK SUBSCRIBED FOR, NUMBER AND PER CENT CANCELED, AND AVERAGE NUMBER OF SHARES PER CANCELLATION, DURING ONE REPRESENTATIVE SUBSCRIPTION PERIOD, IN EACH OF 19 ESTABLISHMENTS.

Establishment No.	Subscription period.	Number of shares subscribed for.	Shares canceled.		Average number of shares per cancellation.
			Number.	Per cent of shares subscribed for.	
1	5 years.....	3,269	739	22.6	4.1
2	5 months.....	102,708	1,696	1.7	2.4
3	3 years.....	679	10	1.5	2.0
4	2 years.....	600	268	44.7	3.6
5	3 years.....	60	3	5.0	(¹)
6	5 years.....	5,900	2,781	47.1	5.8
7	12 years.....	395	10	2.5	(¹)
8	8 years.....	16,444	1,684	10.2	(¹)
9	3 years.....	2,224	84	3.8	1.7
10	5 years.....	34,252	5,865	17.1	4.7
11	1 year.....	2,725	837	30.7	1.6
12	2 years.....	1,492	159	10.7	(¹)
13	1½ years.....	5,332	751	14.1	1.8
14	5 years.....	561	331	59.0	1.4
17	3 years.....	2,973	154	5.2	3.3
18	4 years.....	1,951	532	27.3	2.1
19	1 year.....	272	22	8.1	2.4
21	4 years.....	27,668	910	3.3	4.5
23	4 years.....	290	90	31.0	1.0

¹ Not reported.

The proportion of cancellations, in per cent of the total shares subscribed for, was less than 10 per cent in 8 establishments; from 10 to 20 per cent in 4; from 20 to 40 per cent in 4; and between 40 and 60 per cent in 3 establishments. As a rule, the tendency of cancellations is to decrease with the gradual development of the plan for the reason that during the first years, the matter being a novelty, many employees contract for shares for which they can not pay. In a general way also, it may be stated that cancellations, particularly under the plans in operation in establishments having large numbers of employees, increase (*a*) with decreases in the total number employed, inasmuch as employees laid off or discharged immediately cancel their subscriptions; and (*b*) with changes in wages

resulting in decreased earnings. Under the stock subscription plan described in detail on pages 148 to 157 of this report, the relative number of cancellations in 1904, during which a considerable decrease in the rate of wages was made, was four times as large as the relative proportion of cancellations during the succeeding year.

The following table shows the number of cancellations and of shares canceled, by causes, during one representative subscription period in each of 16 establishments:

TABLE 60.—NUMBER OF CANCELLATIONS, AND OF SHARES CANCELED, IN EACH OF 16 ESTABLISHMENTS, DURING SPECIFIED YEARS, BY CAUSES.

Establishment No.	Year ending—	Cancellations caused by—											
		Leaving employment.		Discharge.		Death.		Inability to make payments.		Other causes.		All causes.	
		Cancellations.	Shares canceled.	Cancellations.	Shares canceled.	Cancellations.	Shares canceled.	Cancellations.	Shares canceled.	Cancellations.	Shares canceled.	Cancellations.	Shares canceled.
1	July 1, 1915	47	296	5	15	2	8	16	44			71	293
2	July 31, 1915 ¹	501	1,148	(²)	(²)	24	73			187	475	707	1,696
4	Nov. 1, 1915 ³	38	135	(⁴)	(⁴)			26	91	11	42	75	268
5	Aug. 31, 1915	2	2									2	2
6	(⁵)	96	576	144	534	6	62	48	278	185	1,031	479	2,781
9	Dec. 31, 1915	12	19							3	6	15	25
11	Jan. 31, 1915	211	324	67	100	4	8	71	134	160	271	522	837
12	May 1, 1915	10	46	3	22	2	15			18	60	35	152
13	Jan. 1, 1915 ⁶	210	410	61	112	6	10	130	204	5	15	412	751
14	Jan. 1, 1915	47	61	9	13			37	57			93	131
16	Dec. 31, 1915	40	267	(⁷)	(⁷)	2	10	141	604	33	333	216	1,304
17	.....do.....	25	77	6	14	2	4	14	26	9	66	57	187
18	.....do.....	15	71	26	108	1	2	24	51			96	228
19	Oct. 1, 1915	6	18	3	3			1	1			9	22
21	Dec. 31, 1914	30	92	17	39	2	25	18	100			68	285
23	Dec. 31, 1914 ⁸	29	52	5	7			21	31			65	90
	Total.....	1,329	3,525	377	1,261	54	217	547	1,730	615	2,302	7,922	9,651
	Per cent.....	43.5	33.9	12.9	14.2	1.5	2.4	18.7	19.0	21.9	25.5	100.0	100.0

¹ Five months.

² Including those caused by discharge.

³ Included under "Leaving employment."

⁴ Including subscriptions canceled on account of disability, 12; leave of absence, 12; temporary lay-off, 86; other causes, 61.

⁵ Including shares canceled on account of disability, 62; leave of absence, 63; temporary lay-off, 217; other causes, 162.

⁶ Two years.

⁷ Entire series of 1911.

⁸ June 15, 1914, to Jan. 1, 1916.

⁹ Discharge does not cause forfeiture or cancellation.

¹⁰ Two years and 9 months.

¹¹ Three years.

Of the canceled subscriptions, 58.4 per cent, representing 53.1 per cent of all the shares canceled, were occasioned through two principal causes, leaving of service and discharge; 18.7 per cent of the canceled subscriptions were due to the employee's alleged inability to continue the making of the stipulated payments.

The following table shows the proportion of subscribers in each of the four principal occupation groups in 19 establishments.

TABLE 61.—NUMBER AND PER CENT OF SUBSCRIBING EMPLOYEES IN EACH OCCUPATION GROUP, DURING ONE REPRESENTATIVE SUBSCRIPTION PERIOD (19 ESTABLISHMENTS).

Occupation group.	Subscribers.	
	Number.	Per cent.
Executive.....	8,631	19.2
Clerical.....	10,884	24.2
Sales.....	174	.4
All others.....	26,130	56.2
Total.....	44,819	100.0

More than one-half of the subscribers were found in the occupation group "All others." Inasmuch as common laborers very seldom, if ever, take advantage of the plans, it may be assumed with a reasonable degree of probability that the classification "All others" included employees who were engaged in manual and mechanical occupations requiring some degree of training or skill.

Financial advantages accruing to subscribers.

In the following table is given an estimate of the financial advantages offered by the stock subscription plans examined to employees earning \$1,000 yearly. It is evident that such advantages, if any, may accrue to subscribing employees in either all or some of the following ways: (1) In the relatively lower price at which the stock may be had, as compared with the prevailing market value; (2) by special bonuses offered for the retention of the subscribed for or already owned stock; (3) by the difference between the rate of interest charged on the deferred payments and the dividends credited; and (4) from the proportionate share in the special fund which accumulates from the forfeited bonuses of canceled subscriptions, and which becomes distributable at the end of the subscription series.

The total financial gain under each of the plans is shown in column nine of the following table. By dividing the total amount of possible gain into the aggregate earnings of a hypothetical subscriber earning \$1,000 per year for the period of years covered by the subscription series, there is obtained what is called in column eleven the "per cent of gain on total earnings." In this estimate as calculated all the speculative features of the transaction were disregarded.

TABLE 62.—ESTIMATE OF GAIN WHICH MAY ACCRUE TO A STOCK-SUBSCRIBER EMPLOYEE EARNING \$1,000 PER YEAR IN EACH OF 18 ESTABLISHMENTS.

Estab- lishment No.	Sub- scrip- tion series.	Number of years in which pay- ments may be com- pleted.	Max- imum stock sub- scrip- tion allowed per \$1,000 of earnings.	Amount of fixed bonus for entire period.	Excess of divi- dends over interest paid for entire period.	Excess of market price over sub- scrip- tion price.	Special fund for sub- scribers retaining stock until end of period.	Total gain from stock for entire period.	Total earn- ings for entire period.	Per cent of gain on total earn- ings.
1.....	1914	5	\$200	\$75.00	\$20.00			\$95.00	\$5,000	1.9
2.....	1915	2	300		24.00	\$15.50		40.50	2,000	2.0
3.....	1916	5	200	20.00	10.00	2.00		32.00	5,000	.6
4.....	1913	5	1,000	100.00	50.00	150.00		300.00	5,000	6.0
6.....	1911	5	1,000		100.00	40.00		140.00	5,000	2.8
8.....	1912	5	200	30.00	30.00			60.00	5,000	1.2
9.....	1914	5	200	20.00	30.00	20.00		70.00	5,000	1.4
9.....	1914	5	200	40.00	20.00	8.00		68.00	5,000	1.4
10.....	1909	5	1,000	150.00		25.00	\$59.10	\$204.10	5,000	8.1
10.....	1909	5	1,000	200.00	100.00	60.00	28.60	448.60	5,000	9.1
11.....	1914	5	300	75.00	112.50	15.00	(4)	\$202.50	5,000	4.1
12.....	1913	3	200	30.00	18.00	8.00		40.00	3,000	1.3
13.....	1914	5	300	75.00	30.00	45.00		150.00	5,000	3.0
14.....	1910	2	500		20.00	130.00		150.00	2,000	7.5
17.....	1913	5	200		15.00			15.00	5,000	.3
18.....	1912	5	200	50.00	50.00	20.00	16.00	136.00	5,000	2.7
19.....	1914	4	1,000		80.00			80.00	4,000	2.0
31.....	1914	1	300	15.00			39.00	54.00	1,300	4.2
32.....	1912	5	300	52.50			52.65	105.15	5,000	2.1
33.....	1913	3	300		18.00	18.00		36.00	3,000	1.1

1 Preferred stock.

2 Based on normal dividend of 8 per cent.

3 Not including a stock dividend of 33 1/3 per cent distributed in first year of series, in which subscribers shared.

4 Amount not known until end of series.

5 Not including special fund, amount not known until end of series.

6 Employees earning less than \$1,300 per year not included in plan.

For convenience the estimated percentage gains on earnings shown in the foregoing table have been summarized as follows:

TABLE 63.—CLASSIFIED PER CENT OF GAINS ON EARNINGS (30 PLANS).

Classified per cent of gains.	Number of plans.
Under 2 per cent.....	5
2 and under 4 per cent.....	6
4 and under 6 per cent.....	2
6 and under 8 per cent.....	3
8 and under 10 per cent.....	1
Total.....	20

Under 14, or 70 per cent, of the plans the estimated financial advantages to the employees amounted to less than 4 per cent of their earnings during the period covered by specific subscription series. In over one-third of the plans the estimated benefit amounted to less than 2 per cent on earnings, slightly above 1 per cent mostly. Only one plan offered a financial advantage exceeding 8 per cent on earnings.

ANALYSIS OF WORKING OF FOUR TYPICAL PLANS.

Plan No. 1.

The essential features of this plan, as announced on January 1, 1915, are as follows:

(a) Any employee who on January 1, 1915, has been continuously in the service of — two years or more may purchase one share of stock at \$110 per share for each \$300 of his or her annual wages, but not exceeding 10 shares to any one employee.

(b) All purchase agreements must be filed with immediate superior officers on or before January 30, 1915.

(c) Continuous service and "rate of pay" under this plan shall be determined in the same manner as under the regulations of the Employees' Benefit Fund Plan.

(d) The following table shows the maximum number of shares which any employee may purchase, but any employee may purchase one or more shares up to the maximum he is entitled to purchase:

Employees receiving at Dec. 31, 1914, rate of pay equivalent to a rate per year of—	May purchase not exceeding—
\$300 or less.....	1 share.
Over \$300.01 to \$600, inclusive.....	2 shares.
Over \$600.01 to \$900, inclusive.....	3 shares.
Over \$900.01 to \$1,200, inclusive.....	4 shares.
Over \$1,200.01 to \$1,500, inclusive.....	5 shares.
Over \$1,500.01 to \$1,800, inclusive.....	6 shares.
Over \$1,800.01 to \$2,100, inclusive.....	7 shares.
Over \$2,100.01 to \$2,400, inclusive.....	8 shares.
Over \$2,400.01 to \$2,700, inclusive.....	9 shares.
Over \$2,700.....	10 shares.

Payment for the stock must be made beginning with March, 1915, in monthly installments of \$2 per share, to be deducted from wages until stock is paid for, but payments may not be completed before March 1, 1917. Dividends are applied toward payment, and interest of 4 per cent is charged on unpaid balances.

Stock purchased, until payments have been completed, is to be held by three trustees appointed by the board of directors. When the stock has been fully paid for, the subscriber may keep or sell it, as he chooses, but before then no assignment, pledge, or sale of rights is permitted.

If a subscriber-employee leaves the company's service or dies in the service before his payments have been completed, the net amount paid in is returned in cash. If he leaves or dies after March 1, 1917, the amount still unpaid may be paid in and the stock taken up.

If for any reason other than leaving service, temporary absence, or death, any employee desires to withdraw from the purchase agreement, and if his reasons appear sufficient to the trustees, he may receive back the total amount paid in, together with 4 per cent interest.

Of a total of 151,129 employed, 78,587, or 52 per cent, were eligible to subscribe for stock under this plan; 33,920, or 22 per cent of the

total employed, and over 43 per cent of all the eligibles, took advantage of the offer of the company and subscribed for a total of 102,706 shares of common stock. Over two-thirds of all the subscriptions were for three shares or less, one-third of all having been for two shares only. Less than one-tenth of all the subscriptions were for six shares or more.

During the first five months of the operation of the plan 2.1 per cent of all the subscribers canceled 1.7 per cent of all the shares subscribed for, the average number of shares per cancellation having been 2.4, as against 3 per original subscription, showing, in a general way, that employees holding small numbers of shares were responsible to a great extent for the cancellations. Most of the cancellations—over two-thirds of them—were caused through employees leaving the service of the company.

The types of employment or occupations of the subscribers under the plan are shown in detail in the following table:

TABLE 68.—NUMBER OF STOCK SUBSCRIBERS AND OF SHARES HELD, BY OCCUPATIONS.

Occupations.	Stock subscribers.			Shares held by—		
	Males.	Females.	Total.	Males.	Females.	Total.
General officers.....	138		138	1,267		1,267
General staff assistants.....	113	6	118	936	26	962
Attorneys.....	65		65	551		551
Accountants.....	436	28	464	2,276	63	2,339
Engineers.....	1,321		1,321	7,177		7,177
Main operating department heads.....	79		79	727		727
Assistants to main operating department heads.....	1,040	25	1,065	11,296	73	11,369
Managers and assistant managers.....	848	63	911	2,975	181	3,156
Collectors and canvassers.....	1,178	11	1,189	3,990	19	4,009
Cashiers, tellers, paymasters, etc.....	309	311	620	784	435	1,219
Operators.....	43	7,127	7,170	116	12,713	12,829
Foremen.....	1,916	1	1,917	7,248	1	7,249
Right of way agents.....	156		156	703		703
Inspectors.....	730	5	735	2,415	20	2,435
Inside plant force.....	4,348	4	4,352	12,626	2	12,628
Outside plant force.....	4,105		4,105	11,007		11,007
Doctors, matrons, nurses, etc.....	2	97	99	9	179	188
Clerks, including stockkeepers, stock-keepers, and students (except operators), stenographers and typists.....	2,830	1,635	4,465	11,348	3,414	14,762
Draftsmen.....	40	821	861	134	3,140	3,274
Messengers.....	274		274	687		687
Artisans.....	51	3	54	23	4	27
Artisans.....	799		799	784		784
Unskilled workers.....	451	42	493	933	60	993
Manufacturing shop, warehouse, distributing house, and installation workers.....	1,170	95	1,265	2,088	156	2,244
Total.....	23,744	10,176	33,920	63,200	19,497	82,697

An inspection of the foregoing table shows that almost one-third of the total number of subscribers were females and that every branch of the service of the company is represented among the subscribers. Considerably over one-half of the total number of subscribers belonged to occupations other than executive, clerical, or commercial, the bulk of them, apparently, having been engaged in mechanical and manual occupations.

Plan No. 2.

This plan was put into operation in 1909, when 12,500 shares of preferred stock, at \$115 per share, and 15,000 shares of common stock, at \$75 per share, were offered for subscription to officers and employees. The amount of subscription in any case was limited to the amount of annual wages or salary.

Minimum monthly installments were to be \$1.50 per share for preferred stock and \$1 per share for common stock, the stock to be fully paid for within five years, with an interest charge in the meantime of 5 per cent on unpaid balances. Dividends were to be credited from the time of allotment.

As soon as the subscription payments were completed the stock was to be issued to the subscriber; but when an allotment included both preferred and common stock no certificate was to be issued until the entire subscription was paid, and then certificates for both classes of stock were to be issued.

As an inducement to subscribers to retain their stock and "to have and show the active interest in the business of a stockholder or working partner," a special allowance of \$4 per share of preferred stock and \$3 per share of common stock for five consecutive years beginning with August, 1910, was offered. This special allowance was to be credited to subscribers whose subscriptions were still in force, yet not fully paid, but paid in cash to employees who had fully paid for their stock.

Subscribers who discontinued payments at any time before their subscriptions were fully paid up would forfeit these special allowances, which would then go into a special fund, credited with 5 per cent annual interest. At the end of the five-year period, the total amount thus accumulated would then be divided into as many parts as would equal the number of shares of preferred stock plus two-thirds of the number of shares of common stock which had remained continuously in the hands of the subscribers for five years. Each subscriber would then be awarded as many parts as the number of shares then held by him under this plan would entitle him to; i. e., one part for each share of preferred stock and one part for each one and one-half shares of common stock.

The series of stock subscription described above was completely closed out in 1915, with the following results:

Of a total of 28,400 employed by this company, 4,374, or 15.4 per cent, availed themselves of the opportunity offered, and subscribed for 34,252 shares of common and preferred stock, in almost equal proportions. Over 86 per cent of all the subscriptions were for three shares or less, 55.8 per cent of all the subscribers contracting for one share only. Prior to the closing of the series, 1,247 subscribers canceled subscriptions amounting to 5,865 shares, making the propor-

tions of total subscribers and shares that were canceled 28.5 per cent and 17.1 per cent, respectively. From the fact that the proportion of subscribers who canceled their subscriptions was considerably larger than the proportion of shares canceled by them, it may be inferred that employees who subscribed for a small number of shares were responsible for most of the cancellations. This conclusion is partly supported by the fact that while the average number of shares per subscription was 7.8, the average number of shares per cancellation was only 4.7.

On December 23, 1915, this company in a circular to its employees announced the establishment of a new plan, as follows:

To the employees of ——— Co., of ———, and its subsidiary companies:

In order to reward continuous service and assist employees to become stockholders in this company and share in its profits, the directors announce the following

PROFIT-SHARING PLAN:

1. Any employee may subscribe for a profit-sharing certificate for \$50 or any multiple thereof up to the sum of \$1,000. The payments for the certificate shall be made in specified sums of not less than \$1 nor more than \$25 per month, which may be regularly deducted from the employee's wages. The amount thus agreed to be paid must be sufficient with the other credits hereinafter provided, to pay such certificate in full on or before January 2, 1921.

Whenever the employee is unable to work for the company because of shutdown or of his sickness or accident disability, his payments may be temporarily reduced or suspended.

Each employee who subscribes for a profit-sharing certificate before March 1, 1916, and has earned \$100 or more during the year 1915, will also be credited on such certificate at the date of his subscription with a sum equal to 1 per cent of his wages during 1915. If he has been in the company's employment throughout that year, this credit will be not less than \$10.

2. The company agrees to credit annually on January 2 of each year, from 1917 to 1921, inclusive, on the profit-sharing certificate, in addition to the employee's payments thereon, the following:

(a) An amount equal to 1 per cent of the employee's wages earned during the preceding calendar year, if such wages amount to not less than \$100 and the employee is still working for the company. If he has been in the company's employment throughout the preceding year, this credit will be not less than \$10.

If any holder of a profit-sharing certificate, because of a shutdown in his department or his sickness or injury disability, is absent from work on January 2 of any year prior to and including 1921, the company will make the above credit if he resumes work not later than April 1 of the same year, either when the work in his department is resumed or upon his recovery from such disability.

(b) Interest at the rate of 5 per cent per annum on all his payments and credits on his profit-sharing certificate.

In case the holder of a profit-sharing certificate ceases to be an employee of the company, the amount to the credit of his certificate shall be payable to him in cash within 30 days thereafter, after which date it will not bear interest.

3. *Employer's options.*—Every employee holding a profit-sharing certificate shall have the right:

(a) To apply the amount credited upon his profit-sharing certificate to the purchase, from the company, of its common stock at \$3 per share below its then market price at any time when such amount is sufficient to pay for one or more such shares; or

(b) To receive in cash the full amount of his certificate, with accrued interest, any time after such certificate is fully paid; or

(c) To leave with the company until January 2, 1921, the amount of his paid-up profit-sharing certificate, and (if he continues in the employ of the company) to receive in cash on every January 2, to and including the year 1921, interest thereon at 5 per cent per annum and also an amount equal to 1 per cent of his wages for the preceding year but not less than \$10; and

(d) To subscribe from time to time for additional profit-sharing certificates upon the terms and conditions above set forth, provided the total amount of certificates subscribed for by any employee shall not exceed \$1,000, and his payments thereon shall not exceed \$25 per month.

4. *Special profit-sharing to employee stockholders.*—The company agrees to pay to each employee, while he shall continue to be an employee and to own stock under this plan, in addition to the dividends on his stock, an amount equal to the extra dividend which he would receive upon his said stock if the entire excess of the net profits of the company for each calendar year prior to January, 1921, over and above an amount equal to 6 per cent on the moneys invested in the company's business during such year, were distributed pro rata to all the holders of its common stock. The company guarantees that this amount shall not be less than \$2 a year for each share of stock so held by the employee. The guaranteed \$2 per share will be paid by January 10 and the remainder as soon thereafter as the balance sheet has been approved by the board of directors.

The "moneys invested in the company's business" for each year shall be the capital stock and surplus as shown by its annual balance sheet as of December 31 of the preceding year approved by its board of directors. The "net profits" for each year shall be the amount shown as net profits upon the company's balance sheet as of December 31 for that year approved by its directors.

Such additional annual payments to employee stockholders, for any year, shall be paid upon only such shares of stock as are acquired hereunder prior to February 1 and held until the end of that year.

5. This profit-sharing plan ends January 2, 1921. The company does not agree to continue any of the rights, interest, or profit sharing above outlined beyond January 2, 1921. It hopes, however, to be able to announce an extension of the plan beyond that date.

6. Participation in this profit-sharing plan is not compulsory upon any employee. Failure to accept any of the offers made by the company under this plan will not in any way affect the employment or standing of anyone who is now or may hereafter be in the service of the company.

The following tables have been prepared to show how monthly payments of \$1 and upward will pay for profit-sharing certificates in amounts ranging from \$50 to \$1,000. While the profit-sharing plan provides that the yearly credit shall be 1 per cent of the employee's wages, these tables show in each case a credit of \$10, this being the minimum amount which will be credited to each subscriber who has been in the company's employment throughout the preceding year.

		\$1 per month.	\$2 per month.	\$3 per month.	\$4 per month.	\$5 per month.	\$6 per month.	\$7 per month.	\$8 per month.	\$9 per month.	\$10 per month.	\$11 per month.	\$12 per month.	\$13 per month.	\$14 per month.	\$15 per month.	\$20 per month.	\$25 per month.
1916.																		
Jan. 2	1 per cent of wages (minimum).....	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
Dec. 31	12 monthly payments.....	12.00	24.00	36.00	48.00	60.00	72.00	84.00	96.00	108.00	120.00	132.00	144.00	156.00	168.00	180.00	240.00	300.00
	Interest at 5 per cent.....	.78	1.05	1.33	1.60	1.88	2.15	2.43	2.70	2.98	3.25	3.53	3.80	4.08	4.35	4.63	6.00	7.38
		22.78	35.05	47.33	59.60	71.88	84.15	96.43	108.70	120.98	133.25	145.53	157.80	170.08	182.35	194.63	256.00	317.38
1917.																		
Jan. 2	Balance.....	22.78	35.05	47.33	59.60	71.88	84.15	96.43	108.70	120.98	133.25	145.53	157.80	170.08	182.35	194.63	256.00	317.38
Jan. 2	1 per cent of wages (minimum).....	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Dec. 31	12 monthly payments.....	12.00	24.00	36.00	48.00	60.00	72.00	84.00	96.00	108.00	120.00	132.00	144.00	156.00	168.00	180.00	240.00	300.00
	Interest at 5 per cent.....	1.92	2.80	3.69	4.58	5.47	6.36	7.25	8.14	9.02	9.91	10.80	11.69	12.58	13.47	14.36	18.80	23.24
		46.70	71.85	97.02	122.18	147.35	172.51	197.68	222.84	248.00	273.16	298.33	323.49	348.66	373.82	398.99	524.80	650.62
1918.																		
Jan. 2	Balance.....	46.70	71.85	97.02	122.18	147.35	172.51	197.68	222.84	248.00	273.16	298.33	323.49	348.66	373.82	398.99	524.80	650.62
Jan. 2	1 per cent of wages (minimum).....	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Dec. 31	12 monthly payments.....	12.00	24.00	36.00	48.00	60.00	72.00	84.00	96.00	108.00	120.00	132.00	144.00	156.00	168.00	180.00	240.00	300.00
	Interest at 5 per cent.....	3.11	4.65	6.17	7.71	9.24	10.78	12.31	13.84	15.38	16.91	18.44	19.97	21.51	23.04	24.57	32.24	39.28
		71.81	110.50	149.19	187.89	226.59	265.29	303.99	342.68	381.38	420.07	458.77	497.46	536.17	574.86	613.56	807.04	899.90
1919.																		
Jan. 2	Balance.....	71.81	110.50	149.19	187.89	226.59	265.29	303.99	342.68	381.38	420.07	458.77	497.46	536.17	574.86	613.56	807.04	899.90
Jan. 2	1 per cent of wages (minimum).....	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Dec. 31	12 monthly payments.....	12.00	24.00	36.00	48.00	60.00	72.00	84.00	96.00	108.00	120.00	132.00	144.00	156.00	168.00	180.00	240.00	300.00
	Interest at 5 per cent.....	4.36	6.57	8.78	10.99	13.20	15.41	17.62	19.83	22.04	24.25	26.46	28.67	30.88	33.09	35.30	44.02	45.50
		98.17	151.07	203.97	256.88	309.79	362.70	415.61	468.51	521.42	574.32	627.23	680.13	733.05	785.95	838.86	1,111.06	1,155.40
1920.																		
Jan. 2	Balance.....	98.17	151.07	203.97	256.88	309.79	362.70	415.61	468.51	521.42	574.32	627.23	680.13	733.05	785.95	838.86	1,111.06	1,155.40
Jan. 2	1 per cent of wages (minimum).....	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Dec. 31	12 monthly payments.....	12.00	24.00	36.00	48.00	60.00	72.00	84.00	96.00	108.00	120.00	132.00	144.00	156.00	168.00	180.00	240.00	300.00
	Interest at 5 per cent.....	5.68	8.60	11.53	14.45	17.36	20.28	23.21	26.13	29.06	31.97	34.89	37.81	40.73	43.65	46.57	60.75	65.27
		125.85	193.67	261.50	329.33	397.15	464.98	532.82	600.64	668.47	736.29	804.12	871.94	939.78	1,007.60	1,075.43	1,411.81	1,520.67
1921.																		
Jan. 2	Balance.....	125.85	193.67	261.50	329.33	397.15	464.98	532.82	600.64	668.47	736.29	804.12	871.94	939.78	1,007.60	1,075.43	1,411.81	1,520.67
Jan. 2	1 per cent of wages (minimum).....	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
	Total credit—Jan. 2, 1921.....	135.85	203.67	271.50	339.33	407.15	474.98	542.82	610.64	678.47	746.29	814.12	881.94	949.78	1,017.60	1,085.43	1,421.81	1,530.67

¹ Monthly payments for 8 months.

² Monthly payments for 4 months.

³ Monthly payments for 7 months.

EXAMPLE 1—\$50 CERTIFICATE.

A \$50 certificate subscribed for during January, 1916, by an employee who has worked for the company one year or more and who pays thereon \$1 each month, will be fully paid by January 2, 1918, as follows:

1 per cent of wages for 1915, 1916 and 1917 (minimum).....	\$30.00
24 monthly payments of \$1 each.....	24.00
5 per cent interest to Jan. 2, 1918.....	2.70
Total.....	56.70

He may draw in cash the full amount on January 2, 1918, or he may leave this amount with the company until January 2, 1921, and if he continues in the employ of the company he will receive in cash on January 2, 1919, \$12.84, on January 2, 1920, \$12.84, and on January 2, 1921, \$12.84. The principal sum, \$56.70, will also be paid on January 2, 1921.

EXAMPLE 2—\$200 CERTIFICATE.

An employee, who has worked for the company one year or more, subscribing during January, 1916, for a \$200 certificate with a monthly payment of \$2, will have to his credit on January 2, 1919, \$120.50, of which he will have paid in \$72. If he then withdraws a sufficient amount to purchase one share of stock at \$3 below the then market price, he will continue to receive, as credits on the balance of his account, interest at 5 per cent and the percentage of his wages as set forth in this plan. He will also receive dividends upon his share of stock in common with all other stockholders and an additional annual payment on account of his share of stock guaranteed to be not less than \$2, and which, on the basis of the earnings of the company for the year 1914, would amount to \$5.20 each year.

ADDITIONAL PAYMENTS TO EMPLOYEE STOCKHOLDERS.

The following statement shows how the rate of additional payments to employee stockholders, described in section 4, will be figured:

Capital stock and surplus Dec. 31, 1913:	
Preferred stock.....	\$30,000,000
Common stock.....	40,000,000
Surplus.....	19,608,797
	<hr/>
	89,608,797
	<hr/>
Net profit for year 1914.....	7,463,231
Deduct 6 per cent on above capital stock and surplus..	5,376,527
	<hr/>
"Excess net profits" on which rate of additional payment is figured.....	2,086,704

This balance, \$2,086,704, is equal to 5.2 per cent on the \$40,000,000 common stock, and represents an additional payment of \$5.20 per share. This statement is figured on 1914 business merely for illustration, and does not fix the rate of additional payment for any year. The company guarantees, however, that this additional payment shall amount to at least \$2 per share each year. Any increase in the dividends on the common stock will be shared in by the employee stockholder without any reduction being made in the additional payments to which he may be entitled under this plan.

Plan No. 2.

Under the provisions of this plan common stock (series of 1914) is offered for subscription at \$60 per share to officers and employees whose annual wages or salaries are \$1,300 or over. The maximum amount to be subscribed for by any employee is determined in each

instance by the executive committee in charge of the plan, due consideration being given to the salary and importance of position of each employee.

The maximum amount of stock that an employee may subscribe for varies from 10 per cent of his annual earnings, in the case of the employees earning \$1,300, to 20 per cent of annual earnings in the case of employees earning \$10,000 per year or more.

Payments on subscriptions are to be made in monthly installments, deducted from the salary or wages in such amounts as the employee may desire, subject to a minimum of \$6 per share. Interest at 5 per cent is charged on all unpaid balances and dividends are credited to the employee's account until the subscription is fully paid. Employees canceling their subscription before the stock is fully paid for, or who have failed to pay their installments for three consecutive months, have the exact amount of their payments returned to them, together with 5 per cent interest; they forfeit, however, the dividends and the special allowances referred to below.

As soon as the payments on the stock have been completed, the shares are issued in the employee's name, to dispose of as he chooses. As a special inducement to keep it, however, the company pays \$3 per share for five successive years to those exhibiting each year a certificate from an authorized official of the company stating that the employee has been continuously in the company's employ for the preceding year and "has shown a proper interest in its welfare and progress." At the end of five years he receives an additional allowance, which is paid out of a fund accumulated from bonuses which become forfeited through noncompliance with the regulations or through leaving the company's employ.

Employees who have taken advantage of the stock subscription plan may also, on being selected by the executive committee, share in the distribution of a certain sum set aside as a "participation (so-called profit-sharing) fund," out of the earnings for the current fiscal year. As a matter of actual practice, participation in this fund, based upon amount of salary and subscription of specific employees, is awarded to every one of those who subscribe for stock under the plan. The exact basis of apportionment of the fund is not made known. In the past, in instances of lower paid subscribers—those earning \$1,300—the participation amounted to 3 per cent of annual earnings or a bonus equivalent to \$39 on a total stock subscription of \$120; viz, two shares at \$60 each. The so-called participation amounts have been correspondingly larger in the cases of the higher paid employees, the governing principle of distribution apparently being that the higher the salary and the greater the importance of the subscribing employee the larger his proportionate share in the fund.

When the salary of the subscribing employee is less than \$5,000 a year, his share is paid to him in cash; officers or employees receiving more than \$5,000 a year receive about 60 per cent in cash and the remainder in nonassignable, conditional "certificates of interest" in the common stock on the basis of \$60 per share, on which full dividends are paid. Such a participant remaining in the employ of the company for five years, until April 1, 1919, and having rendered "faithful and satisfactory service," may exchange his "certificate of interest" for ordinary share certificates.

The following facts indicate the working of this plan for the period of 1912 to 1915, inclusive.

Out of a total of about 55,000 employed only 2,500, or approximately 4.5 per cent, were eligible to subscribe for stock under the terms specified in the plan. On the average during the first four years of the operation of the plan, slightly over one-half of the eligibles took advantage of the offer of the company, thus making the proportion of actual beneficiaries under the plan to the total employed about 2.2 per cent. A total of 4,923 employees subscribed for 27,668 shares of stock. The subscriptions for three shares or less were 44.4 per cent of all subscriptions in 1912, 74.2 per cent in 1913, 73.7 per cent in 1914, and 60.4 per cent in 1915. Only 910, or 3.3 per cent, of all the shares subscribed for were subsequently canceled. During the year 1914, 68 subscribing employees canceled subscriptions amounting to 285 shares, giving the following reasons for their cancellations: (1) Leaving employment of the company, 30; (2) inability to continue the making of the stipulated payments, 18; (3) discharge, 17. The other three cancellations were due to death of the employees.

The following table shows the amounts paid out, during the first four years of the operation of the plan, of the special fund distributable immediately upon subscription and in special bonuses for the retention of stock.

TABLE 65.—NUMBER OF BENEFICIARIES AND AMOUNTS DISTRIBUTED FROM SPECIAL FUND AND AS BONUSSES FOR RETENTION OF STOCK.

Year.	Special fund.		Special bonuses for retention of stock.	
	Number of beneficiaries.	Amount.	Number of beneficiaries.	Amount.
1912.....	1,060	\$172,915	1,078	\$24,645
1913.....	1,201	140,041	2,203	40,218
1914.....	1,285	152,877	3,420	87,954
1915.....	1,347	156,333	4,710	80,274
Total.....		622,166		203,091

Over \$200,000 was paid out by the company as special bonuses for the retention of the subscribed-for stock, at the rate of \$3 per share per year, as per section 8a of the plan reproduced below.

The special participation fund during the four-year period amounted to \$622,166, of which amount \$138,590 was paid in so-called certificates of interest to employees with an earning capacity of over \$5,000 per year. Inasmuch as the latter amount constituted only 40 per cent of the aggregate amount paid out to this class of employees, the total amount paid out to them was \$346,475, or 55.7 per cent of the entire fund; that is, over one-half of the total amount distributed was apportioned to employees with an earning capacity of over \$5,000 per year.

The text of this plan, as addressed by the company to its officers and employees in a circular dated April 20, 1914, follows:

The company offers to officers and employees whose wages or salaries are at the rate of \$1,300 per annum or over the opportunity to subscribe for shares of its common stock heretofore issued and now held by and in the treasury of the company at the price of \$60 per share, subject to the following conditions:

First. All subscriptions shall be for the value of one or more shares of common stock at the price of \$60 per share and upon the express condition that there may be allotted to the subscriber all or any part of his subscription as the executive committee may determine.

Second. The maximum amount which may be subscribed for hereunder by such officers and employees respectively will be governed by varying percentages of their respective salaries or wages, which percentages will be determined in each case by the executive committee, it keeping in mind the salary and position of the individual; and, as respects _____ of _____ such maximum amount is _____ () shares.

No officer or employee of any class is obliged to subscribe for any or for the full amount of stock which he may be thus privileged to subscribe for, but if he so elects he may subscribe for a lesser amount.

Third. Payment on the subscriptions shall be made in monthly installments, to be deducted from the salary or wages of the subscriber in such amounts as he may desire, subject to the provision that the minimum amount of a monthly installment shall be \$6 per share. The subscriber may anticipate such payment to such extent as he may desire, but any amount so paid in anticipation shall be in even dollars. Interest at 5 per cent per annum will be charged by the company on all amounts unpaid on the stock.

Fourth. From the date on which payments begin and during the continuation of such payments all dividends paid on the stock will be credited to the subscription account of the subscriber until the stock is fully paid for and issued to him, after which dividends will be paid in the same manner as to other stockholders.

Fifth. In case a subscriber shall cancel his subscription before his stock shall have been fully paid for there will be returned to him the exact amount of his payments made on account, with interest at 5 per cent per annum on the same from time of payment, no credit being given him for dividends or for the special allowance referred to in section sixth hereof, and no interest being charged on deferred payments, and thereupon his subscription and all interest in the stock to which the same relates shall cease and determine. Whenever such payments shall have been discontinued without the consent of the company for the period of three months, his account will be closed forthwith and his interest in the stock shall cease and his payments on account will be returned to him as above stated.

No subscriber can cancel his subscription unless he cancels all of it.

Sixth. As soon as the stock shall have been fully paid for, and not before, it will be issued in the name of the subscriber. The subscriber may then sell his certificate whenever he chooses, but as an inducement for him to keep it and to remain continuously in the employ of the company or of one or another of its subsidiary companies, the following offer is made, viz:

If he does not sell or part with any part of the said stock but shall keep it and on the 1st of April, 1915, and the 1st of April for four consecutive years thereafter shall exhibit the certificate to an official designated by this company and obtain from him a certificate to the effect that he has been continuously in the employ of the company or of one or another of its subsidiary companies during the whole preceding year and has shown a proper interest in its welfare and progress, he will for each of such five years receive from the company a cash payment at the rate of \$3 a share for each said share of said stock.

Seventh. If the subscriber shall retain his said certificate and remain continuously in the service of the company or of one or more of its subsidiary companies for said five years, the company intends that he shall then receive a still further compensation, which can not now be ascertained, but which it is intended will be derived from the following sources, viz:

Subscribers for stock under this offer whose subscriptions are canceled before being paid in full will forfeit and will not receive the special allowance of \$3 per share referred to in section sixth hereof. Nor will such special allowance be paid for such of the five years as remain after forfeiture to subscribers whose certificates may be transferred from their names at any time during the five years, whether intentionally or otherwise; nor to subscribers who after receiving their certificates do not remain continuously in the service as provided in said section sixth. The company will, however, pay into a special fund at the end of each remaining year of said five years the said \$3 allowances forfeited by subscribers as aforesaid. This latter fund shall be credited with 5 per cent annual interest, and at the end of the five years' period the total amount thus accumulated will be divided into as many equal parts as shall be equal to the number of shares of said common stock issued as aforesaid to and then remaining in the hands of subscribers who shall have so continued in such employ for the whole of said five years. The company will then by its own final determination award to each then remaining subscriber whom it shall find deserving thereof as many parts of such accumulated fund as he shall be entitled to on the basis of the number of said shares then held by him under this plan as compared with said total number.

Eighth. In case a subscriber dies or becomes permanently disabled while faithfully serving the company or one of its subsidiary companies during such five years' period payments will be made to his estate or to him as follows:

(a) If his subscription is fully paid and he has received and not disposed of his certificate, the company will pay, as above stated in section sixth a sum equal to \$3 per share for each of the five years not then expired, and also a pro rata amount of the special fund mentioned in section seventh, arising from the said forfeitures which may have accrued at the time of his death or disablement.

(b) If his subscription has not been paid in full, the company will pay, as stated, the money theretofore paid in by him on account, together with the dividends paid on the stock subscribed for, the special compensation for the entire five years' period and a pro rata share of the amount of the special fund mentioned in paragraph (a) preceding, less interest at 5 per cent per annum on unpaid amounts.

(c) If at the time of decease or permanent disablement the subscription has been fully paid but certificate not yet delivered, the company will deliver the certificate as first stated above, together with the additional payments as mentioned in paragraph (a) preceding.

Ninth. A subscriber may designate in his subscription the person to whom in the event of his death he desires the company to deliver all amounts or stock in connec-

tion with his subscription which would otherwise be deliverable to his estate. When such designation has been made and shall not have been changed, the company, upon satisfactory proof of death under the conditions of the subscription, will deliver to the person designated, if then living, all amounts of stock in connection with the subscription which would otherwise be deliverable to the estate of the subscriber. When such designation has been made the subscriber's estate shall have no claim to any such amounts or stock unless the person designated or his substitute or substitutes should die before the subscriber, and in that event delivery will be made to the subscriber's estate. By written notice delivered to the treasurer of the company by which he is employed a subscriber may change the person designated.

Tenth. Subscribing officers and employees whose employment has been or may be suspended by reason of the temporary closing of the company's plants and who shall continue ready and willing when required to resume their service will not be deprived of the special cash payment of \$3 per share per year during such suspension. During such suspension monthly payments will not be required, though if so desired by the officer or employee they may then be made.

In case of the death during such suspension of any such officer or employee his estate or his designee as above will be entitled to the same benefits accruing to his subscription as if he had died while under employment.

Failure to present the original certificate, as provided, or the withdrawal of a partly paid subscription or the failure to resume employment when requested will constitute and will be deemed conclusive evidence of the termination of his employment by such officer or employee and a relinquishment of all benefits referred to above.

Eleventh. All subscriptions shall be upon the express understanding and condition that the decision of the executive committee of the ——— Co., as said committee shall from time to time be constituted, shall at all times be final with respect to the construction and meaning hereof and to the rights or interests of the subscribers or any question relating to or arising out of the same, and that the vote of a majority of the committee shall be as conclusive as the unanimous vote of said committee.

Twelfth. Subscriptions will be received until May 10, 1914, inclusive, and allotment will be made a few days later. The first deductions will be made from May salary or wages.

The executive committee of the ——— Co. announces that:

First. There has been set aside a certain sum as a profit-sharing fund for the calendar year ending on March 31, 1914, for distribution as soon after May 15, 1914, as shall be practicable, among various officers and employees of said company and its subsidiary companies to be selected by said committee. In so far as any employee receiving a salary less than \$5,000 per annum is selected to share in said fund, his share will be paid to him as soon as possible in cash. When the salary of the officer or employee thus selected shall be at the rate of \$5,000 per annum or more, about 60 per cent of his share of said fund will be so paid in cash and the remainder, under conditions hereinafter stated, in nonassignable, conditional certificates of interest in the common stock of the ——— Co. on the basis of \$60 per share. If 40 per cent of any such allotment is insufficient to so purchase one share of said stock, then said 40 per cent shall be paid in cash, and if such 40 per cent shall purchase one share or a multiple thereof, then any excess over such purchase price shall be paid in cash.

The certificates of interest above referred to shall provide, among other things, as follows:

(a) That if such participant shall remain continuously in the service of the company or of one or another of its subsidiary companies until April 1, 1919, and shall during all of such time have rendered faithful and satisfactory service to such company or to one or another of its subsidiary companies, the stock called for by his con-

ditional certificate will be delivered to him as his property upon surrender of his said conditional certificate.

(b) That he will receive such dividends as are declared on the stock while it is so held for his account.

(c) That if he shall voluntarily quit the service of the company or of a subsidiary company (except that such voluntary retirement be made under any general pension scheme which may hereafter be adopted), or shall be discharged or removed for cause by his employer before April 1, 1919, he shall forfeit all right to the stock and to the conditional certificate; and in that case such stock will be held in a fund which at the end of the five years above named will be divided pro rata according to their respective interests among such officers and employees as shall then be entitled to the delivery of the stock called for by the certificates of interest held by them.

(d) That if before April 1, 1919, he dies, or becomes totally and permanently disabled while in the employ of the company or of one or more of its subsidiary companies, the stock will be delivered to his estate (or to him if disabled), together with such pro rata amount of additions, if any, as have accrued up to the time of his death or disablement. If a beneficiary has been named in his subscription agreement, series 1914, referred to below, and such designation has not been changed, delivery will be made to the person so designated, if then living, and the participant's estate shall have no claim to such stock or additions.

Second. All questions relating to the meaning or construction hereof or to the rights or interests of any officer or employee in, or growing out of, the stock or fund above mentioned or referred to shall be determined by the executive committee of the ——— Co., and by it alone; and its decision shall be final and conclusive as to all parties; and the fund above referred to is to be created on that condition; and the action of a majority of said executive committee shall be as binding and conclusive in every case as the unanimous action of the entire committee would be.

Third. It is understood that the above-mentioned profit-sharing fund will be distributed and plan administered with special reference to those whose subscription agreement, series 1914, shall have been approved and accepted by the company.

Plan No. 4.

In December, 1902, a certain corporation announced to its officers and employees that out of its earnings during the year 1902 about \$2,000,000 would be set aside for the purchase of at least 25,000 shares of the preferred stock, for the purpose of offering it to all employees of the corporation and its subsidiary companies at the price of \$82.50 per share, the market price at that time being \$86.25 to \$89.75. This offer (series 1) was to be as of 1903.

For the purpose of administering the plan the employees then in the service of the corporation were divided into six classes, graded according to salary received, each class having been given an opportunity to subscribe for a specified number of shares, based upon their annual salary or wages. Thus, employees in class A, receiving an annual salary of \$20,000 or more, were allowed to subscribe for an amount not to exceed 5 per cent of their annual salary; employees in class B, with a salary of from \$10,000 to \$20,000 a year, could subscribe for an amount equal to 8 per cent of their salary; class C, with annual salaries ranging from \$5,000 to \$10,000, could sub-

scribe for an amount of stock equal to 10 per cent of their salary; class D, with salaries from \$2,500 to \$5,000 a year, to 12 per cent; class E, with salaries from \$800 to \$2,500 a year, to 15 per cent; and finally, class F, including all employees earning \$800 a year or less, were allowed to subscribe for an amount equal to 20 per cent of their yearly earnings.

The latest series—December 24, 1915—offers for subscription to employees the common stock of the corporation at \$85 per share. The maximum number of shares that an employee may subscribe for under this series is determined in accordance with his yearly salary or earnings, and varies from 1 share (in the case of employees earning \$637.50 or less per year) to 19 shares (in the case of those earning from \$19,658.25 to \$31,450 per year).

Payments are to be made in monthly installments, to be deducted from the salary or wages, in such amounts as the subscriber may desire, with a fixed minimum amount of \$2 per share per month, but not to exceed 25 per cent of any one month's salary or wages. The stock must be paid for within three years. Dividends on the stock are credited to the account of the subscriber from the date on which he commences to make payments, and 5 per cent interest is charged on unpaid balances.

An employee forfeits all interest in the stock if he leaves the company's service or is three months in arrears with his payments, in which cases his payments are returned with 5 per cent interest, less dividends or special allowances referred to below.

When the stock is fully paid for, it is issued in the name of the subscriber. He may sell his certificates whenever he chooses, but as an inducement to retain it while he remains in the service the corporation offers a yearly cash bonus of \$5 per share for five years, beginning with January, 1916, on the condition that the subscriber is to produce his stock certificate together with a statement from a proper official of the company to the effect that he has been continuously in the corporation's service during the preceding year, "and has shown a proper interest in its welfare and progress."

Subscribers who have not fully paid their subscriptions, but who otherwise fulfill "all the conditions of continuous and faithful service," are also given this bonus.

A holder of a stock certificate remaining five years continuously in the corporation's service may be awarded, if found "deserving thereof," a further pro rata bonus from a fund to be derived from the forfeited bonuses of employees (a) canceling subscriptions; (b) transferring certificates, whether intentionally or otherwise; (c) leaving the service or failing to resume employment when requested.

The following is a copy of the full text of the offer of 1915:

To the officers and employees of the ——— Corporation and of its subsidiary companies:

The corporation again offers the opportunity to subscribe for shares of its common stock, not exceeding an aggregate total of 35,000 shares, under the following terms and conditions:

First. All subscriptions shall be made upon the express condition and agreement that all questions concerning the said subscriptions, and the allotments and interests thereunder, shall be decided by the finance committee in its discretion, and such decision shall be final and conclusive upon all parties.

Second. Subscriptions shall be for one or more shares of common stock at the subscription price of \$85 per share.

Third. The following table shows the maximum number of shares which may be subscribed for by employees whose salaries or wages are within the respective limits stated, but employees at their option may subscribe for less than such maximum number of shares:

SUBSCRIPTIONS TO COMMON STOCK.

Employees receiving annual salaries of—	May subscribe for a maximum number of—	Employees receiving annual salaries of—	May subscribe for a maximum number of—
\$637.50 or less.....	1 share.	\$8,925.01 to \$9,775.00.....	11 shares.
\$637.51 to \$1,416.66.....	2 shares.	\$9,775.01 to \$13,281.25.....	12 shares.
\$1,416.67 to \$1,893.33.....	3 shares.	\$13,281.26 to \$14,343.75.....	13 shares.
\$1,893.34 to \$3,187.50.....	4 shares.	\$14,343.76 to \$15,406.25.....	14 shares.
\$3,187.51 to \$3,895.83.....	5 shares.	\$15,406.26 to \$16,468.75.....	15 shares.
\$3,895.84 to \$4,604.16.....	6 shares.	\$16,468.76 to \$17,531.25.....	16 shares.
\$4,604.17 to \$6,375.00.....	7 shares.	\$17,531.26 to \$18,593.75.....	17 shares.
\$6,375.01 to \$7,225.00.....	8 shares.	\$18,593.76 to \$19,656.25.....	18 shares.
\$7,225.01 to \$8,075.00.....	9 shares.	\$19,656.26 to \$31,450.00.....	19 shares.
\$8,075.01 to \$8,925.00.....	10 shares.		

PAYMENTS FOR STOCK.

Fourth. Payment of subscriptions shall be in monthly installments, to be deducted from the salary or wages of the subscriber. The first deduction will be made from February salary or wages. No installment shall be less than \$2 per share and shall not exceed one-quarter of any one month's salary or wages. Installments exceeding the minimum must be in even dollars. Payment for the stock must be completed within three years. Interest at 5 per cent per annum will be charged on deferred payments.

DIVIDENDS.

Fifth. Until payment of the subscription has been completed, any dividends paid on the stock subscribed for will be credited to the account of the subscriber as part of his payment. After the stock is issued to the subscriber, future dividends will go direct to him.

CANCELLATIONS—REFUND OF INSTALLMENTS.

Sixth. Subscriptions will be canceled for the following reasons:

- (1) By request of subscriber.
- (2) By (a) voluntarily leaving the service, or (b) being discharged for cause, or (c) failing to resume employment when requested. (See sec. 11.)
- (3) By discontinuing payments without the consent of the corporation for three consecutive months.

The cancellation of a subscription forfeits all interest and benefits which the subscriber would have received if he had continued such subscription. There will then be returned to him the full amount of payments made on the subscription so canceled

with interest at 5 per cent per annum, no credit being given him for dividends or for the special allowance referred to in the third paragraph of section 7, and no interest being charged on deferred payments. A subscription may not be canceled in part.

SPECIAL BENEFITS.

Seventh. When the stock is fully paid for, it will be issued in the name of the subscriber. He may sell his certificate, but as an inducement for him to keep it while he remains in the service the following offer is made, viz:

If he will keep the stock and in January of each year, for five years, commencing with January, 1917, will exhibit the certificate to the treasurer of his company, together with a statement from a proper official that he has been continuously in the employ of the corporation or of one or another of its subsidiary companies during the preceding year, and has shown a proper interest in its welfare and progress, he will for each of such five years receive a cash payment at the rate of \$5 a share for each share of common stock.

Subscribers who may not have fully paid their subscriptions by January in any year will, if their subscriptions are still in force, and they have otherwise fulfilled all the conditions of continuous and faithful service as provided, be credited in their subscription accounts with the foregoing special allowance of \$5 per share on their subscriptions for common stock.

ADDITIONAL COMPENSATION.

Eighth. If a subscriber keeps his certificate and remains continuously in the service for five years, the corporation intends that he shall then receive a still further compensation, which can not now be ascertained or stated, but which will be derived from the following sources, viz:

The special allowances referred to in section 7, which, after a subscription is fully paid, are forfeited by (a) transfer of certificate from name of a subscriber, whether intentionally or otherwise; (b) voluntarily leaving the service, or being discharged for cause, or failing to resume employment when requested (see sec. 11), will be paid by the corporation into a special fund at the end of each year. This fund will be credited with interest at 5 per cent per annum and at the end of the five years' period the total amount thus accumulated will be divided into as many parts as shall be equal to the number of shares of common stock subscribed for hereunder and then remaining in the hands of subscribers who shall have continued in such employ for the whole five years. The corporation will then by its own final determination in its discretion award to each subscriber whom it shall find deserving thereof as many parts of such accumulated fund as he shall be entitled to on basis of the number of shares then held by him under this plan.

DEATH OR PERMANENT DISABILITY.

Ninth. If a subscriber dies or is permanently disabled while rendering faithful service during such five years' period, payments will be made to his estate or to him as follows:

(a) If his subscription is fully paid and he has received and not disposed of his certificate of stock, the corporation will pay a sum equal to \$5 per share for each of the five years not then expired, and also a pro rata amount of the special fund arising from forfeitures, referred to in section 8 preceding, which may have accrued at the time of his death or disability.

(b) If his subscription has not been paid in full, the corporation will pay the money theretofore paid in by him on account, together with the dividends paid on the stock subscribed for, the special allowance for the entire five years' period, and a pro rata share of the amount of the special fund mentioned, less interest at 5 per cent per annum on deferred installments.

(c) If at time of decease or permanent disablement the subscription has been fully paid but certificate not yet delivered, the corporation will turn over the certificate, as first stated above, together with the additional payments mentioned in paragraph (a) preceding.

PENSIONED EMPLOYEES.

A pensioner will not be permitted to subscribe, but any subscriber who is subsequently pensioned may continue payments on his subscription, and when fully paid he will receive the certificate for the stock subscribed for and the payments referred to in paragraph (a) of section 9: *Provided, however,* That as soon as he shall have fully paid his subscription and received his certificate of stock, he will be treated as though permanently disabled, and payments will be made to him in accordance with provisions of paragraph (a), section 9.

BENEFICIARY.

Tenth. A subscriber may name in his subscription as beneficiary the person to whom in the event of his death he desires the corporation to pay all amounts in connection with his subscription which would otherwise be payable to his estate. The corporation, upon satisfactory proof of death under the conditions of the subscription, will pay to such beneficiary all amounts in connection with the subscription which would otherwise be payable to the estate of the subscriber. When such beneficiary has been named, the subscriber's estate shall have no claim to any such amounts, unless the beneficiary should die before the subscriber, and in that event payment will be made to the subscriber's estate. By written notice delivered to the treasurer of the company by which he is employed, a subscriber may substitute another beneficiary.

SUSPENSION OF EMPLOYMENT.

Eleventh. Subscribers whose employment has been suspended by reason of the temporary closing of a plant, and who shall continue ready and willing when required to resume their service, will not be deprived of the special allowance of \$5 per share per year during such suspension, although they may have accepted employment during such suspension. As presumptive evidence of willingness to resume employment, the corporation will accept (1) from the holders of fully paid subscriptions the exhibition of the original certificate in January of each year, and (2) from the holders of partly paid subscriptions the retention by them of their subscription during the preceding year.

The above period of suspension will not be counted as part of the three years limited for the full payment of the subscriptions, and during such suspension monthly payments will not be required, though if so desired by the employee they may be continued.

In case of the death during such suspension of any such subscribing and continuing employee, his estate or his beneficiary will be entitled to the same benefits accruing to his subscription as if he had died while under employment.

Failure to present the original certificate as provided, or the withdrawal of a partly paid subscription, or the failure to resume employment when requested, will constitute a relinquishment of all benefits referred to in this circular.

Twelfth. Subscriptions will be received until January 29, 1916, and allotment made as soon thereafter as possible.

The following table shows the number employed and eligible to subscribe for stock, the proportion that took advantage of the opportunity offered, and the number of shares subscribed for, by years, since the inception of the plan in 1903:

TABLE 66.—NUMBER EMPLOYED AND ELIGIBLE, PROPORTION SUBSCRIBING, AND SHARES SUBSCRIBED FOR, BY YEARS, 1903 TO 1916.

Year.	Average number employed and eligible.	Subscribers.		Shares subscribed for.	
		Number.	Per cent of all employed and eligible.	Number.	Average per subscriber.
1903.....	168,127	26,339	15.7	47,551	1.8
1904.....	167,709	9,912	5.9	31,644	3.2
1905.....	147,343	8,494	5.8	18,180	2.1
1906.....	180,158	12,192	6.8	24,001	2.0
1907.....	202,457	14,163	7.0	27,150	1.9
1908.....	210,180	24,562	11.7	30,450	1.2
1909.....	163,211	19,123	11.6	33,347	1.7
1910.....	195,500	17,363	8.9	24,580	1.4
1911.....	218,435	26,318	12.0	48,411	1.8
1912.....	196,888	36,946	18.8	59,502	1.7
1913.....	221,025	35,460	16.4	60,344	1.7
1914.....	228,906	46,498	20.5	90,609	1.9
1915.....	179,353	(¹)	(¹)	(¹)	(¹)
1916.....	191,126	24,030	13.0	49,741	2.0

¹ No stock was offered in 1915.

During the entire existence of the plan, the relative proportion of the total employed and eligible that subscribed for stock varied from 5.8 per cent in 1905, to 20.5 per cent in 1914, the average proportion subscribing having been slightly below 12 per cent. The average number of shares per subscription varied from 1.4 in 1910, to 3.2 in 1904, the highest since the plan was put into operation.

The table following shows for each year the class of stock offered, the subscription price, and the range of market quotations for this class of stock.

TABLE 67.—KIND OF STOCK OFFERED TO EMPLOYEES, SUBSCRIPTION PRICE, AND RANGE OF MARKET QUOTATIONS, BY YEARS, 1903 TO 1916.

Year.	Class of stock.	Subscription price per share.	Range of market quotations.	
			Lowest.	Highest.
1903.....	Preferred	\$52.30	\$64.250	\$80.750
1904.....	Preferred	55.00	54.625	60.000
1905.....	Preferred	57.50	91.125	95.750
1906.....	Preferred	100.00	205.000	113.250
1907.....	Preferred	102.00	104.000	107.750
1908.....	Preferred	57.30	57.300	95.375
1909.....	Preferred	110.00	113.250	115.000
1910.....	Common	50.00	51.1250	55.125
1910.....	Preferred	124.00	121.250	125.375
1911.....	Preferred	114.00	116.250	130.000
1911.....	Common	70.00	71.375	80.000
1912.....	Preferred	108.00	110.125	111.500
1912.....	Common	65.00	62.375	69.375
1913.....	Preferred	109.00	102.300	109.750
1913.....	Common	69.00	69.375	69.125
1914.....	Preferred	105.00	108.300	112.750
1914.....	Common	57.00	58.300	67.250
1915 ¹				
1916.....	Common	55.00	79.375	80.000

¹ No stock offered in 1915.

² During January and February, 1916.

Annually from 1903 to 1908, inclusive, and in 1910, preferred stock only was offered to employees. During the years 1909 and 1911 to 1914, inclusive, common as well as preferred stock was offered. No offer was made for 1915. For 1916 an offer of common stock at \$85 per share was announced.

On September 30, 1903, in view of the decline then occurring in the market value of the preferred stock of the corporation which fact might have excited apprehension of possible loss to the employees who subscribed for it under the offer of that year, the finance committee of the corporation issued to subscribing employees a circular letter to the effect that "the corporation will at any time during January and February, 1908, pay to every subscribing officer or employee who shall have retained his stock for the full period of five years * * * \$82.50 per share for the stock, less the rebates and benefits he shall have been entitled to under the circular of 1903 (not including benefits received on account of the difference between interest and dividend, which he will in any event retain) provided he wishes to sell the stock for that price at that time."

The table following shows, by classified salary groups, the number of employees subscribing for stock during each year from 1903 to 1912.

TABLE 68.—NUMBER OF EMPLOYEES SUBSCRIBING FOR STOCK, CLASSIFIED ACCORDING TO ANNUAL SALARY, BY YEARS, 1903 TO 1916.

Year.	Number of subscribers whose salaries were—						Total subscribers.
	Under \$800	\$800 and under \$2,500	\$2,500 and under \$5,000	\$5,000 and under \$10,000	\$10,000 and under \$20,000	\$20,000 and over.	
1903.....	11,373	13,845	942	179	45	15	26,399
1904.....	4,128	5,094	514	135	31	12	9,912
1905.....	3,531	4,297	495	122	26	13	8,494
1906.....	5,070	8,277	641	156	31	17	12,192
1907.....	5,276	7,915	731	192	32	17	14,163
1908.....	9,098	14,302	903	203	36	20	24,562
1909.....	6,950	11,139	793	196	35	20	19,123
1910.....	5,923	10,344	844	201	32	19	17,363
1911.....	9,198	15,841	995	223	37	19	26,313
1912.....	15,349	20,006	1,215	234	34	18	36,946
1913.....	12,280	21,499	1,081	(?)	(?)	(?)	35,460
1914.....	15,295	20,200	1,943	(?)	(?)	(?)	46,496
1915 ¹							
1916.....	7,221	16,153	1,556	(?)	(?)	(?)	24,930

¹ Including those receiving \$2,500 and over.

² Included in the group \$2,500 and under \$5,000.

³ No stock offered.

The following table shows the per cent of the subscribers who received each classified amount of annual salary during each of the years from 1903 to 1916.

TABLE 69.—PER CENT OF TOTAL SUBSCRIBERS FOR STOCK RECEIVING EACH CLASSIFIED AMOUNT OF ANNUAL SALARY, BY YEARS, 1903 TO 1912.

Year.	Per cent of total subscribers whose salaries were—						Total.
	Under \$800	\$800 and under \$2,500	\$2,500 and under \$5,000	\$5,000 and under \$10,000	\$10,000 and under \$20,000	\$20,000 and over.	
1903.....	48.1	52.4	3.6	0.7	0.3	0.10	100.0
1904.....	41.6	51.4	5.2	1.4	.3	.10	100.0
1905.....	41.6	50.6	5.8	1.6	.3	.20	100.0
1906.....	41.6	51.5	5.3	1.3	.3	.10	100.0
1907.....	37.3	55.9	5.2	1.4	.2	.10	100.0
1908.....	37.0	58.2	2.7	.8	.1	.08	100.0
1909.....	36.3	58.3	4.1	1.0	.2	.10	100.0
1910.....	31.1	59.6	4.9	1.2	.2	.10	100.0
1911.....	35.0	60.2	2.8	.8	.1	.07	100.0
1912.....	41.5	54.4	3.3	.6	.1	.05	100.0
1913.....	34.5	60.6	14.7	(?)	(?)	(?)	100.0
1914.....	33.0	62.8	14.3	(?)	(?)	(?)	100.0
1915 ¹							
1916.....	28.9	64.9	16.2	(?)	(?)	(?)	100.0

¹ Including those receiving \$2,500 and over.
² Included in the group \$2,500 and under \$5,000.
³ No stock offered.

The table following shows for each year since 1903 the number of shares of stock allotted to employees in each specified salary group.

TABLE 70.—NUMBER OF SHARES OF STOCK ALLOTTED TO EMPLOYEES IN EACH CLASSIFIED SALARY GROUP, BY YEARS, 1903 TO 1916.

Year.	Class of stock.	Number of shares allotted to subscribers whose annual salaries were—						Total.
		Under \$800	\$800 and under \$2,500	\$2,500 and under \$5,000	\$5,000 and under \$10,000	\$10,000 and under \$20,000	\$20,000 and over.	
1903.....	Preferred.....	12,844	39,378	4,688	1,333	396	188	47,831
1904.....	Preferred.....	8,701	15,700	4,045	1,982	735	472	31,644
1905.....	Preferred.....	4,512	9,921	2,328	820	373	257	18,180
1906.....	Preferred.....	5,610	13,641	2,884	1,170	352	244	24,001
1907.....	Preferred.....	6,658	16,031	3,026	1,312	365	338	27,150
1908.....	Preferred.....	9,369	17,323	2,296	922	251	230	30,430
1908.....	(Common.....)	2,374	11,161	783	474	154	124	17,960
1910.....	Preferred.....	8,928	14,123	3,444	1,256	358	376	15,387
1910.....	(Common.....)	2,574	7,377	3,444	1,196	329	391	21,540
1911.....	Preferred.....	5,783	12,012	1,065	316	104	50	19,330
1911.....	(Common.....)	5,008	17,374	3,526	1,798	459	416	29,061
1912.....	Common.....	7,154	17,805	3,667	1,443	339	327	30,735
1912.....	Preferred.....	10,079	17,430	2,144	667	166	113	30,519
1913.....	Preferred.....	13,661	36,357	19,284	(?)	(?)	(?)	59,302
1913.....	(Common.....)							
1914.....	Preferred.....	12,465	30,310	12,834	(?)	(?)	(?)	60,609
1914.....	(Common.....)							
1915 ¹								
1916.....	Common.....	6,873	21,635	19,234	(?)	(?)	(?)	48,741

¹ Including shares of all receiving \$2,500 and over.
² Included in salary group \$2,500 and under \$5,000.
³ No stock offered.

The next table shows what proportion of the total shares of stock allotted to employees was subscribed for by those in each salary group.

TABLE 71.—PER CENT OF TOTAL SHARES OF STOCK ALLOTTED TO EMPLOYEES IN EACH CLASSIFIED SALARY GROUP, BY YEARS, 1903 TO 1916.

Year.	Class of stock.	Per cent of total shares allotted to subscribers whose annual salaries were—						Total.
		Under \$500	\$800 and under \$2,500	\$2,500 and under \$5,000	\$5,000 and under \$10,000	\$10,000 and under \$20,000	\$20,000 and over.	
1903.....	Preferred.....	27.0	59.3	9.9	2.6	0.8	0.4	100.0
1904.....	Preferred.....	27.5	49.6	12.8	6.3	2.3	1.5	100.0
1905.....	Preferred.....	24.8	54.6	12.3	4.9	2.0	1.4	100.0
1906.....	Preferred.....	23.4	56.8	12.0	4.9	1.5	1.4	100.0
1907.....	Preferred.....	22.3	59.1	11.1	4.8	1.3	1.2	100.0
1908.....	Preferred.....	30.8	57.1	7.5	3.0	.8	.7	100.0
1909.....	Preferred.....	29.3	62.1	4.4	2.6	.9	.7	100.0
	Common.....	10.7	47.9	22.4	8.2	2.3	2.4	100.0
1010.....	Preferred.....	24.0	57.5	11.0	4.9	1.3	1.2	100.0
	Preferred.....	29.9	62.1	5.5	1.6	.5	.3	100.0
1011.....	Common.....	17.2	60.5	13.2	6.2	1.6	1.4	100.0
	Common.....	23.3	57.9	11.9	4.7	1.1	1.1	100.0
1912.....	Preferred.....	32.9	57.0	7.0	2.2	.5	.4	100.0
	Preferred.....	22.0	61.4	18.6	(*)	(*)	(*)	100.0
1913.....	Common.....	20.4	65.5	14.2	(*)	(*)	(*)	100.0
1914.....	Preferred.....	17.8	63.6	18.6	(*)	(*)	(*)	100.0
1915 ^a								
1916.....	Common.....	17.8	63.6	18.6	(*)	(*)	(*)	100.0

¹ Including shares of all receiving \$2,500 and over.

² Included in salary group \$2,500 and under \$5,000.

³ No stock offered.

The extent to which the lower-paid employees, presumably those engaged in the processes of manufacturing, have benefited by this plan may be inferred from the figures shown in Tables 70 and 71. Since the inception of the plan, in 1903, the relative proportions of the total numbers of shares allotted annually to employees earning less than \$800 per year varied from about one-third (32.9 per cent) of the preferred-stock allotment of 1912 to less than one-fifth (16.7 per cent) of the common-stock allotment of 1909.

The tables show that the bulk of the allotted stock went to employees with an earning capacity of \$800 and under \$2,500 per year, this group, embracing presumably the better grades of the manufacturing, clerical, and supervisory forces of the organization, having been allotted annually from one-half to three-fifths of the total number of shares.

The same tables show that whenever common and preferred stock was offered, employees earning less than \$800 per year preferred the latter to the former, while the opposite seems to have been true of the better-paid employees, the latter preferring usually the common stock of the company.

During the years 1903 to 1916 the proportions that were allotted to employees earning between \$2,500 and \$5,000 per year varied from 22.4 per cent of the common-stock allotment of 1909 to 4.4 per cent of the preferred-stock allotment of the same year.

BENEFITS OF THE PLAN TO SUBSCRIBING EMPLOYEES.

The various bonuses paid by this company constituted a considerable inducement to subscribe for stock. Thus, a subscriber under the series of 1903 who remained in the service of the company until the end of the series—1908—received per share purchased in 1903 at \$82.50 the following bonuses:

(1) Dividends (5 years at \$7).....	\$35. 00
(2) Annual bonuses (5 years at \$5).....	25. 00
(3) Pro rata share in special fund at end of series.....	1 62. 50
Total.....	122. 50

Assuming a charge of \$5 per share as interest on the deferred payments, the net gain to the subscriber of the series of 1903 was \$117.50, an average of 28.5 per cent per year on the original investment of \$82.50.

In 1910 the pro rata amount per share in the special fund of series of 1905 was \$16.80, the aggregate net gain per share (including dividends and bonus) having been \$71.80; allowing a charge of \$5 per share as interest on deferred payments, the net gain per share in the series of 1905 amounted to 16.4 per cent per annum on the original investment of \$87.50. A subscriber of the series of 1907 (terminating in 1912) received 15.2 per cent per annum on his original investment of \$102.

Computed as a percentage of the employees' earnings during the period covered by a series—5 years—the total gains in the case, for instance, of an employee earning \$800 per year, amounted to: Series terminating in 1908, 6.1 per cent; in 1910, 3.8 per cent; in 1912, 3.9 per cent. Percentage gains on the earnings of subscribing employees approximating closely that of the latter series resulted from the operation of the plan in the series that terminated in 1913, 1914, and 1915.

CASH BONUS PLANS BASED UPON LENGTH OF SERVICE.

GENERAL NATURE OF PLANS.

The term "profit sharing" has frequently been used to denote plans involving more or less systematic annual distributions of cash bonuses in the form of a fixed percentage on earnings, varying with the length of continuous service of individual employees. The theory underlying the majority of such plans is the recognition by employers of the fact that the longer a person remains in the continuous service of the firm the greater is the value of his services.

¹ This unusually large amount was caused by the large number of cancellations during series, due mostly to: (a) Large number of employees dismissed in 1904 on account of the business depression in the industry; (b) reduction in wages made in 1904 that made it difficult for many employees to continue payments.

As in most of the plans described in the preceding sections of this report, the extra payments made to employees under these plans bear no direct relation to individual efficiency, and are purely voluntary on the part of the employer, the latter reserving to himself the right to discontinue them at will and without notice. The bonuses paid are in the majority of instances fixed in advance and do not vary with the profits of the business, employers considering the extra expense involved in the payment of these bonuses a part of their labor cost.

In the great majority of the plans under discussion the only prerequisite for participation is a minimum length of continuous service, varying from three months (the lowest), in a very few instances, to five years (the highest), the average being about one year. The longer the service the larger the bonus percentage paid. In every instance, the bonuses under these plans are paid in cash and forfeited amounts revert to the company.

The text of a plan as prepared by a certain company and promulgated among its shop employees in the form of a circular follows. It embodies all of the features common to such plans:

The company recognizes that the longer a person remains in the continuous service of the company, the greater is the value of his services to it, and in view of this fact, and in order that he may himself benefit by such continued service, we have decided upon a system of extra payments to be made depending upon the length of time which the employee remains with us. These extra payments will date from May 1, 1915, and will apply to all employees on the shop roll in the service of the company on that date, and to those who may thereafter be so employed, as follows:

To each employee who shall have remained continuously in the company's service for a period of three months, there will at the expiration of such period be paid an amount equal to 3 per cent of his total earnings during the said three months' period.

To each employee who shall have remained continuously in the company's service for a period of six months, there will be paid an amount, at the expiration of such period, that, after deducting the amount already paid for the three months' period, will equal 6 per cent of his total earnings during the six months' period.

To each employee who shall have remained continuously in the company's service for a period of nine months, there will be paid to him an amount, at the expiration of such period, that, after deducting the amount already paid for the three and six months' periods, will equal 9 per cent of his total earnings during the nine months' period.

To each employee who shall have remained continuously in the company's service for a period of one year, there will be paid to him an amount that, after deducting the amount already paid for the three, six, and nine months' periods, will equal 12 per cent of his total annual earnings.

These extra payments will be paid each year during the employee's continuous service with the company, until further notice, on the above basis, except that at the end of the second year of continuous service on the part of the employee, a further bonus will be paid in such an amount as to make the total for the year equal to 15 per cent of the employee's earnings during that year.

Leaving the company's employ or being absent from duty without permission, or without a good and sufficient reason, will operate to cancel the obligations of the company herein set forth toward the employee. Absence on account of sickness or other unavoidable causes will not operate to deprive the employee of the benefits of this plan.

We wish to point out that these percentages are calculated on the total earnings of the employee during the periods indicated and are not based upon the hourly rate.

The company reserves the right to modify or terminate this arrangement upon due notice being given, but such notice shall not affect any employee who has been employed prior to such notice until his two years of service shall have expired.

Firms having such plans in operation are very numerous. In view, however, of the fact that these plans may not properly be classified as involving the principle of profit sharing—the main subject of this report—no effort was made to compile a complete list of such plans in operation in the United States at the present time.

ANALYSIS OF WORKING OF A SELECTED GROUP OF CASH BONUS PLANS.

For the purpose of comparing the results of the operation of these plans with those of plans involving the application of the principle of profit sharing, namely, extent of application, benefits to employees, cost to employer, etc., the results of the working of a representative group of such plans are herewith presented.

Extent of Participation.

The extent to which employees in a selected group of 22 of these establishments participated is shown in the following table:

TABLE 72.—CLASSIFIED PERCENTAGE OF TOTAL EMPLOYEES PARTICIPATING DURING ONE REPRESENTATIVE YEAR IN 22 ESTABLISHMENTS.

Classified percentage of total employees participating.	Number of establishments.
5 and under 10.....	1
20 and under 40.....	2
40 and under 60.....	5
60 and under 80.....	5
80 and over.....	9
Total.....	22

In over four-fifths of the establishments in this group the proportion of the total employees that received cash bonuses at the end of one representative year was 40 per cent or more. In almost two-thirds of the establishments 60 or more per cent of all the employees participated.

Benefit Accruing to Employees.

Below is given a summary table showing the benefits that accrued to the employees under these plans during one representative year:

TABLE 73.—NUMBER OF ESTABLISHMENTS GRANTING EACH CLASSIFIED PER CENT OF WAGES AS BONUS TO EMPLOYEES DURING ONE REPRESENTATIVE YEAR.

Classified percentage of wages granted as bonus.	Number of establishments.
2 and under 4.....	2
4 and under 6.....	2
6 and under 8.....	4
8 and under 10.....	5
10 and under 15.....	7
15 and under 20.....	1
20 and under 30.....	1
Total.....	23

Only one establishment paid a bonus exceeding 20 per cent of the regular earnings of its employees. In 9 of the establishments the bonus percentage paid was 10 per cent or more. In over four-fifths of all the percentage paid on the earnings of the participating employees was more than six.

Cost of Plans to Employees.

The cost to the employers of operating these plans in terms of percentage of the total pay roll is shown below:

TABLE 74.—COST OF BONUS PLANS TO 23 EMPLOYERS IN PER CENT OF TOTAL PAY ROLLS FOR ONE YEAR.

Classified per cent of pay rolls.	Number of establishments.
Under 1.....	2
2 and under 4.....	2
4 and under 6.....	8
6 and under 8.....	5
8 and under 10.....	1
10 and under 15.....	4
Total.....	23

In four instances the cost of the plans to the employer amounted to 10 per cent or more of total pay roll. In over one-half of the establishments it was less than 6 per cent.

Occupations of Participants.

The number and per cent of employees that received bonuses during the year under discussion are shown below in occupation groups:

TABLE 75.—NUMBER AND PER CENT OF PARTICIPATING EMPLOYEES IN EACH OCCUPATION GROUP.

Occupation group.	Participating employees.	
	Number.	Per cent.
Executive.....	415	3.2
Clerical.....	770	5.9
Manufacturing and all others..	11,876	90.9
Total.....	13,061	100.0

Over four-fifths of the beneficiaries under these plans were engaged in occupations other than executive or clerical; that is, were engaged in a mechanical or manual way in the actual processes of manufacturing or distribution.

MISCELLANEOUS PLANS.

A SO-CALLED COOPERATIVE WAGE SYSTEM.

In August, 1911, the management of a certain company put into effect a so-called cooperative wage plan as representing its policy in determining the rates of wages of its trainmen—motormen and conductors. Under this plan approximately 22 per cent of the gross passenger receipts of the company is set aside in a separate fund for use in payment of wages, pensions, and death benefits to the trainmen engaged in the passenger service.

Many increases in the rates of wages of motormen and conductors have been made since the plan was put into operation. The following table shows the scale of hourly rates of wages adopted at each specified date, attributable to the operation of the plan.

TABLE 76.—CHANGES IN SCALE OF WAGES SINCE 1911.

Scale made effective—	Conductor's rate (per hour).	Rate per hour after a service of—				
		1 year.	2 years.	3 years.	4 years.	5 years.
June 5, 1911 (in settlement of 1910 strike).....	Cents. 22	Cents. 23	Cents. 23	Cents. 23	Cents. 23	Cents. 23
July 1, 1911.....	22	23	23	23	23	23
Jan. 1, 1912.....	22	23	23	24	24	24
July 1, 1912.....	22	23	23	24	24	25
Jan. 1, 1913.....	22	23	24	24	26	27
May 1, 1913.....	23	24	25	26	27	28
July 1, 1913.....	24	25	26	27	28	29
Sept. 1, 1913.....	25	26	27	28	29	30

A PLAN BASED ON PRICE OF PRODUCT.

A company engaged in the mining of copper has had in operation since 1914 a method for the determination of wages for its mining force which is sometimes improperly termed profit sharing. Under this plan the wage paid per day depends wholly upon the price per pound that the extracted copper is sold for, this price being "the average price for each month" as reported by the Mining and Engineering Journal.

The plan establishes a minimum wage of \$3.50 per day, based upon a price of 13.99 cents or less per pound for copper. With increases in the price of copper corresponding increases in the wage per day are automatically effected. The following table shows this sliding scale of wages and the minimum and maximum per day that may be reached.¹

TABLE 77.—SCALE OF WAGES.

Price of copper per pound (cents).	Wage per day.	Price of copper per pound (cents).	Wage per day.
13.99 and under.....	1 \$3. 50	20.00 to 20.99.....	\$4. 40
14.00 to 14.99.....	3. 65	21.00 to 21.99.....	4. 50
15.00 to 15.99.....	3. 75	22.00 to 22.99.....	4. 65
16.00 to 16.99.....	3. 90	23.00 to 23.99.....	4. 75
17.00 to 17.99.....	4. 00	24.00 to 24.99.....	4. 90
18.00 to 18.99.....	4. 15	25.00 and over.....	2 5. 00
19.00 to 19.99.....	4. 25		

¹ Minimum.² Maximum.

Thus it may be seen that, depending upon the price of copper, the plan establishes a minimum of \$3.50 and a maximum of \$5 per day.

Under this plan, at the end of 1915, when the price of copper mounted to 27 cents per pound, the wage per day of the miners was automatically put at \$5.

BONUS PLAN OF SUGAR PLANTATIONS OF HAWAII.

A plan providing for a sliding scale of bonuses has been in operation in many sugar plantations on the Hawaiian Islands since January 1, 1912. In April, 1916, it was decided by the planters of the territory that in view of the unusual prosperity brought about by the continuance of the war in Europe and the consequent high prices of sugar, that the laborers should participate more largely in the prosperity of the industry. The planters therefore adopted a more liberal bonus system than that of 1912, the essential features of which are shown below.

¹ A method of wage payment strikingly similar to the one of this company is provided for in many of the collective agreements between the employers and the Amalgamated Association of Iron, Steel, and Tin Workers.

SLIDING SCALE BONUS.

(Amended as of Apr. 1, 1916.)

FIRST. AMENDMENTS TO SLIDING SCALE BONUS.

The sliding scale bonus plan adopted by the plantations January 1, 1912, shall be amended to read and be as hereinafter set forth.

The current bonus period from November 1, 1915, to October 31, 1916, will be divided into two parts. The first will include the five months to April 1, 1916, for which the bonus will be settled October 31, 1916, according to the schedule heretofore existing. For the remaining seven months from April 1, 1916, to October 31, 1916, the bonus will be based upon the schedule hereinafter set forth. Thereafter the bonus period will be for the 12 months to end October 31 in each year until further notice.

SECOND. DETERMINATION AND BASIS OF BONUS.

(A) The bonus shall be based on the average of the daily New York market price for 96° centrifugal raw sugar, duty paid, for the year, as reported to the Hawaiian Sugar Planters' Association by _____, of New York.

(B) If the New York market price for 96° raw sugar averages for the year 3.55 cents per pound—\$71 per ton—laborers shall receive a bonus at the rate of 1½ per cent of their wages or earnings as hereinafter set forth, and for every dollar per ton increase over said \$71 per ton the bonus will be increased 1½ per cent, as follows:

Market price per pound.	Market price per ton.	Bonus.	Market price per pound.	Market price per ton.	Bonus.
<i>Cents.</i>	<i>Dollars.</i>	<i>Per cent.</i>	<i>Cents.</i>	<i>Dollars.</i>	<i>Per cent.</i>
3.55	71	1.5	4.80	96	36.0
3.60	72	2.0	4.85	97	40.5
3.65	73	2.5	4.90	98	45.0
3.70	74	3.0	4.95	99	49.5
3.75	75	3.5	5.00	100	54.0
3.80	76	4.0	5.05	101	58.5
3.85	77	4.5	5.10	102	63.0
3.90	78	5.0	5.15	103	67.5
3.95	79	5.5	5.20	104	72.0
4.00	80	6.0	5.25	105	76.5
4.05	81	6.5	5.30	106	81.0
4.10	82	7.0	5.35	107	85.5
4.15	83	7.5	5.40	108	90.0
4.20	84	8.0	5.45	109	94.5
4.25	85	8.5	5.50	110	99.0
4.30	86	9.0	5.55	111	103.5
4.35	87	9.5	5.60	112	108.0
4.40	88	10.0	5.65	113	112.5
4.45	89	10.5	5.70	114	117.0
4.50	90	11.0	5.75	115	121.5
4.55	91	11.5	5.80	116	126.0
4.60	92	12.0	5.85	117	130.5
4.65	93	12.5	5.90	118	135.0
4.70	94	13.0	5.95	119	139.5
4.75	95	13.5	6.00	120	144.0

And so on in like proportion.

THIRD. LABORERS ENTITLED TO BONUS.

(A) *Day-wage laborers and short-term contractors.*—(1) All laborers on a day-wage basis receiving wages of \$34 per month and under and all short-term contractors shall be entitled to a bonus provided they work, in the case of men, not less than 20 days per calendar month, and in the case of women, not less than 15 days per calendar month.

(2) To these laborers 20 per cent of their monthly earnings shall be paid monthly on account of the annual bonus due October 31, and if they shall thereafter continue in the employ of the same plantation until the end of the bonus period they shall then be paid the balance of the bonus, if any.

(B) *Cultivating contractors.*—(1) Cultivating contractors shall be paid a bonus on the basis of wages at the rate of \$24 per month of 26 days in the case of men, and \$18 per month in the case of women, provided they work not less than 20 days in any calendar month in the case of men and 15 days in any calendar month in the case of women.

(2) To these cultivating contractors, 20 per cent of their monthly wage, calculated on the above basis, shall be paid monthly on account of the annual bonus due October 31, and the balance of the bonus, if any, shall be paid at the end of the bonus period.

FOURTH. CONTRACTS BASED ON PRICE OF SUGAR.

None of the above provisions in regard to the payment of bonus shall apply to the contractors whose contracts are settled according to the price of sugar.

FIFTH. SETTLEMENT PERIODS AND PARTICIPATION.

The first settlement under this amended bonus shall be made on the May, 1916, pay day for the months of April and May.

All laborers entitled to a bonus, who are working on a plantation on October 31, shall be paid the full amount of the bonus for each and every month of the bonus period during which they have worked on such plantation 20 days per calendar month in the case of men and 15 days per calendar month in the case of women, less what they have received as a monthly advance as hereinabove provided.

If the laborer shall have been excused from work by the manager because of physical disability, or other good reason, the loss of time caused thereby shall not be construed to deprive him of the entire amount of the bonus, but he shall be entitled to a proportion of the same for the number of days work performed.

In addition, the various plantations have adopted a different schedule of bonus to be applied to skilled laborers (from manager down), the directors of one of the largest plantations having decided to pay a bonus of 20 per cent on the earnings of 1916 to this class of employees. No conditions are attached to this bonus as to the number of days to be worked, nor is it regulated by the price of sugar. In other words, no matter what the price of sugar may be during the year, every skilled employee on this plantation will receive for 1916 a bonus of 20 per cent on his earnings.

ANOTHER SO-CALLED COOPERATIVE WAGE SYSTEM.

The cooperative wage system of a certain company was put in operation in 1911. It is a plan for equally distributing between employer and employees the savings collectively effected in labor costs, either through the increased efficiency of labor itself or the introduction of improved machinery or improved methods of work. The plan requires the division of the several shops into departments, each department being made a cooperating unit. Every member of the organization in each department, from foreman to errand boy, inclusive, is employed under this plan.

With each cooperative department an account is opened which is known as the departmental cooperative wage account. To this account is charged the actual labor cost in the department for work finished during the week. To this amount is added the proportionate indirect labor expense of the department for the same period. The account is at the same time credited with the "standard labor value." It needs to be stated that every operation on each item of product is given a standard labor value, which is carefully determined before the first order for work on a part is issued to the shops. These values include allowances for both direct and indirect labor costs of the product. Once set, the standard labor values remain unchanged regardless of the savings subsequently effected because of increased efficiency of labor itself, of the introduction of new machinery, or of any other reason.

The difference between the actual expenditure for labor on the total product of the department and the corresponding labor value taken at standard labor rates, when the former is less than the latter, indicates a saving due to increased efficiency in the department. It is this saving which is then divided equally between the company and its employees.

The employees' share of the saving is apportioned to them on the basis of their earnings during the period in which the saving is made. It is the practice to place a statement before the employees once each week setting forth the exact facts concerning the saving. The results of the working of the plan in one of the departments in 1915 is shown below.

Erecting and testing department, 1915.

Standard labor value of product completed during the year, as per detailed schedules on file with foreman.....	\$47, 618
Actual expenditure for wages charged direct to said orders and proportionate expenditure for indirect labor charges for the year; foreman, shop laborers, tool repairs, etc.....	\$0, 172
Difference being saving effected on product completed during the year.....	17, 446
One-half of the saving is.....	8, 723
The actual pay roll of the department for the year is.....	30, 172
The bonus percentage for cooperative effort, which bonus is to be added to each man's wages for the year is.....	28.3 per cent.
(Participated in by all of the employees of the department—54.)	

The introduction of the cooperative wage system into departments which had been operating on piecework and individual bonus schemes required the rerating of all employees in such departments on a day-wage basis which guaranteed returns equal to those secured previous to the introduction of the plan and which also gave a correspondingly just basis for the distribution of savings effected by the organization as a whole. Such action showed the workmen that

the change was made in the spirit of fairness and that the company, even before the results justified such action, placed confidence in its individual employees to make a success of the new plan.

Standard labor rates on all product of the shops which had been made previous to the installation of the cooperative wage system were figured at actual labor cost as of the date when the cooperative wage system went into effect. Standard labor rates for all new work placed in the shops subsequent to the installation of the cooperative wage system are figured by an experienced mechanic, who in setting these rates bases them on labor costs such as are to be expected in the best of competitive shops.

DISCONTINUED PLANS.

A number of inquiries were addressed to employers who were known as having had profit-sharing plans in operation in the past. The following were given by 26 of them as the causes for discontinuance of their respective plans: (1) Plan didn't satisfy employees, 8; (2) men went out on strike, 5; (3) men preferred increase in pay, 5; (4) plan did not increase interest or efficiency of employees, 4; (5) plan benefited undeserving employees, 2; (6) plan did not tend to increase the stability of the force, 1; (7) general upward trend of wages and competition, 1. Thus from the reasons given for the discontinuance of the plans it may be inferred that the above-mentioned phenomena were not expected to occur with the principle of profit sharing in operation and that their occurrence made its further application unwise.

Mr. W. W. Nearing, vice president of the Pejepsco Paper Co., of Brunswick, Me., writes:

Briefly, would say that we tried at our mills a number of years ago a system which consisted in arriving at the profits for the year, deducting 6 per cent on the capital employed, and consider the balance profits on the business operation, part of which was set aside as a labor dividend. The trial was simply preliminary to try to work something out of it and was fairly satisfactory as long as the profits warranted a substantial return to labor; but in off years, when it did not yield as much, it caused so much dissatisfaction and ill feeling that we decided to abandon it.

Mr. Thomas Elder, of the Elder & Johnston Co., merchants of Dayton, Ohio, describing the experiences of the company in profit sharing, concludes:

Up to the present time, however, we have not found any plan that works satisfactorily to both the employees and the employer. In the first place, in season of prosperity, when the profits and earnings were large, the employees thought it a fine thing; but in the off years, when the company's earnings were reduced by business depressions or some

other causes which come to all business concerns, the employee could not see any advantage, and it always resulted in dissatisfaction.

Another informant, one of the executive officers of the Austin H. Perry Co., of Haverhill, Mass., states:

We made two distributions and, as the number participating in the distribution increased the second year, which necessarily made the amount received by each individual decrease, we found that there was a great deal of dissatisfaction; and we felt, for the interest of our business, that it would be better for us to discontinue the profit-sharing plan.

The profit-sharing plan in operation in the printing establishment of the Wright & Potter Co., of Boston, Mass., was discontinued on account of its being "entirely unsatisfactory, because it applied only to certain favored ones—journeymen and printers only—thereby causing so much complaint and friction that the company abandoned all efforts in that direction after trying the same either one or two years."

A profit-sharing plan in operation some years ago in the wholesale dry-goods establishment of the E. Guthrie Co., of Paducah, Ky., was abandoned because "it was found that the employees did not appreciate the plan and took very little interest in it."

The Peacedale Co., manufacturers of woolens, of Peacedale, R. I., abandoned its profit-sharing plan because "it was found that it did not satisfy the employees."

The following firms abandoned profit-sharing plans because of the fact that their employees struck: S. M. Jones Co., Toledo, Ohio; the Rogers Peet Co., New York, N. Y.; Parsons Paper Co., Holyoke, Mass.; Brewster & Co., carriage makers, New York, N. Y.; Driver-Harris Ware Co., Harris, N. J.

The Columbus Railway & Lighting Co., of Columbus, Ohio; the Thomas G. Plant Co., shoe manufacturers, Boston, Mass.; the C. G. Conn Co., manufacturers of musical instruments, of Elkhart, Ind.; the New England Granite Works, of Westerly, R. I., and the Washington (D. C.) Railway & Electric Co., abandoned their respective plans because the employees insisted upon increases in wages.

The Theo. L. De Vinne Co., printers, of New York, N. Y., abandoned their plan because same did not prove to be "an incentive to increased efficiency." For similar reasons the profit-sharing plans of Spratt's Patent (America) (Ltd.) Co., of Newark, N. J., and of the Hoffman & Billings Co., of Milwaukee, Wis., were abandoned.

The Saugerties Manufacturing Co., of Saugerties, N. Y., and the John T. Connor Co., importers and wholesale grocers, of Boston, Mass., give as the reason for the discontinuance of the system of sharing of profits with their employees the fact that "it was considered that many profited who were not entitled to it."

the change was made in the spirit of fairness and that the company, even before the results justified such action, placed confidence in its individual employees to make a success of the new plan.

Standard labor rates on all product of the shops which had been made previous to the installation of the cooperative wage system were figured at actual labor cost as of the date when the cooperative wage system went into effect. Standard labor rates for all new work placed in the shops subsequent to the installation of the cooperative wage system are figured by an experienced mechanic, who in setting these rates bases them on labor costs such as are to be expected in the best of competitive shops.

DISCONTINUED PLANS.

A number of inquiries were addressed to employers who were known as having had profit-sharing plans in operation in the past. The following were given by 26 of them as the causes for discontinuance of their respective plans: (1) Plan didn't satisfy employees, 8; (2) men went out on strike, 5; (3) men preferred increase in pay, 5; (4) plan did not increase interest or efficiency of employees, 4; (5) plan benefited undeserving employees, 2; (6) plan did not tend to increase the stability of the force, 1; (7) general upward trend of wages and competition, 1. Thus from the reasons given for the discontinuance of the plans it may be inferred that the above-mentioned phenomena were not expected to occur with the principle of profit sharing in operation and that their occurrence made its further application unwise.

Mr. W. W. Nearing, vice president of the Pejepsco Paper Co., of Brunswick, Me., writes:

Briefly, would say that we tried at our mills a number of years ago a system which consisted in arriving at the profits for the year, deducting 6 per cent on the capital employed, and consider the balance profits on the business operation, part of which was set aside as a labor dividend. The trial was simply preliminary to try to work something out of it and was fairly satisfactory as long as the profits warranted a substantial return to labor; but in off years, when it did not yield as much, it caused so much dissatisfaction and ill feeling that we decided to abandon it.

Mr. Thomas Elder, of the Elder & Johnston Co., merchants of Dayton, Ohio, describing the experiences of the company in profit sharing, concludes:

Up to the present time, nowever, we have not found any plan that works satisfactorily to both the employees and the employer. In the first place, in season of prosperity, when the profits and earnings were large, the employees thought it a fine thing; but in the off years, when the company's earnings were reduced by business depressions or some

other causes which come to all business concerns, the employee could not see any advantage, and it always resulted in dissatisfaction.

Another informant, one of the executive officers of the Austin H. Perry Co., of Haverhill, Mass., states:

We made two distributions and, as the number participating in the distribution increased the second year, which necessarily made the amount received by each individual decrease, we found that there was a great deal of dissatisfaction; and we felt, for the interest of our business, that it would be better for us to discontinue the profit-sharing plan.

The profit-sharing plan in operation in the printing establishment of the Wright & Potter Co., of Boston, Mass., was discontinued on account of its being "entirely unsatisfactory, because it applied only to certain favored ones—journeymen and printers only—thereby causing so much complaint and friction that the company abandoned all efforts in that direction after trying the same either one or two years."

A profit-sharing plan in operation some years ago in the wholesale dry-goods establishment of the E. Guthrie Co., of Paducah, Ky., was abandoned because "it was found that the employees did not appreciate the plan and took very little interest in it."

The Peacedale Co., manufacturers of woolens, of Peacedale, R. I., abandoned its profit-sharing plan because "it was found that it did not satisfy the employees."

The following firms abandoned profit-sharing plans because of the fact that their employees struck: S. M. Jones Co., Toledo, Ohio; the Rogers Peet Co., New York, N. Y.; Parsons Paper Co., Holyoke, Mass.; Brewster & Co., carriage makers, New York, N. Y.; Driver-Harris Ware Co., Harris, N. J.

The Columbus Railway & Lighting Co., of Columbus, Ohio; the Thomas G. Plant Co., shoe manufacturers, Boston, Mass.; the C. G. Conn Co., manufacturers of musical instruments, of Elkhart, Ind.; the New England Granite Works, of Westerly, R. I., and the Washington (D. C.) Railway & Electric Co., abandoned their respective plans because the employees insisted upon increases in wages.

The Theo. L. De Vinne Co., printers, of New York, N. Y., abandoned their plan because same did not prove to be "an incentive to increased efficiency." For similar reasons the profit-sharing plans of Spratt's Patent (America) (Ltd.) Co., of Newark, N. J., and of the Hoffman & Billings Co., of Milwaukee, Wis., were abandoned.

The Saugerties Manufacturing Co., of Saugerties, N. Y., and the John T. Connor Co., importers and wholesale grocers, of Boston, Mass., give as the reason for the discontinuance of the system of sharing of profits with their employees the fact that "it was considered that many profited who were not entitled to it."

Mr. Rodney E. Ross, treasurer of the Hyde Windlass Co., manufacturers of steel gears and brass castings, of Bath, Me., gives as the reason for the abandonment of their profit-sharing plan "the general upward trend of wages during the years immediately preceding the abolishment of the profit-sharing plan."

About 25 years ago Mr. A. Reinle, then the sole proprietor of the Reinle-Salmon Co., manufacturers of showcases and fixtures, of Baltimore, Md., introduced a profit-sharing system among a limited number of his employees, determined by service and responsibility. Under this system approximately 50 per cent of the profits of the firm was distributed among the participants. As the business grew and developed, Mr. Reinle realized that his share of the profits was being absorbed by improvements and extensions of the business, while the profit-sharing employees received their share in cash. He became convinced that those who were receiving or participating in the profits of the business should also assume the risk incident to the business. Accordingly, a corporation was formed in 1903, and approximately 60 per cent of the stock was distributed to the heads of the departments and others, with the understanding that same was to be paid for out of the dividends accruing until the par value had been paid.

Since 1903 no stock distribution of any sort has taken place. On January 1, 1916, about one-fifth of the total employed (about 100) were interested in the company as stockholders. Of this number six (officers of the company) own about 80 per cent of the stock, the remaining employees who are stockholders holding from one to five shares each. Mr. Reinle, the founder of the business and its present general manager, thinks that although the plan enabled some of the executive employees to make considerable amounts of money, the business has suffered on account of lack of harmony; somehow or other "an employee stockholder is an employee first and a stockholder second." In managing the business Mr. Reinle finds great difficulty in manipulating the services of his important employees, all stockholders, because "most of them refuse to enter into any esprit de corps and lack business knowledge to grasp the situation."

In 1914 the Miami Copper Co., of New York City, employing about 1,000 people, announced for the benefit of employees a plan of stock subscription in line with plan designated as No. 4, on page 148 of this report. This plan, however, was abandoned within less than one year, because "only 40 of a total of 1,000 participated, and the plan entirely failed to benefit those men whom it was primarily designed to benefit, namely, the wage earners, practically all those subscribing being salaried men."

EXTENT TO WHICH OBJECTS SOUGHT BY ESTABLISHMENT OF PROFIT-SHARING PLANS HAVE BEEN REALIZED.

The principal objects of the establishment of the profit-sharing plans described in this report were stated by the employers to be as follows: (1) To stimulate the elimination of waste and to foster economy, (2) to increase efficiency, (3) to stabilize the working force, and (4) to improve relations between the management and its employees.¹

One of the interviewed employers, a leader and advocate of profit sharing in New England, stated that the object of profit sharing is "to furnish additional stimuli for increased efficiency in establishments where piecework or any other efficiency method, for some reason or another, can not successfully be applied." Accordingly, the application of the profit-sharing principle is "undesirable and unwise where more direct stimuli, such as bonuses on individual efficiency or output, may be applied." A strikingly similar point of view, seemingly prevalent among most of the profit-sharing employers, is presented by the vice president of the Executives' Club of Detroit in an article entitled, "Where profit sharing fails and where it succeeds."² The author says:

Considered merely as a stimulus to increased production and greater net gain, profit sharing is of particular value in plants where (1) individual efficiency can not yet be exactly measured, or where, (2) much work is done far away from supervision, or where (3) longevity of service is necessary to preserve the quality of the product or to guard trade secrets, or where (4) a supplement to the wage system promoting individual efficiency is needed to minimize plant waste. In other cases, where the motives are merely practical, better results are obtained by improvements in working conditions, by increases in wages, and by the payment of these increases upon the basis of individual efficiency.

One employer stated that "the purpose of the employees' profit-sharing fund is not alone to enable each employee to share in a proportion of the net profits earned by the firm, but also to be an additional incentive for each employee to give the maximum of service to the firm."

An employer in New England with a profit-sharing plan in operation for the benefit of his executive, supervisory, and sales people gives as the reason for the introduction of his plan the fact that the plan "places the responsibility of maintaining a wise management upon the principal workers and offers them a reward commensurate with their collective and individual efforts, but makes this reward fully contingent upon their performing their whole obligation.

¹ On page 166 of this report additional light is thrown on the reasons that prompt employers in the initiation of profit-sharing schemes by an examination of the causes specified by some employers as having been responsible for the discontinuance of plans known to have been in operation in their establishments.

² The System Magazine, March, 1918.

It offers to the present capital owners a property whose permanent value is trebly safeguarded and whose return is practically as certain as the return on a bond."

Of all the interviewed employers only three stated that the main object of their respective plans was to furnish "an equitable distribution of the profits of the undertaking, as a matter of justice, irrespective altogether of hopes for increased efficiency." The correctness of these reasons is substantiated by the fact that their plans are unusually liberal to the employees, two of them distributing all their profits over and above what is thought to be a moderate return on their investments, and the third, one-third of all the net profits. One of the first two gave as the reason for the existence of his plan the fact that he was the owner of more property than he needed, that as this property was created in the business, through the efforts of his employees, he now wanted them to have the benefit of it.

As the immediate cause for the launching of their plans most of the informants gave the fact that they had learned from fellow employers and periodicals that such plans worked well and in the interest of all concerned.

In order to discover the precise extent to which the hopes of employers in the establishment of the plans were realized, they were asked to state the result as to—

- (1) Improvement of relations with their employees;
- (2) Increase of permanency of their working force, and
- (3) Increase of efficiency.

The following represent a summary of their statements.

IMPROVEMENT OF RELATIONS BETWEEN EMPLOYERS AND EMPLOYEES.

The consensus of opinion, almost unanimous, seems to be that the plans did have a very decided tendency to establish more satisfactory relations between employer and employee. This seems to be particularly true of establishments where the profit-sharing plans have been in operation for a considerable length of time. Under the influence of the plans, employers report, a sort of esprit de corps developed. The plans, they further say, make the employees realize that their employers are treating them fairly and squarely.

INCREASED PERMANENCY OF WORKING FORCE.

All of the informants without exception were also of the opinion that the establishment of the plans had a tendency to reduce the percentage turnover of their working organization. One of the employers describes this effect as follows: "It works precisely like an increase in wages, but is more valuable because the employee, in order to receive his share, has to wait till the end of the distribution period, a fact that makes him hesitate before quitting which would naturally involve the forfeiting of his share in the profits." Another

employer emphatically states that his "valuable help would certainly have been stolen had the plan not been in operation." Still another, whose plan has been in operation since 1899, and paid profit-sharing dividends ranging from 50 to 100 per cent of earnings, states that his working force "is rather permanent now, more so than in the years gone by; we attribute this fact to the plan." The general manager of another establishment thinks that "the company has positive proof that its skilled help is far more permanent now, and because of the plan." "We have noticed a great improvement in the quality and permanency of our force since the plan was put into operation," writes another.

INCREASED EFFICIENCY.

Although substantially agreeing that the plans have greatly improved their relations with the employees and contributed considerably to the stabilization of their working force, employers disagree greatly as to the results achieved with reference to increasing the individual or collective efficiency of the participating employees. In all, only three of them stated definitely that this has been the result. All of these have paid unusually high profit-sharing dividends to their employees in the past. "The plan," says one of these employers, "developed the individual sense of responsibility, increased thrift, and increased efficiency." It should be noted, as throwing some light on this opinion, that under the plan in operation in this establishment since 1903 profit-sharing dividends ranging from 16 to 24 per cent of the annual earnings of the participants were paid. Another employer under whose plan unusually large shares of profits were paid—shares ranging from 50 to 100 per cent of annual earnings—believes that the "profit-sharing scheme has made the employees more efficient. It has removed all friction between the company and its employees."

A manufacturing chemist whose plan has been in operation since 1887, paying shares of profits ranging from 5 to 15 per cent of annual earnings, is "not certain that the plan leads directly to increased efficiency, although it apparently tends to increase the permanency of the working force—a factor conducive to increased efficiency." A manufacturer of insulated wires and cables, whose plan appears to be the least arbitrary of all examined, and under which participation dividends ranging from 8 to 20 per cent of wages have been paid since 1901, expresses his opinion as follows: "The plan has a tendency to keep men awake, but not necessarily hustling; however, it does make them more interested in their work. If there is no material difference to the employee he would rather do his work well. Our people are a good deal more permanent now [1915] than they were. This fact is to be attributed to the profit-sharing plan, as we do not penalize our employees for leaving."

LIST OF REFERENCES (IN ENGLISH) ON PROFIT SHARING.

PROFIT SHARING IN THE UNITED STATES.

BOOKS AND PAMPHLETS.

- Adams, Thomas S., and Sumner, Helen L. Labor problems; a textbook. New York, Macmillan, 1905. Appendix B. Profit sharing in the United States. pp. 555-558. Profit sharing, by H. L. S. pp. 333-378. Descriptive and critical account; elementary but inclusive.
- Alexander Hamilton Institute. New York. Modern business service. [New York, c1914] 21 leaves.
- American Telephone and Telegraph Co. New York City. Annual report for 1914. New York, 1915. Profit sharing. pp. 29-36.
- Ashley, Oasian D. Railways and their employees. Chicago, The Railway Age, 1895. Profit sharing. pp. 71-79. Examples of cooperative methods. pp. 80-97.
- Babson conference on cooperation, 2d, Wellesley Hills, Mass., 1915. Summary of 2d annual conference on cooperation. Wellesley Hills, 1915. 10 pp. (Reprint of a supplement to Babson's reports on fundamental business conditions, issued Oct. 19, 1915.)
- Babson's Statistical Organization. Wellesley Hills, Mass. Confidential bulletin of the cooperation service. No. L-1, March, 1914, to date. Wellesley Hills, 1914, to date. Various numbers contain descriptions of specific plans, e. g., L-59 for August, 1916, describes the new profit-sharing plan of the American Multigraph Co.
- Barnett, Maurice. A plea for profit sharing. Presented at the 15th annual convention of the National Metal Trades Association, New York City, April, 1913. [New York, 1913] 10 pp.
- Barnes, Albert. Division of profits. Chicago, Press of the American Building Association News, 1894. 22 pp. Paper read at the annual meeting of the Building Association League of Illinois, held at Galesburg, June 13, 1894.
- Barns, William E., editor. The labor problem; plain questions and practical answers. New York, Harper, 1886. Plea for profit sharing. pp. 200-230.
- Boley, Daniel C. Profit-sharing investments. Profit-sharing bonds versus capital stock of corporations as a means of profit sharing. [Chicago, c1895] 32 pp.
- Borden Milk Company Employees Investment Association. Plan, constitution, and by-laws. Dated July 1, 1914. [n. p., 1914] 27 pp.
- Boston Consolidated Gas Company. Profit sharing with employees. Boston, 1906. 8 pp.
- Carlton, F. T. History and problems of organized labor. Boston, Heath, 1911. Industrial remuneration. pp. 190-227.
- Carnegie, Andrew. Presidential address. (Profit sharing.) London, Offices of the Iron and Steel Institute, [1903] 37 pp. Appendix: Circular issued by the United States Steel Corporation regarding its profit-sharing scheme. (Reprinted from the Journal of the Iron and Steel Institute, number 1 for 1903.)
- Cleveland. Chamber of Commerce. Committee on industrial welfare. Industrial profit sharing and welfare work. [Cleveland, 1916] 85 pp.
- Cooperation. A magazine of economic progress. Vol. 1-6; April, 1909, to December, 1914. Minneapolis, Minn., 1909 to 1914. Monthly. (Suspended publication, December, 1914.)
- Copartnership. The organ of the Labour Copartnership Association and the Copartnership Tenants Housing Council. Vol. 1, 1895 to date. London, 1895 to date. Monthly.
- Dennison Manufacturing Co. South Framingham, Mass. Articles of association and by-laws. South Framingham, Lakeview press, 1914. 33 pp.

- Dennison Manufacturing Co. Industrial partnership plan. n. p., n. d. 7 pp.
- Dolge, Alfred. Just distribution of earnings. So-called profit sharing; being an account of the labors of Alfred Dolge in the town of Dolgeville, U. S. A. New York. Printed for the section, "Participation du Personnel dans les Benefices," Paris exposition, 1889. 93 pp.
- Doolittle, James R. Special address . . . on the liberty of pursuit as affected by combinations of either labor or capital, before the Illinois State Bar Association. Springfield, Barnard, [1893] 10 pp.
- Duffy, James F. The ideal solution of the labor problem. (Cooperation and profit sharing.) Chicago, Duffy Manufacturing Co., 1914. 32 pp.
- Eliot, Charles W. Profit sharing. (In Profit sharing and scientific management. Four addresses. Boston, Efficiency Society of New England, 1914. pp. 3-9.)
- Ely, Richard T. The labor movement in America. New edition. New York, Macmillan, 1905. Productive cooperation. pp. 180-195. Includes account of the profit-sharing plan of Pillsbury and Co., Minneapolis, Minn.
- Employer and employed. Vol. 1-4; October, 1892 to January, 1896. Boston, 1892 to 1896. 4 vols. in 1. "Published for the association for the promotion of profit sharing."
- Fay, Charles R. Copartnership in industry. New York, Putnam, 1913. 146 pp. Outline of history of copartnership, with illustrations of various types. Profit sharing in England and France.
- Fernley, Thomas A. The profit-sharing system as a plan of remunerating traveling salesmen. Philadelphia, 1915 (?) 12 pp.
- Ford, Henry. The Ford plan; a human document. Report of the testimony of Henry Ford before the Federal Commission on Industrial Relations, Jan. 22, 1915. New York, Anderson, [1915] 8 pp.
- Ford Motor Co., Detroit. Helpful hints and advice to employees to help them grasp the opportunities which are presented to them by the Ford profit-sharing plan. Detroit, Ford Motor Co., 1915. 41 pp.
- Gantt, H. L. A bonus system of rewarding labor. [New York, 1901] 20 pp. "To be presented at the New York meeting, December, 1901, of the American Society of Mechanical Engineers, and forming Part V of Vol. XXIII of the Transactions."
- Work, wages, and profits. New York, Engineering Magazine, 1910. 194 pp.
- Giddings, F. H., and Johnson, A. S. Profit sharing. (In New International Encyclopedia. New York, 1909. Vol. 16, pp. 433-434.) Digest of subject up to 1904, with concise analyses of successful experiments at Maison Leclair, Bon Marché, Proctor & Gamble, N. O. Nelson, and United States Steel Corporation. Estimate of value of profit sharing.
- Gilman, Nicholas Paine. Cooperation and profit sharing. Boston, Wright, c1900. 8 pp. (Monographs on American social economics. XII.)
- A dividend on wages. (In Peters, J. P., editor. Labor and Capital. New York, Putnam, 1902. pp. 330-343.)
- A dividend to labor; a study of employers' welfare institutions. Boston, Houghton, 1899. 400 pp. Part 3: A direct dividend to labor—profit sharing. (Reviewed by J. Carter in Economic Review, April, 1900. Vol. 10: 286-288.)
- Industrial partnership or profit sharing. A word to the employer. Boston, Printed for the Association for the Promotion of Profit Sharing, 1893. 18 pp.
- Profit sharing. (In Bliss, W. D. P., editor. New Encyclopedia of Social Reform. New York, Funk and Wagnalls, 1908. pp. 962-966.) "Objections to profit sharing." pp. 965-966.
- Gilman, Nicholas P. Profit sharing between employer and employee. Boston, Houghton, 1896. 460 pp. History of product and profit sharing, with descriptions of cases in Europe and America prior to 1889, summary and analyses; arguments for the system. 1st edition reviewed in Nation, May 2, 1889. Vol. 48, p. 370.

- Great Britain. Board of Trade. Profit sharing and copartnership abroad. Report . . . London, 1914: 164 pp. (Cd. 7283.) (This supplements the 1912 report (Cd. 6496). Gives statistics for France, Germany, and the United States. Reviewed in the Labour Gazette for April, 1914, vol. 22: 122, 123; Sept., 1914, vol. 22: p. 235.)
- Report on "gain-sharing" and certain other systems of bonus on production. London, 1896. 132 pp. Supplement to report by Mr. D. F. Schloss.
- Gregory, Theodore. Labour copartnership and labour unrest. London, Heywood, 1913. 28 pp.
- Hale, Edward E. How they lived in Hampton. A study of practical Christianity applied in the manufacture of woollens. Boston, Smith, [c1888] 281 pp.
- Halsey, F. A. Experience with the premium plan of paying for labor. [n. p., 1899] 23 pp. Reprinted from the American Machinist, Mar. 9, 1889.
- The premium plan of paying for labor. (In American Economic Association. Economic studies. April, 1896. Vol. 1, pp. 75-88.)
- Harrison, Fairfax. Are we ready for industrial cooperation? An address before the State convention of the Indiana Y. M. C. A., Hammond, Nov. 22, 1912. [Chicago, 1912] 10 pp.
- Henderson, Charles R. Citizens in industry. New York, Appleton, 1915. 341 pp. Profit sharing. pp. 117-140.
- History of cooperation in the United States. Baltimore, 1888. 540 pp. (Johns Hopkins University studies in historical and political science. 6th series.) See index under "Profit sharing."
- Ingalls, Melville E. A plea for profit sharing. (In National Civic Federation. 9th annual meeting. 1908. New York, 1909. pp. 38-41.)
- International Cooperative Alliance. Reports of proceedings of congresses. 1st, 1895 to date. (Especially the report of the 5th congress, held at Manchester in 1902. London, King, 1902. Contains "Reports on profit sharing in various countries." pp. 153-220.)
- International Efficiency Society. Loss-sharing. [n. p., 1915?] 4 typewritten leaves.
- Iowa. Bureau of labor statistics. Cooperative railroading (stock ownership). (In its 8th biennial report, 1897-1898. pp. 13-15. Des Moines, 1899.) Plan of the Illinois Central Railroad System.
- Kent, William. A problem in profit sharing. [New York, 1887] 4 pp. "Presented at the XV meeting of the American Society of Mechanical Engineers, Washington, 1887." Published also in Transactions of the American Society of Mechanical Engineers, vol. 8, 1886-87, pp. 630-633. Discussion, pp. 633-662.
- Knoeppel, Charles E. The psychology and ethics of wage payment. A lecture on piecework and the bonus system before the class in scientific management, Springfield, Mass., Y. M. C. A., Dec. 11, 1912. New York, [1912] 25 pp.
- Labour Copartnership Association. London. Reports and Proceedings.
- Leub, D. Kenneth. An investigation . . . of . . . profit sharing . . . [Detroit, 1914] 27 pp. Ford Motor company's work with profit sharing. An investigation by the Detroit Evening News. Nov. 24, 1914.
- Lee, John R. The so-called profit-sharing system in the Ford plant. (In Annals of the American academy of political and social science. Philadelphia. May, 1916. Vol. 65, pp. 297-310.)
- Levasseur, F. E. American Workmen. Baltimore, J. H. U. press, 1901. Profit sharing. pp. 468-477.
- Massachusetts. Bureau of statistics. Current comment on labor questions; profit sharing. (In its Bulletin number 36, June, 1905. Boston, 1905. pp. 130-139.)
- Profit sharing. by Franklin H. Giddings. (In 17th annual report of the Massachusetts Bureau of Statistics for 1886. Boston, 1886. pp. 155-236.)

- Massachusetts. Bureau of statistics. Profits to labor. (In its 21st annual report for 1890. Boston, 1891. p. 562 ff.)
- Minneapolis Civic and Commerce Association. Committee on industrial welfare. Report. [Suggestive plans for the establishment of profit sharing, stock purchase, industrial insurance . . . associations] [Minneapolis] 1916. 18 leaves.
- National Civic Federation. Welfare department. Profit sharing by American employers; percentage of profits, special distributions, stock for wage earners, exceptional—abandoned—proposed plans; examples from England. Types in France. New York, Welfare department of the National Civic Federation, 1916. 261 pp. "An extensive investigation and analysis of more than 200 plans in the United States, undertaken with a view to presenting an accurate and unbiased statement of the facts."
- Nelson, N. O. Associated workers idea. (In Peters, J. P., editor. Labor and Capital. New York, Putnam, 1902. pp. 344-352.)
- Cooperation and profit sharing. (In Jones, Samuel M. The new right. New York, Eastern book concern, 1899. pp. 323-356.)
- Profit sharing. St. Louis, 1887. 40 pp. Reprinted from the Missouri Republican, Oct. 11, 1886.
- Parks, G. M., Co., Fitchburg, Mass. Profit sharing for 1915. [Fitchburg, 1915.] 4 pp.
- Pomeroy, Eltweed. Democracy versus profit and prosperity sharing. (In Peters, J. P., editor. Labor and Capital. New York, Putnam, 1902. pp. 353-357.)
- Proctor & Gamble Co., Cincinnati, Ohio. Addresses of Washington Gladden, "The relations of capital and labor"; Benjamin Butterworth, "Higher citizenship," on the occasion of the 17th semiannual dividend meeting of the Proctor & Gamble Co. at Ivorydale, Ohio, Feb. 3, 1896. [Ivorydale, 1896] 32 pp.
- Revised plan for trust receipt dividends for employees through stock ownership. n. p., 1913. 13 pp.
- Profit sharing. (In Information Annual, 1915. New York, Bowker, 1916. pp. 467-469.)
- Profit sharing and copartnership. Vol. 1-2, June, 1912, to October, 1913. London, 1912-1913. Monthly. Amalgamated with copartnership after October, 1913.
- Profit-sharing plan and bonus fund of the United States Steel corporation. (In Pittsburg survey; finding . . . Edited by Paul U. Kellogg. Vol. 4. New York, Survey Associates, 1911. pp. 306-324.)
- Simplex Wire & Cable Co., Boston. Profit sharing. Address by President Everett Morse at the May, 1913, meeting of the Electrical Manufacturers Club at Hot Springs, Va. Boston, [Simplex Wire & Cable Co., 1913] 14 pp. Includes profit-sharing rules of the company for 1914.
- Solvay Process Co. Syracuse, N. Y. Profit sharing, pensions, mutual aid, and welfare work. January, 1915. 8 pp.
- Stanford, Leland. Cooperation of labor. Report of an interview . . . which appeared in the New York Tribune, May 4, 1887. [New York? 1887?] 20 pp. Pp. 17-20. A bill to encourage cooperation, introduced in the Senate by Senator Stanford, 1886.
- The Studebaker Corporation. South Bend, Ind. Employees' profit-sharing announcement. 1913. [South Bend, 1913.] 9 pp.
- Sumner, Helen L. See Adams, Thomas S., and Sumner, Helen L.
- Taylor, Frederick W. Competitive profit sharing. (In Profit sharing and scientific management. Four addresses. Boston, Efficiency Society of New England, 1914. pp. 10-15.)
- Tolman, William H. Social engineering; a record of things done by American industrialists . . . New York, McGraw, 1909. 384 pp.

- Towns, Henry R. The adjustment of wages to efficiency; gain-sharing. (In American Economic Association. Economic studies. June, 1896. Vol. 1, pp. 51-73.) Concise discussion of the gain-sharing, contract work, and piecework systems.
- Townsend, George R. The cooperative wage system. A description of the plan for sharing labor savings between employer and employees, developed and introduced at the Henry R. Worthington Hydraulic Works, Harrison, N. J. [n. p., 1914.] 9 pp. (Prepared for the . . . Babson Statistical Organization conference on profit-sharing . . . held in Wellesley Hills, Mass., October, 1914.)
- United States Bureau of Labor. References on profit sharing may be found in the following reports.
- 1st Annual Report. 1886. Industrial depressions; Profit sharing. pp. 279-286.
- 8th Special Report. 1895. Housing of the working people. pp. 339.
- Bulletin 6, September, 1896. Industrial communities; Familistère Society of Guise, France, by W. F. Willoughby. pp. 582-589.
- Bulletin 7, November, 1896. Industrial communities: Netherlands Yeast and Alcohol Factory, Agneta Park, Delft, Holland, by W. F. Willoughby. pp. 716.
- Bulletin 31, November, 1900. The betterment of industrial conditions, by V. H. Olmsted. pp. 1138-1140; 1147; 1150; 1151.
- Condition of railway labor in Italy, by Dr. Luigi Einaudi. System of gain sharing in the stations. pp. 1232-1254.
- Bulletin 34, May, 1901. Social economics at the Paris exposition, by N. P. Gilman. pp. 445, 446.
- Bulletin 43, November, 1902. Report to the President on anthracite coal strike, by Carroll D. Wright. pp. 1158; 1159; 1205.
- Report. 1911. Conditions of employment in the iron and steel industry in the United States. Vol. III. Working conditions and the relations of employers and employees. pp. 461-469. (62d Cong., 1st sess., S. Doc. No. 110.)
- Report. 1910-1912. Report on condition of woman and child wage earners in the United States. Vol. 1. Cotton textile industry. pp. 343-345. (61st Cong., 2d sess., S. Doc. 645.)
- Bulletin 112. 1912. Decisions of the court affecting labor. Profit-sharing by-laws of corporations—rewards—acceptance of offer, by L. D. Clark. pp. 178-181.
- Bulletin 123. May 15, 1913. Employers' welfare work, by Elizabeth L. Otey. pp. 33, 39, 60, 69.
- Williams, Aneurin. Copartnership and profit sharing. New York, Holt, 1913. 256 pp.
- Wing, George C. Applied profit sharing. [Cleveland, Gardner Printing Co., c1912.] 13 pp. United States Steel Corporation.

ARTICLES IN PERIODICALS.

1886. Snow, F. E. The legal aspects of industrial copartnership. American Law Review, September-October, 1886, vol. 20: 698-703.
1887. Giddings, F. H. The theory of profit sharing. Quarterly Journal of Economics, April, 1887, vol. 1: 367-377.
- Gilman, N. P. Profit sharing. Forum, September, 1887, vol. 4: 96-104.
- Kingsbury, F. J. Profit sharing as a method of remunerating labor. American Social Science Association. Journal, November, 1887, vol. 23: 25-36.
- — — New Englander and Yale Review, November, 1887, vol. 47: 333-345.
- Nelson, N. O. Profit sharing. North American Review, April, 1887, vol. 144: 358-394.
- Powell, George M. Profit sharing, historically and theoretically considered. American Social Science Association. Journal, November, 1887, vol. 23: 47-57. Discussion: 58-67.

1887. Richard, Ernst. Mr. Alfred Dolge and his employees. *American Social Science Association, Journal*, November, 1887, vol. 23: 37-46.
1889. Ray, W. H. Profit sharing. *Dial*, May, 1889, vol. 10: 5-9.
1891. A new departure in profit sharing. *Chambers Journal*, September 19, 1891, vol. 68: 596-598. (Dolge Manufacturing Co., Dolgeville, N. Y.)
Profit sharing in the Pillsbury mills. *American Review of Reviews*, September, 1891, vol. 4: 172-174.
1892. Dolge, Alfred. Economic distribution of earnings v. profit sharing. *Social Economist*, January, 1892, vol. 2: 129-140.
Gilman, N. P. Profit sharing in the United States. *New England Magazine*, September, 1892, n. s. vol. 7: 120-128.
Jenks, J. W. Railway profit sharing. *Charities Review*, May, 1892, vol. 1: 299-303.
1893. Theory and practice of profit sharing. *Catholic World*, October, 1893, vol. 58: 111-116.
1894. Ehrich, Louis R. Stock sharing as a preventive of labor troubles. *Forum*, December, 1894, vol. 18: 433-438. [Profit sharing.] *Public Opinion*, 1894, vol. 17: 86; 97; 367; 573.
1895. Blackmar, F. W. Two examples of successful profit sharing. *Forum*, March, 1895, vol. 19: 57-67.
Procter & Gamble, Ivorydale, Ohio.
N. O. Nelson Manufacturing Co., St. Louis, Mo.
Proctor, William C. Does profit sharing pay? *Our Day*, June, 1895, vol. 14: 317-320.
— An experiment in profit sharing. *Independent Magazine*, May 2, 1895, vol. 47: 7-8.
Account of Procter & Gamble's successful experience.
1896. Experience with profit sharing. *American Architect and Building News*, January 18, 1896, vol. 51: 28-29.
Gladden, Washington. Profit sharing. *Lend a Hand*, June, 1896, vol. 16: 407-415.
(Procter & Gamble Co.)
Howorth, I. W. Profit sharing at Ivorydale. *American Journal of Sociology*, July, 1896, vol. 2: 43-57.
Mather, F. G. Both sides of profit sharing. *Popular Science Monthly*, January, 1896, vol. 48: 401-406.
Monroe, Paul. Profit sharing in the United States. *American Journal of Sociology*, May, 1896, vol. 1: 685-709.
1898. Parker, Jane M. Profit sharing and domestic service as discussed at a woman's club. *North American Review*, May, 1898, vol. 166: 639-640.
1899. Halsey, F. A. The premium plan criticised. *American Machinist*, June 22, 1899, vol. 22: 556-559.
Monroe, P. Profit sharing and cooperation. *American Journal of Sociology*, March-May, 1899, vol. 4: 593-602; 788-806.
Premium plan and profit sharing. *American Machinist*, June 29, 1899, vol. 22: 576.
1900. Katcher, Leopold. Is profit sharing justifiable? *Catholic World*, May, 1900, vol. 71: 225-232.
1901. Phillips, R. E. Sharing prosperity. *World's Work*, May, 1901, vol. 2: 761-763.
1902. Armstrong, H. E. Profit sharing in America. *Ainslee's Magazine*, February, 1902, vol. 9: 20-28.
Cabot, S. Instance of profit sharing. *American Review of Reviews*, September, 1902, vol. 26: 325-326.
Gantt, H. L. The bonus system of rewarding labor. *American Review of Reviews*, September, 1902, vol. 26: 326-328.

1902. Mathieson, George. Some aspects of profit sharing. *Economic Review*, January 15, 1902, vol. 12: 35-42. General treatise on the subject.
- Purves, A. Harmonizing labor and capital by means of industrial partnership. *American Academy of Political and Social Science. Annals*, July, 1902, vol. 20: 61-77.
- Waldo, F. L. What employers say of it. (Profit sharing.) *World's Work*, December, 1902, vol. 5: 2853-2855.
1903. Carnegie, A. Labor partnership and profit sharing. *Cassier's Magazine*, July, 1903, vol. 24: 183-193. (U. S. Steel Corporation.)
- Employees as partners. *Harper's Weekly*, Mar. 7, 1903, vol. 47: 403-404. (U. S. Steel Corporation.)
- Falconer, Kenneth. Profit sharing and the premium plan. *Cassier's Magazine*, December, 1903, vol. 25: 173-175.
- Freeman, Albert T. Labor system of the John B. Stetson Co. *American Academy of Political and Social Science. Annals*, November, 1903, vol. 22: 445-450.
- Goodrich, A. Steel Corporation's profit sharing plan. *World's Work*, February, 1903, vol. 5: 3055-3058.
- Kershaw, J. B. C. The promotion of industrial efficiency and national prosperity. *Engineering Magazine*, June-August, 1903, vol. 25: 329-341; 533-538; 641-646. Premium wage system as practiced in Germany, the United Kingdom, and the United States.
- McNutt, G. L. Real profit sharing and the results; Baker Co., Independent, Mar. 12, 1903, vol. 55: 619-622.
- Outerbridge, Alexander E. The premium system of wage payment. *American Academy of Political and Social Science. Annals*, January, 1903, vol. 21: 10-19.
- Quinn, C. H. Unique experiment in profit sharing. *Outlook*, Feb. 21, 1903, vol. 73: 451-452. Eastman Kodak Co., Rochester, N. Y.
- Wellman, W. Steel Corporation's profit-sharing plan. *American Review of Reviews*, March, 1903, vol. 27: 327-331.
1904. Cabot, Samuel. "A seventeen-year trial of profit sharing." *Journal of Social Science*, September, 1904, No. 42: 95-97. Samuel Cabot, manufacturer of chemicals, Boston.
1905. Clark, J. B. Profit sharing, old and new. *Harper's Magazine*, April, 1905, vol. 110: 772-776.
- Nelson, N. O. Profit sharing with the customer. *Independent*, May 25, 1905, vol. 58: 1179-1182.
- Parsons, F. Experiment in industrial harmony. *Outlook*, July 15, 1905, vol. 80: 671-676. A Boston firm.
- Vermont Company. *Outlook*, Apr. 29, 1905, vol. 79: 1019-1020.
1906. Donney, R. H. Profit sharing as a peace and profit maker. *Iron Age*, Mar. 29, 1906, vol. 77: 1106-1107. Plan of the Keystone Driller Co.
- Eads, A. W. Practical cooperation at LeClaire. (Illinois.) *Arena*, November, 1906, vol. 36: 463-480.
- Emerson, H. Shop betterment and the individual effort of profit sharing. *Engineering Magazine*, March, 1906, vol. 30: 896-900.
- Nelson, N. O. Profit sharing in practice. *American Review of Reviews*, December, 1906, vol. 34: 728-730.
1908. Profit sharing and strikes. *Outlook*, Nov. 21, 1906, vol. 90: 604-605.
- Successful plan of the United States Steel Corporation. *Harper's Weekly*, Feb. 8, 1908, vol. 52: 5.
1909. Carnegie, Andrew. Future of labor. *American Academy of Political and Social Science. Annals*, March, 1909, vol. 33: 239-245.

1909. Carnegie, Andrew. How labor will absorb capital. *World's Work*, January, 1909, vol. 17: 11124-11128.
 Cooperation of the employer and employed as a solution of socialism and the labor problem. *Craftsman*, February, 1909, vol. 15: 618-622.
 Crane, R. T. Profit sharing. *Iron Age*, April 22, 1909, vol. 83: 1270-1272.
 Two papers read at the New York meeting of the National Metal Trades Association, by R. T. Crane and N. O. Nelson.
 Perkins, George W. Profit sharing, benefits, pensions. *Iron Age*, Dec. 2, 1909, vol. 84: 1704-1705. International Harvester Co.
 Nelson, N. O. My business life. *World's Work*, December, 1909-January, 1910, vol. 19: 12387-12393, 12504-12511. "How I came through my own experience to believe in profit sharing."
 Tolman, W. H. Prosperity sharing. *Century Magazine*, March, 1909, vol. 77: 795-797.
1911. Boutell, A. A. Profit sharing in Detroit. *Human Engineering*, January, 1911, vol. 1: 20. Detroit Graphite Co.
 Brewster, Chauncey B. Industrial war or peace. *Independent*, July 13, 1911, vol. 71: 75-78.
 Fitch, John A. New profit sharing plan. *Survey*, April 1, 1911, vol. 26: 30-31.
 Giving the corporation a soul. *Current Literature*, October, 1911, vol. 51: 460-462.
 Kellogg, Paul U. Pioneering by employers. *Survey*, Aug. 19, 1911, vol. 26: 712-717.
 Lupke, P. Master and men. *Survey*, Aug. 19, 1911, vol. 26: 717-719.
 Nelson, N. O. Profit sharing. *Independent*, Oct. 19, 1911, vol. 71: 858-860.
 Perkins, G. W. Practical profit sharing and its moral. *World's Work*, July, 1911, vol. 22: 14619-14625. International Harvester Co.
 Schmidlapp, Jacob G. Profit sharing, pension, and annuity funds. *Editorial Review*, August, 1911, vol. 5: 749-754. Union Savings Bank & Trust Co., Cincinnati, Ohio.
 Social program of the National Electric Light Association. *Survey*, Aug. 19, 1911, vol. 26: 730-734.
1912. Fitch, John A. The United States Steel Corporation and labor. *American Academy of Political and Social Science. Annals*, July, 1912, vol. 42: 10-19.
 Foerster, Robert F. Promising venture in industrial partnership. *American Academy of Political and Social Science. Annals*, November, 1912, vol. 44: 97-103. Discussion of scheme of the Dennison Manufacturing Co.
 Profit sharing and small business. *American Review of Reviews*, April, 1912, vol. 45: 502-503.
 Profit sharing in a Wisconsin plant. *Iron Age*, July 18, 1912, vol. 90: 128-129.
 Stock distribution plan of the Baker Manufacturing Co.
 Williams, A. Industrial peace activities of the National Electric Light Association. *American Academy of Political and Social Science. Annals*, November, 1912, vol. 44: 94-96.
 Wuest, R. Industrial betterment activities of the National Metal Trade Association. *American Academy of Political and Social Science. Annals*, November, 1912, vol. 44: 74-85. Profit sharing, pp. 79-80.
1913. Church, A. Hamilton: Bonus systems and the expense burden. *Engineering Magazine*, November, 1913, vol. 46: 207-216. General treatment of the subject.
 — Premium piecework and the expense burden. *Engineering Magazine*, October, 1913, vol. 41: 7-18.
 Eliot, Charles W. Successful profit sharing. *System*, August, 1913, vol. 24: 139-145. Simplex Wire & Cable Co.

1913. Ham, W. F. Profit-sharing plan of the Washington Railway & Electric Co. *Electric Railway Journal*, Oct. 16, 1913, vol. 42: 814-815.
 How profit sharing in steel has resulted. *Literary Digest*, Dec. 6, 1913, vol. 47: 1140.
 Nelson, John. Bonus and rating for works executives. *Iron Age*, May 15, 1913, vol. 91: 1159-1162. Royal Type Writer Co., Hartford, Conn.
 Perkins, George W. Let workers share in profits. *American Employer*, October, 1913, vol. 2: 149-152.
 ——— Square Deal, Battle Creek, Mich., August, 1913, vol. 13: 7-11.
 Post, C. W. A peaceful industrial family. *Square Deal*, Battle Creek, Mich., July, 1913, vol. 12: 495-506.
 Profit sharing. *American Machinist*, May 1, 1913, vol. 38: 749-750.
 Profit sharing by the Washington Railway & Electric Co. *Electric Railway Journal*. Jan. 11, 1913, vol. 41: 87.
 Profit sharing in big business. *Literary Digest*, Nov. 22, 1913, vol. 47: 1027.
 Stock distribution to employees. *Square Deal*, Battle Creek, Mich., June, 1913, vol. 12: 417-419. Spirella Co., Midvale, Penn.
 Yarros, V. S. Social Science and what labor wants. *American Journal of Sociology*, November, 1913, vol. 19: 308-322.
 Youngstown Sheet & Tube Co.'s plan of distributing a surplus. *Iron Age*, Nov. 13, 1913, vol. 92: 1115.
1914. Abell, O. J. Labor classified on a skill wages basis by the Ford Motor Co. *Iron Age*, Jan. 1, 1914, vol. 93: 48-51.
 ——— *Scientific American Supplement*, Feb. 7, 1914, vol. 7: 86-88.
 Account of the first year's operation of the Ford profit sharing plan. *Detroit News for Tuesday*, Nov. 24, 1914.
 Arnold, H. L. Ford methods and the Ford shops. *Engineering Magazine*. April-October, December, 1914, vol. 47: 1-26; 179-203; 331-358; 507-532, 667-692; 857-886; vol. 48: 33-60; 338-366.
 Babson, Roger W. Real profit sharing; next step forward in the labor world. *Square Deal*, Battle Creek, Mich., August-October, 1914, vol. 15: 71-74; 129-132; 251-256.
 Benson, Allen L. The bombshell that Henry Ford fired. *Pearson's Magazine*, April, 1914, vol. 31: 403-413.
 Buckley, E. J. Is a profit sharer always a partner? *Metal Worker*, Dec. 18, 1914, vol. 82: 803.
 Clipper profit sharing plan nearly doubles both production and wages. *Automobile*, June 4, 1914, vol. 30: 1171-1173.
 Dividing the profits—the Ford way. *Square Deal*, Battle Creek, Mich., February, 1914, vol. 14: 13-15.
 Fitch, John A. Ford of Detroit and his ten-million-dollar-profit-sharing plan. *Survey*, Feb. 7, 1914, vol. 31: 545-550.
 Ford melon for labor. *Literary Digest*, Jan. 17, 1914, vol. 48: 95-96.
 Ford plan for employees' betterment. *Iron Age*, Jan. 29, 1914, vol. 93: 306-309.
 Fuesle, Newton A. Henry Ford, a traitor to his class. *American photo-engraver*, February, 1914, vol. 6: 71-75.
 Garrett, G. Henry Ford's experiment in good will. *Everybody's*, April, 1914, vol. 30: 463-474.
 Henry Ford and profit sharing. *Outlook*, Jan. 17, 1914, vol. 106: 105, 106.
 Lee, J. R. Bank accounts of Ford employees gain 30 per cent in 6 months. *Automobile*, Oct. 8, 1914, vol. 31: 683-685.
 Louis, G. L. Paying more than wages; which profit-sharing system to use and why. *System*, June, 1914, vol. 25: 604-609.
 Millions of profits to employees. *Independent*, Jan. 19, 1914, vol. 77: 83.

1914. Nathan, Jacob. Where men are made to appreciate their own work. *Square Deal*, Battle Creek, Mich., March, 1914, vol. 14: 147, 148. Ford Motor Co. and J. E. Bolles Iron Works, Detroit.
- Nelson, N. O. Leclair—*an existing city of the future*. *Independent*, Jan. 19, 1914, vol. 77: 100.
- Probing the Ford labor melon. *Literary Digest*, Jan. 24, 1914, vol. 48: 143.
- Profit sharing. A discussion of the Ford plan; (1) its defects, by G. M. Verity; (2) its merits, by L. F. Abbott. *Outlook*, Mar. 21, 1914, vol. 106: 627-631.
- Profit sharing as an investment. *Industrial Engineering*, May, 1914, vol. 14: 207. Clipper Belt Lacer Co., Grand Rapids, Mich.
- Profit sharing or largesse? *Nation*, Jan. 15, 1914, vol. 98: 51-52. The Ford plan.
- Profit sharing plan of the Farr Alpaca Co., Holyoke, Mass. *Iron Age*, Feb. 12, 1914, vol. 93: 452.
- Profit-sharing scheme of a Cleveland firm. (W. S. Tyler Co.) *Survey*, Oct. 10, 1914, vol. 33: 50.
- Rankin, J. R. Profit sharing for savings; W. C. Proctor's successful plan. *World's Work*, July, 1914, vol. 28: 316-320.
- Rockwell, T. S. Pay roll partners. *System*, December, 1914, vol. 26: 624-629.
- Rumely, E. A. Mr. Ford's plan to share profits. *World's Work*, April, 1914, vol. 27: 664-669.
- Sensationalism in profit sharing. *Living Age*, Feb. 28, 1914, vol. 280: 568-571. The Ford plan.
- *Spectator*, Jan. 17, 1914, vol. 112: 83-84.
- Slauson, H. W. Ten-million-dollar efficiency plan. *Machinery*, October, 1914, vol. 21: 83-87.
- Spence, J. C. How may we and our men earn more money? *Industrial Engineering*, June, 1914, vol. 14: 239-241.
- Successful profit sharing; plan of the Clipper Belt Lacer Co. Grand Rapids, Mich. *Iron Age*, May 7, 1914, vol. 93: 1133.
- *Metal Worker*, June 26, 1914, vol. 81: 856.
- Todd, Frederick. Trading profits for brains. *World's Work*, August, 1914, vol. 28: 461-466. United States Rubber Co.
- Two experiences in profit sharing. *American Industries*, May, 1914, vol. 14: 20. Proctor & Gamble and the Clipper Belt Lacer Co.
- *Square Deal*, Battle Creek, Mich., June, 1914, vol. 14: 415, 416.
- Verity, G. M. Profit sharing in operation. *Outlook*, May 16, 1914, vol. 107: 123-126. American Rolling Mill Co.
1915. Abell, O. J. The making of men, motor cars, and profits. *Iron Age*, Jan. 7, 1915, vol. 95: 33-41.
- A year of profit sharing at the plant of the Ford Motor Co. *Hardware Age*, Jan. 14, 1915, vol. 95: 48-52.
- Benson, Allen L. What Ford wages have done. *Pearson's Magazine*, March, 1915, vol. 33: 259-268.
- Beringer, P. N. Profit sharing in theory and practice. *American Industries*, July, 1915, vol. 15: 11-12. "Why should not workers share losses as well as profits?"
- Buckley, E. J. Danger from giving employee stock in one's business. *National Laundry Journal*, Sept. 1, 1915, vol. 74: 50.
- *Hardware Age*, Sept. 16, 1915, vol. 96: 47.
- Cardullo, Forrest E. Industrial betterment, A study of safety and welfare work in manufacturing and selling organizations. *Machinery*, November, 1915, vol. 22: 171-201.
- Dewhurst, M. Something better than philanthropy. *Outlook*, Sept. 1, 1915, vol. 111: 48-51. Profit sharing scheme of the Dennison Manufacturing Co.

- 1915: Dunn, Harry H. Fifty shops given to clerks. *Technical World Magazine*, June, 1915, vol. 23: 444-448. N. O. Nelson, New Orleans.
- Farrell, J. A. Profit sharing. When? Why? How? *System*, March, 1916, vol. 29: 227-232.
- Ford, Henry. Paying \$5 a day; a year's experience. *Survey*, Mar. 20, 1915, vol. 33: 673-674.
- Fisher, Boyd. Employers and profit sharing. *Journal of the Efficiency Society*, March, 1915, vol. 4: 2-12.
- Ford, Henry. Profit-sharing plan explained to the Federal Commission on Industrial Relations. *Iron Trade Review*, Jan. 28, 1915, vol. 56: 234-235.
- Gaunt, Ernest H. Profit sharing not a dream. *Steam Shovel and Dredge*, February, 1915, vol. 19: 131-133.
- Outlook, Dec. 30, 1914, vol. 108: 1016-1018.
- Giving away \$10,000,000 every year. *Literary Digest*, Mar. 6, 1915, vol. 50: 498.
- Gorgau, John B. The triumph of Henry Ford's ideals. *National Magazine*, January, 1915, vol. 41: 623-632.
- Investigation and analysis of profit-sharing plans. *Efficiency Magazine*, March, 1915, vol. 5: 1, 2, 15. Concerning the Babson conference.
- King, C. P. Washington Railway & Electric Co.'s profit-sharing checks. *Electric Railway Journal*, Jan. 16, 1915, vol. 45: 157-158.
- McCubbin, T. P. Profit sharing. *Industrial Outlook*, April, 1915, vol. 2: 16-18.
- Nelson, N. O. Why I share my profits. *System*, October, 1915, vol. 28: 338-344.
- Pfahler, A. E. Profit sharing as an influence in industrial relations. *American Academy of Political and Social Science. Annals*, May, 1915, vol. 59: 200-208.
- Pittsburg Coal employees stock investment plan working well. *Coal Trade Bulletin*, Nov. 15, 1915, vol. 33: 25-26.
- Profit sharing. *Motorman and Conductor*, June, 1915, vol. 23: 3-5.
- *Tile Layers' Journal*, September, 1915, vol. 15: 3-5.
- Profit sharing as a booster for cooperation. *Dodge Idea*, June, 1915, vol. 31: 229.
- Profit sharing as a means of enlisting better cooperation. *Dodge Idea*, February, 1915, vol. 31: 69, 81.
- The share of labor from what is produced in industry in the United States. *Economic World*, July 17, 1915, vol. 96: 77-79.
- Sharing the profits with factory employees. *Dodge Idea*, April, 1915, vol. 31: 152, 164.
- Sharing the day's profits—some plans and results. *Dodge Idea*, December, 1915, vol. 31: 471, 484-485.
- Tarbell, I. M. Experiments in justice. *American Magazine*, March, 1915, vol. 79: 37-41.
- Model industrial village in Illinois town. *Metal Worker*, Mar. 19, 1915, vol. 83: 400.
- Trowbridge, Aura E. Making principal employees partners in business. *Dodge Idea*, September, 1915, vol. 31: 341.
- Views of industrial employees. *American Review of Reviews*, October, 1915, vol. 52: 495-496.
- Ways to share profits. *System*, October, 1915, vol. 28: 344-350.
- What the men are thinking. *System*, September, 1915, vol. 28: 230-237.
- Whitehead, H. Making the workmen happy. *Domestic Engineering*, July 10, 1915, vol. 72: 33-34.
1916. An arraignment of the so-called profit-sharing system. *Union Leader*, Chicago, July 22, 1916, vol. 17: 1-3.
- Coffey, Morris. Sharing the profits in a furniture factory. *Wood-worker*, January, 1916, vol. 34: 32-33.

1916. Fisher, Boyd. Where profit sharing fails and where it succeeds. The first of two articles based on an expert's analysis of 125 profit-sharing plans. *System*, March, 1916, vol. 29 : 233-239. Includes a model profit sharing plan.
 — Where profit sharing fails and where it succeeds. *System*, April, 1916, vol. 29 : 379-386.
- Guck, H. A. Profit sharing in lead and copper mining. *Engineering and Mining Journal*, Apr. 1, 1916, vol. 101 : 612-613.
- Marsh, A. R. Economic and other difficulties with profit sharing. *Economic World*, Apr. 29, 1916, n. s. vol. 11 : 557-558.
- A model profit-sharing plan. *System*, April, 1916, vol. 29 : 386-387.
- Perkins, George W. The worker's fair share. *Economic World*, Feb. 12, 1916, vol. 11 : 209-212.
- Profit sharing. 100 per cent Efficiency, August, 1916, vol. 7 : 98, 100.
- Profit-sharing system, Cleveland Twist Drill Co. *Machinery*, February, 1916, vol. 22 : 505.
- Profit sharing in American industrial concerns. *Economic World*, Feb. 12, 1916, n. s. vol. 11 : 201-202.
- Profit sharing in the United States. *Economic World*, Mar. 25, 1916, n. s. vol. 11 : 403-405.
- Sears, Roebuck profit-sharing plan. *Survey*, July 22, 1916, vol. 36 : 426-437.
- The Stetson strike and profit sharing. *American Federationist*, May, 1916, vol. 23 : 383-385.
- Washington Railway & Electric Co.'s employees receive bonus. *Electric Railway Journal*, Jan. 8, 1916, vol. 47 : 74.

PROFIT SHARING IN FOREIGN COUNTRIES.

BOOKS AND PAMPHLETS.

- Auerbach, Felix. The Zeiss works and the Carl Zeiss stiftung in Jena; their scientific, technical and sociological development and importance. Translated from the 2d German edition. London, Marshall [1904]. 146 pp.
- Aves, Ernest. *Cooperative industry*.¹ London, Methuen, 1907. 310 pp.
- Bolen, George L. *Getting a living*.¹ New York, Macmillan, 1903. Profit sharing. pp. 97-122.
- Bolton, Sarah K. *Social studies in England*. Boston, Lothrop [1900]. 206 pp.
 Profit sharing with employees. pp. 167-174.
- Bushill, T. W. *Profit sharing and the labour question*. London, Methuen, 1893. 262 pp.
- Cadbury, Edward. *Experiments in industrial organization*.¹ London, Longmans, 1912. Chap. 5: Methods of remuneration. pp. 140-199.
- Calkins, Mary W. *Sharing the profits*.¹ Boston, Ginn, 1888. 70 pp.
- Carpenter, Charles C. *Copartnership in industry*. With an appendix comprising chronological notes on British profit sharing and copartnership, 1829-1912. London, Copartnership publishers, ltd., 1912. 28 pp.
 ——— 2d edition. 1914. 62 pp.
- Industrial copartnership. London, Copartnership Publishing Co., 1914. 51 pp.
- Cooperative Congress*. Annual cooperative congress, 1st, 1889 to date. Manchester. England, 1890 to date.
- Donisthorpe, Wordsworth. *Labour capitalization*. London, Harmsworth, 1887, 218 pp.
- Egerton, Hugh E. Profit sharing. (In Palgrave, R. H. I., editor. *Dictionary of Political Economy*. Vol. 3, pp. 225-227. London, 1901.)
- Emerson, Harrington. *Comparative study of wage and bonus systems*.¹ New York. The Emerson Co. [1912]. 27 pp.

¹ General treatises on profit sharing, without reference to specific country or individual plan.

- Fay, Charles R. Cooperation at home and abroad; a description and an analysis, New York, Macmillan, 1908. 403 pp.
- Furness, Sir Christopher. Industrial peace and industrial efficiency. Proposals submitted . . . to a conference of trades-union representatives, held . . . on the 7th of October, 1908. [West Hartlepool, Salton, 1908.] 40 pp. Profit sharing in the ship-building industry in England.
- George, W. L. Labour and housing at Port Sunlight. London, Rivers, 1909. 218 pp. Description of every phase of the prosperity sharing principle in Mr. Lever's model factory community and works just outside of Liverpool, England. Disadvantages of profit sharing, pp. 9-17.
- Great Britain. Report (by J. Lowry Whittle) on profit sharing. London, Printed for H. M. Stationery office, 1891. 43 pp. (Gt. Brit. Parliament. Papers by command, (Cd. 6267.) (Accounts and papers, vol. 78.) Reprinted in United States Consular reports, March, 1891. Vol. 35, pp. 385-430.
- *Board of trade.* Report by Mr. D. F. Schloss on profit sharing. London, 1894. 198 pp. (Cd. 7458.) Yearly addenda may be found in the Labour gazette, vol. 3, 1895 to date.
- — Profit sharing and copartnership . . . Report on profit sharing and copartnership in the United Kingdom. London, 1912. 160 pp. (Cd. 6496.) Includes Profit sharing in private firms and companies, including opinions as to results; Tables of cases in which profit sharing now exists or has been abandoned; Rates of bonus; Rules of various schemes; Bibliography.
- — Profit-sharing system in Great Britain. (In its 15th abstract of labour statistics of the United Kingdom. London, Wyman, 1912. pp. 134-136.)
- — (In same for 1913. Vol. 16, pp. 119-122; 236-238.)
- — (In same for 1914. Vol. 17, pp. 83-86; 229; 245-246.)
- Greening, E. O. Complete cooperation. (In Cooperative life. A course of lectures . . . developed at Working Men's College, London, January-March, 1889. London, Cooperative Printing Society, 1889. pp. 186-202.)
- Hadley, Arthur T. Economics . . .¹ New York, Putnam, 1896. Profit sharing, pp. 373-378.
- Hall, W. H. "Leclaire," a lecture. Manchester, England, Central cooperative board, 1880. 17 pp.
- Hart, Mary H. Capital and labour. A brief sketch of the "Maison Leclaire" and its founder. London, Labour Copartnership Association, 1909. 18 pp. — — 3d edition. London, 1912. 14 pp.
- Hawaiian Islands. Labor commission. Report of the labor commission on cooperation and profit sharing. Honolulu, Grieve, 1895. 68 pp.
- Holyoake, George J. Partnerships of industry; a statement of the cooperative case divested of sentimentality. London [Austin], 1865. 16 pp. A paper read at the Social Science Congress, 1865.
- Holyoake, George J. History of cooperation. London, Unwin, 1906. 2 vols. Vol. 2. Chapter 50. Copartnership with labour. pp. 661-665.
- Industrial remuneration conference,¹ London, 1885. Report of the proceedings and papers . . . Jan. 28-30, 1885. London, Cassell, 1885. 528 pp.
- Jones, Benjamin. Cooperative production. Oxford, Clarendon Press, 1894. Profits and profit sharing. pp. 783-808.
- Labour Copartnership Association, London. Publications. For list see its annual reports.
- Layton, W. T. The relations of capital and labour.¹ London, Collins, 1914. 264 pp. Sliding scales and profit sharing. pp. 173-186.
- Lever Brothers, Ltd., Port Sunlight, England. Port Sunlight and prosperity sharing. [Port Sunlight, n. d.] 24 pp.

¹ General treatises on profit sharing, without reference to specific country or individual plan.

- Lever Brothers, Ltd., Port Sunlight; a successful experiment in prosperity sharing. [Port Sunlight, Lever Brothers, n. d.] 36 pp.
- Livesey, Sir George T. Copartnership. London, Printed by King, Sell, and Olding, Ltd. [1908?], 30 pp. (Paper read before the Institute of Gas Engineers, June 16, 1908.)
- Lloyd, Henry D. Labor copartnership; notes of a visit to cooperative workshops, factories, and farms in Great Britain and Ireland in which employer, employe, and consumer share in ownership, management, and results. New York, Harper, 1898. 351 pp.
- Loomis, F. B. Cooperation and profit sharing. (In United States Bureau of Foreign Commerce. Reports from the Consuls of the United States, January, 1893. Vol. 41, pp. 21-56. Washington, 1893.) 52d Cong., 2d sess., House Mis. Doc. No. 109.
- McCabe, David A. Premium and bonus systems of payment.¹ (In his Standard rate in American trade-unions. Baltimore, J. H. U. press, 1912. pp. 235-41.)
- Mackmurdo, A. H. Pressing questions; profit sharing . . .¹ London, Lane, 1913. 342 pp. The Magazine of Commerce. Industrial peace and industrial efficiency. An experiment in copartnership. London, Magazine of commerce [1908]. 39 pp.
- Sir Christopher Furness's copartnership scheme. An account of the "Treaty at the Hartlepoons."
- Nicholson, Guy M. Profit sharing and national insurance as an aid to the solution of the labour question. London, King, n. d. 20 pp. (National liberal club. Political and economic circle. Transactions, vol. 5, Part XV.)
- Pease, Edward R. Profit sharing and copartnership. London, Fabian Society, 1913. 16 pp. (Fabian tract 170.)
- Price, Langford L. F. R. Cooperation and copartnership.¹ London, Collins, c1914. 264 pp.
- Rawson, H. G. Profit-sharing precedents. London, Stevens, 1891. 192 pp.
- Schloss, David F. Methods of industrial remuneration. 3d edition, revised. London, Williams, 1898. 446 pp.
- See also Gt. Britain. Board of trade. Report by Mr. D. F. Schloss on profit sharing.
- Schomerus, Fr. System of employment at the Carl Zeiss works at Jena. Jena, 1910. 24 pp.
- Shadwell, Arthur. Industrial efficiency.¹ New York, Longmans, 1906. 2 vols. Profit sharing. Vol. 2, pp. 136-146.
- Smith, Edward J. The new trades combination movement, its principles, methods, and progress.¹ London, Rivingtons, 1889. 96 pp.
- Smith, James C. Money and profit sharing; or the double standard money system.¹ London, Paul, 1908. 232 pp.
- Stead, W. T. Profit sharing plus copartnership. (In Peters, J. P., editor. Labor and capital. New York, Putnam, 1902. pp. 323-329.) South Metropolitan Gas Co., London.
- Tausig, Frank W. Principles of economics.¹ 2d edition. New York, Macmillan 1915. 2 vols. Profit sharing. Vol. 2, pp. 303-313.
- Taylor, Sedley. Profit sharing between capital and labour. Six essays . . . to which is added a memorandum on the industrial partnership at the Whitwood collieries. (1865-1874.) London, Paul, 1884. 170 pp. Discussions of historic profit-sharing arrangements in England and on the Continent.
- Taylor, Theodore C. Profit sharing and labour copartnership. Batley, Newsome, 1912. 12 pp. Reprinted from the Contemporary Review, May, 1912.
- Tolman, William H. Prosperity sharing. (In Peters, J. P., editor. Labor and capital. New York, Putnam, 1902. pp. 309-322.)

¹ General treatises on profit sharing, without reference to specific country or individual plan.

- U. S. Consulate, Bradford, England. Report on a profit-sharing plan. J. T. and J. Taylor, Ltd., Batley. [Bradford, England, 1912]. 17 typewritten leaves.
- Vivian, Henry. Copartnership in practice. London, Labour Copartnership Association, [1912]. 18 pp.
- Revised and brought up to date. May, 1914. London, 1914. 18 pp.
- Whittle, J. Lowry. See Great Britain. Board of trade. Report (by J. Lowry Whittle) on profit sharing. . . 1891.
- Williams, Aneurin. Labour copartnership and the aspirations of labour.¹ Letchworth, Garden City press, ltd., 190-? 11 pp.
- Labour copartnership. Its theory and practice.¹ London, Copartnership Association, 1903. 14 pp.

ARTICLES IN PERIODICALS.

1867. Godkin, E. L. Wages against cooperation. Nation, Aug. 8, 1867, vol. 5: 111-112.
1882. Taylor, Sedley. Profit sharing in agriculture. Nineteenth Century, October, 1882, vol. 12: 583-590.
1891. Buahill, T. W., and Schloss, D. F. List of British profit-sharing firms. Economic Review, January, 1891, vol. 1: 92-96.
- Grey, Albert. Profit sharing in agriculture. Journal of Royal Agricultural Society, December, 1891, 3d ser., vol. 2: 771-793.
- Whittle, J. L. Profit sharing. Lend a Hand, July, 1891, vol. 7: 15-24. Extracts from Board of Trade Report by J. L. Whittle—Cd. 6267.
1893. Moffat, Warnford. Profit sharing and cooperation. (Pottery trade.) Economic Review, April, 1893, vol. 3: 247-250.
1899. Successful profit sharing. (South Metropolitan Gas Co., London.) Economic Journal, 1899, vol. 9: 535-538.
1900. Phillips, Lawrence. Two profit-sharing concerns. Economic Review, April, 1900, vol. 10: 239-241.
1902. Holyoake, George J. Higher cooperation; its inner history. Fortnightly Review, January, 1902, n. s. vol. 71: 81-101.
- Ludlow, J. M. An industrial partnership. Economic Review, April, 1902, vol. 12: 218-219.
1903. Middleton, M. W. Profit-sharing experiments. Economic Review, April, 1903, vol. 13: 213-215.
- Street railway profit sharing. Current Literature, January, 1903, vol. 34: 88. British Columbia Electric Railway Co., London.
1905. Profit sharing and copartnership. Quarterly Review, January, 1905, vol. 202: 61-87.
1909. Spiller, Gustav. A method of dealing with the labor problem. International Journal of Ethics, Apr. 6, 1909, pp. 358-367. Zeiss Optical works at Jena.
1912. Bartholeyna, A. O'D. Profit sharing between capital and labour. Westminster Review, May, 1912, vol. 177: 493-500.
- Bremner, C. S. Profit-sharing experiment; how Monsieur Godin tried to socialize his stove foundry. Harper's Weekly, Oct. 19, 1912, vol. 56: 12.
- Fay, C. R. Copartnership in industry. Economic Journal, December, 1912 vol. 23: 529-541.
- Harrison, Fairfax. A plan for industrial cooperation. Basing wages of railway employees on gross earnings proposed as a substitute for present means of settlement. Railway Age Gazette, Nov. 22, 1912, vol. 53: 987-989.
- Jones, G. Labour unrest; its cure. Westminster Review, November, 1912, vol. 178: 503-508.

¹ General treatises on profit sharing, without reference to specific country or individual plan.

NOTE.—General publications dealing with profit sharing both in this country and abroad, have been included in the United States list.

1912. Kershaw, John B. C. Copartnership and profit sharing as a solution for the wages problem. *Engineering Magazine*, September, 1912, vol. 43: 837-845.
 McDermott, Frederick. British railways and profit sharing. *Railway News*, July 13, 1912, vol. 98: 143-148.
 Stocks, J. Profit sharing in operation. *Economic Review*, July, 1912, vol. 22: 313-317.
 Taylor, Theodore C. Profit sharing and labour copartnership. *Contemporary Review*, May, 1912, vol. 101: 625-634.
 Wolmer, Viscount. Copartnership and industrial unrest. *National Review*, May, 1912, vol. 59: 524-537.
1913. Ashley, W. J. Profit sharing. *Quarterly Review*, October, 1913, vol. 219: 509-530.
 Furness, H. S. Copartnership and labour unrest. *Economic Review*, January, 1913, vol. 23: 61-72.
 Kershaw, J. B. C. Future relations of capital and labor. *Fortnightly Review*, December, 1913, vol. 100: 1145-1163.
 Lester-Garland, L. V. Copartnership and labour. *Economic Review*, April, 1913, vol. 23: 150-157.
 Smith, James C. Theory of equitable profit sharing. *Westminster Review*, November, 1913, vol. 180: 492-512.
1914. Profit sharing and labor copartnership. *Metal Worker*, June 19, 1914, vol. 81: 822.
 Cooperative production and profit sharing. *New Statesman*. Special Supplement, Feb. 14, 1914, 32 pp. Draft of 1st report of the committee of the Fabian Research Department in its investigation of "The control of industry." Submitted by Sidney and Beatrice Webb. Deals with the question, "Can the organization of industry be based exclusively on associations of producers."
 Loop, Carl R. Profit sharing in the United Kingdom. *U. S. Daily Consular and Trade Reports*, Oct. 22, 1914, 17th year, No. 248, p. 397.
 Profit sharing and copartnership abroad. *Iron and Coal Trades Review*, Mar. 20, 1914, vol. 88: 428.
1915. English railway men's war bonus. *Railway Age Gazette*, Nov. 12, 1915, vol. 60: 899.
 Profit sharing in the United Kingdom, 1914-1915. Great Britain. Board of Trade. *Labour Gazette*, November, 1915, vol. 23: 394.
- For list of publications in foreign languages, consult—
 International cooperative alliance. *International cooperative bibliography*. London, King, 1906.
 Profit sharing and labour copartnership. pp. 140-150. Arranged by country, including publications on profit sharing in Germany, France, Austria, Belgium, Denmark, Italy, Netherlands, the United Kingdom, and Switzerland, in addition to general works on the subject.
- Great Britain. Board of trade. Report on profit sharing and labour copartnership abroad . . . 1914. List of publications in the library of the Department of Labour dealing with profit sharing and labour copartnership. pp. 149-157. Includes "Foreign countries."
- Bibliographie der Sozialwissenschaften. 1., jahrgang, 1905 to date. Dresden, Böhmer, 1906 to date. Semimonthly.

SERIES OF BULLETINS PUBLISHED BY THE BUREAU OF LABOR STATISTICS.

[The publication of the Annual and Special Reports and of the bimonthly Bulletin has been discontinued, and since July, 1912, a Bulletin has been published at irregular intervals. Each number contains matter devoted to one of a series of general subjects. These Bulletins are numbered consecutively in each series and also carry a consecutive whole number, beginning with No. 101. A list of the series, together with the individual Bulletins falling under each, is given below. A list of the Reports and Bulletins of the Bureau issued prior to July 1, 1912, will be furnished on application.]

Wholesale Prices.

- No. 1. Wholesale prices, 1890 to 1912. (Bul. 114.)
- No. 2. Wholesale prices, 1890 to 1913. (Bul. 149.)
- No. 3. Index numbers of wholesale prices in the United States and foreign countries. (Bul. 173.)
- No. 4. Wholesale prices, 1890 to 1914. (Bul. 181.)
- No. 5. Wholesale prices, 1890 to 1915. (Bul. 200.)

Retail Prices and Cost of Living.

- No. 1. Retail prices, 1890 to 1911: Part I. (Bul. 105: Part I.)
Retail prices, 1890 to 1911: Part II—General tables. (Bul. 105: Part II.)
- No. 2. Retail prices, 1890 to June, 1912: Part I. (Bul. 106: Part I.)
Retail prices, 1890 to June, 1912: Part II—General tables. (Bul. 106: Part II.)
- No. 3. Retail prices, 1890 to August, 1912. (Bul. 103.)
- No. 4. Retail prices, 1890 to October, 1912. (Bul. 110.)
- No. 5. Retail prices, 1890 to December, 1912. (Bul. 113.)
- No. 6. Retail prices, 1890 to February, 1913. (Bul. 115.)
- No. 7. Sugar prices, from refiner to consumer. (Bul. 121.)
- No. 8. Retail prices, 1890 to April, 1913. (Bul. 125.)
- No. 9. Wheat and flour prices, from farmer to consumer. (Bul. 130.)
- No. 10. Retail prices, 1890 to June, 1913. (Bul. 132.)
- No. 11. Retail prices, 1890 to August, 1913. (Bul. 136.)
- No. 12. Retail prices, 1890 to October, 1913. (Bul. 138.)
- No. 13. Retail prices, 1890 to December, 1913. (Bul. 140.)
- No. 14. Retail prices, 1907 to December, 1914. (Bul. 156.)
- No. 15. Butter prices, from producer to consumer. (Bul. 164.)
- No. 16. Retail prices, 1907 to June, 1915. (Bul. 184.)
- No. 17. Retail prices, 1907 to December, 1915. (Bul. 197.)

Wages and Hours of Labor.

- No. 1. Wages and hours of labor in the cotton, woolen, and silk industries, 1890 to 1912. (Bul. 128.)
- No. 2. Wages and hours of labor in the lumber, millwork, and furniture industries, 1890 to 1912 (Bul. 129.)
- No. 3. Union scale of wages and hours of labor, 1907 to 1912. (Bul. 131.)
- No. 4. Wages and hours of labor in the boot and shoe and hosiery and knit goods industries, 1890 to 1912. (Bul. 134.)
- No. 5. Wages and hours of labor in the cigar and clothing industries, 1911 and 1912. (Bul. 135.)
- No. 6. Wages and hours of labor in the building and repairing of steam railroad cars, 1890 to 1912. (Bul. 137.)
- No. 7. Union scale of wages and hours of labor, May 15, 1913. (Bul. 143.)
- No. 8. Wages and regularity of employment in the dress and waist industry of New York City. (Bul. 146.)
- No. 9. Wages and regularity of employment in the cloak, suit, and skirt industry. (Bul. 147.)
- No. 10. Wages and hours of labor in the cotton, woolen, and silk industries, 1907 to 1913. (Bul. 150.)
- No. 11. Wages and hours of labor in the iron and steel industry in the United States, 1907 to 1912. (Bul. 151.)
- No. 12. Wages and hours of labor in the lumber, millwork, and furniture industries, 1907 to 1913. (Bul. 153.)
- No. 13. Wages and hours of labor in the boot and shoe and hosiery and underwear industries, 1907 to 1912. (Bul. 154.)
- No. 14. Wages and hours of labor in the clothing and cigar industries, 1911 to 1913. (Bul. 161.)
- No. 15. Wages and hours of labor in the building and repairing of steam railroad cars, 1907 to 1913. (Bul. 163.)
- No. 16. Wages and hours of labor in the iron and steel industry, 1907 to 1913. (Bul. 168.)
- No. 17. Union scale of wages and hours of labor, May 1, 1914. (Bul. 171.)
- No. 18. Wages and hours of labor in the hosiery and underwear industry, 1907 to 1914. (Bul. 177.)
- No. 19. Wages and hours of labor in the boot and shoe industry, 1907 to 1914. (Bul. 178.)
- No. 20. Wages and hours of labor in the men's clothing industry, 1911 to 1914. (Bul. 187.)
- No. 21. Wages and hours of labor in the cotton, woolen, and silk industries, 1907 to 1914. (Bul. 190.)
- No. 22. Union scale of wages and hours of labor, May 1, 1915. (Bul. 194.)
- No. 23. Street railway employment in the United States. (Bul. 204.) [In press.]

Employment and Unemployment.

- No. 1. Proceedings of the American Association of Public Employment Offices. (Bul. 192.)
- No. 2. Unemployment in the United States. (Bul. 195.)
- No. 3. Proceedings of Employment Managers' Conference. (Bul. 196.)
- No. 4. Proceedings of the Conference of Employment Managers' Association of Boston. (Bul. 202.)
- No. 5. The British system of labor exchanges. (Bul. 206.)

For material relating to these subjects, but not included in this series, see Miscellaneous series, Nos. 1, 10, 12 (Buls. 109, 172, 183).

Women in Industry.

- No. 1. Hours, earnings, and duration of employment of wage-earning women in selected industries in the District of Columbia. (Bul. 116.)
- No. 2. Working hours of women in the pea canneries of Wisconsin. (Bul. 119.)
- No. 3. Employment of women in power laundries in Milwaukee. (Bul. 122.)
- No. 4. Hours, earnings, and conditions of labor of women in Indiana mercantile establishments and garment factories. (Bul. 160.)
- No. 5. Summary of the report on condition of woman and child wage earners in the United States. (Bul. 175.)
- No. 6. Effect of minimum-wage determinations in Oregon. (Bul. 176.)
- No. 7. The boot and shoe industry in Massachusetts as a vocation for women. (Bul. 180.)
- No. 8. Unemployment among women in department and other retail stores of Boston, Mass. (Bul. 182.)
- No. 9. Dressmaking as a trade for women. (Bul. 183.)

For material relating to this subject, but not included in this series, see Miscellaneous series, Nos. 2, 3, 8 (Buls. 117, 118, 167).

Workmen's Insurance and Compensation (including laws relating thereto).

- No. 1. Care of tuberculous wage earners in Germany. (Bul. 101.)
- No. 2. British National Insurance Act, 1911. (Bul. 102.)
- No. 3. Sickness and accident insurance law of Switzerland. (Bul. 103.)
- No. 4. Law relating to insurance of salaried employees in Germany. (Bul. 107.)
- No. 5. Workmen's compensation laws of the United States and foreign countries. (Bul. 126.)
- No. 6. Compensation for accidents to employees of the United States. (Bul. 155.)
- No. 7. Compensation legislation of 1914 and 1915. (Bul. 185.)
- No. 8. Compensation laws of the United States and foreign countries. (Bul. 203.) [In press.]

Industrial Accidents and Hygiene.

- No. 1. Lead poisoning in potteries, tile works, and porcelain enameled sanitary ware factories. (Bul. 104.)
- No. 2. Hygiene of the painters' trade. (Bul. 120.)
- No. 3. Dangers to workers from dusts and fumes, and methods of protection. (Bul. 127.)
- No. 4. Lead poisoning in the smelting and refining of lead. (Bul. 141.)
- No. 5. Industrial accident statistics. (Bul. 157.)
- No. 6. Lead poisoning in the manufacture of storage batteries. (Bul. 165.)
- No. 7. Industrial poisons used in the rubber industry. (Bul. 179.)
- No. 8. Report of British departmental committee on danger in the use of lead in the painting of buildings. (Bul. 188.)
- No. 9. Report of committee on statistics and compensation insurance cost of the International Association of Industrial Accident Boards and Commissions. (Bul. 201.) [Limited edition.]
- No. 10. Anthrax as an occupational disease. (Bul. 205.) [In press.]
- No. 11. Causes of death by occupations. (Bul. 207.) [In press.]

Conciliation and Arbitration (including strikes and lockouts).

- No. 1. Conciliation and arbitration in the building trades of Greater New York. (Bul. 124.)
- No. 2. Report of the industrial council of the British Board of Trade on its inquiry into industrial agreements. (Bul. 133.)
- No. 3. Michigan copper district strike. (Bul. 139.)
- No. 4. Industrial court of the cloak, suit, and skirt industry of New York City. (Bul. 144.)
- No. 5. Conciliation, arbitration, and sanitation in the dress and waist industry of New York City. (Bul. 145.)
- No. 6. Collective bargaining in the anthracite coal industry. (Bul. 191.)
- No. 7. Collective agreements in the men's clothing industry. (Bul. 198.)

Labor Laws of the United States (including decisions of courts relating to labor).

- No. 1. Labor legislation of 1912. (Bul. 111.)
- No. 2. Decisions of courts and opinions affecting labor, 1912. (Bul. 112.)
- No. 3. Labor laws of the United States, with decisions of courts relating thereto. (Bul. 144.)
- No. 4. Decisions of courts and opinions affecting labor, 1913. (Bul. 152.)
- No. 5. Labor legislation of 1914. (Bul. 163.)
- No. 6. Decisions of courts affecting labor, 1914. (Bul. 169.)
- No. 7. Labor legislation of 1915. (Bul. 186.)
- No. 8. Decisions of courts affecting labor, 1915. (Bul. 189.)

Foreign Labor Laws.

- No. 1. Administration of labor laws and factory inspection in certain European countries. (Bul. 142.)

Vocational Education.

- No. 1. Vocational education survey of Minneapolis. (Bul. 199.)

For material relating to this subject, but not included in this series, see Wages and hours of labor series, No. 9 (Bul. 147); Conciliation and arbitration series, No. 5 (Bul. 145); Miscellaneous series, Nos. 6, 7 (Buls. 156, 162).

Miscellaneous Series.

- No. 1. Statistics of unemployment and the work of employment offices. (Bul. 109.)
- No. 2. Prohibition of night work of young persons. (Bul. 117.)
- No. 3. Ten-hour maximum working day for women and young persons. (Bul. 118.)
- No. 4. Employers' welfare work. (Bul. 123.)
- No. 5. Government aid to home owning and housing of working people in foreign countries. (Bul. 158.)
- No. 6. Short-unit courses for wage earners and a factory school experiment. (Bul. 159.)
- No. 7. Vocational education survey of Richmond, Va. (Bul. 162.)
- No. 8. Minimum-wage legislation in the United States and foreign countries. (Bul. 167.)
- No. 9. Foreign food prices as affected by the war. (Bul. 170.)
- No. 10. Unemployment in New York City, N. Y. (Bul. 172.)
- No. 11. Subject index of the publications of the United States Bureau of Labor Statistics up to May 1, 1915. (Bul. 174.)
- No. 12. Regularity of employment in the women's ready-to-wear garment industries. (Bul. 183.)



U. S. DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS

ROYAL MEEKER, Commissioner

BULLETIN OF THE UNITED STATES }
BUREAU OF LABOR STATISTICS } {No. 250

MISCELLANEOUS SERIES

WELFARE WORK FOR EMPLOY-
EES IN INDUSTRIAL ESTABLISH-
MENTS IN THE UNITED STATES

2



FEBRUARY, 1919

WASHINGTON
GOVERNMENT PRINTING OFFICE
1919

BULLETIN OF THE U. S. BUREAU OF LABOR STATISTICS.

NO. 250.

WASHINGTON.

FEBRUARY, 1919.

WELFARE WORK FOR EMPLOYEES IN INDUSTRIAL ESTABLISHMENTS IN THE UNITED STATES.

INTRODUCTION.

Though it may not be an exaggeration to say that welfare work as it is conducted in the United States to-day began with the beginnings of American manufacture—for example, cotton mills of Lowell in the first third of the nineteenth century supervised the living conditions of their operatives so as to attract and hold a desirable class of labor—it is a fact that the practice of industrial betterment, especially such as is carried on in the actual place of work, has spread widely and rapidly during the past few years.

Because of this growth and the awakening in practically all lines of industry to the importance of welfare measures, there has become apparent the need of a comprehensive yet somewhat detailed account of the practice as it exists to-day, showing what is practicable and desirable in the various industries, and what features are inexpensive, easily administered, and popular versus those which are costly to install and maintain and which prove less satisfactory than anticipated.¹ Despite its long history in certain parts of the country and in certain industries, welfare work is far from being standardized, and its pitfalls may be avoided only by a painstaking preliminary study of the local situation and inquiry as to what in the experience of others has failed or succeeded under similar conditions.

In many establishments the installation of industrial betterment work is due to a member of the firm, more enlightened than the others, who hammers away until given permission to spend a few hundred dollars on the experiment. Having secured this he visits, or sends some one to visit, a number of firms whose welfare activities are well established, or he makes inquiries by correspondence. It was largely because of the number of inquiries for such information made to the Bureau of Labor Statistics that the first-hand investigation, the report of which is the subject matter of this bulletin, was undertaken.

The field work of the investigation extended over a period of 12 months, in 1916-17, and 31 States were visited in connection with the study. In 28 of these one or more schedules were secured; in

¹ Owing mainly to the rapid and general rise in prices of practically all articles of merchandise—whether raw material or finished product—and also, to some extent, to the variations in the price of one article in various sections of the country, it is thought not feasible to give the costs of installment except in rare cases.

the other 3 States establishments were noted but for some reason were not scheduled. The investigation did not extend to the Pacific coast, Utah and Arizona being the most westerly States visited. Schedules were secured for 431 establishments; all but 7 of these reported number of employees, the aggregate approximating 1,662,000. The great variety of industries included is shown by the distribution of the 431 schedules, as follows: Textiles, 60; foundries and machine shops, 49; stores, 47; iron and steel, 40; electric railroads, 17; food products, 15; telephone and telegraph, 15; clothing and furnishings, 13; coal mining, 12; other mining, 12; gas and electric light and power, 10; printing and publishing, 10; steam railroads, 10; automobiles, 9; offices, 9; rubber and composition goods, 9; fine machines and instruments, 8; chemicals and allied products, 7; paper and paper goods, 7; boots and shoes, 5; electrical supplies, 5; explosives, 5; and miscellaneous industries, each represented by fewer than 5 schedules, 57.

For the purposes of the investigation and report the term "welfare" was defined as follows: Anything for the comfort and improvement, intellectual or social, of the employees, over and above wages paid, which is not a necessity of the industry nor required by law. As the study proceeded it became evident that even among firms limiting their welfare features to those required by law there were widely varied degrees of compliance therewith, and equipment much more generous than the bare requirements therefore has been credited to the employer.

It must be kept clearly in mind, in a consideration of this report, that the investigation was concerned with so-called welfare work as entirely separate and distinct from other phases of employment. Wages might be low, hours long, working conditions bad, and tenure of employment insecure, but if the establishment had, before correcting these obvious evils, installed a good lunch room, wash room, or other welfare feature, it was visited and scheduled for that alone. However, as a general rule establishments doing the most along welfare lines have superior conditions in the other directions mentioned.

In a few cases the agents were directed to establishments which were found on inspection to possess none of the features specifically classed as welfare but whose working conditions were far in advance of the average in their respective industries, with superior factory construction, good light, heat, and ventilation; space and order; devices for avoiding unnecessary labor or strain; backs to chairs, foot rests, elevator service; grass, trees, and vines on the exterior; and perhaps even more than these features for the health and comfort of the working force. A consulting engineer in an eastern city who is much interested in improved factory buildings states that employers object at first to his plans, saying, "These things won't go with our employees, our common laborers," but his reply is, "Let me show

you," and he has been allowed to do so even in the case of the Negro labor of a large tobacco company.

The investigation, naturally of tremendous interest, developed various surprises along the line of failure to find welfare work where it might most be expected and success in finding it in industries not suspected of anything remarkable. As an example of the latter there may be mentioned a chain of 5 and 10 cent stores, an industry quite often frowned upon by social workers and reformers. Visits to branches of this firm invariably disclosed several lines of welfare activity, one store in a large mid-western city having the following: Rest room and rest periods; first-aid provision; wash and cloak rooms, with matrons; lunch room and free coffee; bottled drinking water, with individual glasses; occasional theater parties; uniforms where required; vacation with pay; and a minimum wage of \$7 a week. The well-known laundry in the East which sets the pace for betterment work in this industry is not the only one deserving of mention, for the Middle West again may be cited as having one whose trained nurse, under a generous management, is enthusiastically installing everything that could within reason be expected—shower baths, cloak room, lunch room, rest periods, clinic, doctor's services, noon talks, social gatherings, reading matter, benefit association, and a minimum wage of \$1.50 a day. The managers of a bleachery somewhat removed from town, whose village offered no recreational facilities whatsoever, realized suddenly the imperative necessity of some provision of this sort. Instead of contracting for the omnipresent moving-picture show and considering their responsibility ended therewith, they engaged the services of a young woman trained for Y. W. C. A. work and placed at her disposal a cottage, a plot of ground for outdoor recreation, and a sum of money. In a few months she and the girls of the village transformed the place, the male employees doing their part by equipping a small unused building with billiard tables and accessories, simple gymnasium apparatus, and facilities for music.

Measures for the shelter and comfort of employees occupied intermittently—such as train and street-car crews, expressmen, porters and messengers, longshoremen, etc.—were noted in a few cases. It is the practice of railroads to provide for their crews club rooms or houses, with sleeping quarters at 25 or 35 cents a night, at layovers removed from cities; street railway companies have recreation facilities at their barns or adjacent thereto; express companies have assembly rooms where drivers wait while their wagons are made ready; the telegraph companies make provision for their messengers—all, of course, in varying degrees of adequacy. In a large eastern port there was visited a "longshoremen's rest" excellently adapted for the purpose but which, owing partly to labor disturbances and partly to war conditions, has not yet been used to any great extent by the class for which it was intended. There is a commendable tendency

on the part of newspapers to provide waiting rooms for the boys who otherwise must congregate on the street.

An interesting and perhaps unique example of welfare activities among municipal employees is that of a borough employing over 2,000 persons in its administrative offices, 250 of whom are women, which has been doing work of this sort since 1914. The plan was started during the administration of a borough president who had been active in a national organization concerned, among other things, with the welfare of working people. He appointed a committee of 14 persons, representing the various departments, and this operates through several standing committees and a committee of one hundred in charge of festivities. Among the activities are balls, outings, and summer festivals, very largely attended, the proceeds of which make up the relief fund whose disbursement is an important part of the work; lectures; a ball team, camera club, and 60-piece band; and swimming, dancing, and gymnasium classes. For the last named the exclusive use at certain hours of some of the city pools and gymnasiums is secured, and many hundreds of the municipal employees take advantage thereof. Under the same borough president a joint trial board was inaugurated for the consideration of charges against borough employees. The official making the charges and the accused employee appear before a board composed of two borough officials, two employees of the same rank as the one on trial, selected by lot, and the borough president as presiding officer. The effect of this system on the entire force of employees is said to be excellent.

Another phase of interest which developed was the uniformity or variability of practice among the several plants of one company. The fact that the main establishment carries on practically every sort of betterment work but its branches do nothing at all suggests either that the matter is left entirely to the discretion of the local management or that the work at headquarters is done as advertising. Unfortunately there are examples of this in the present study, but there are more numerous instances of a system so well founded and sincere that wherever the firm or corporation in question is found to be doing business welfare work, to a greater or less extent, is being done.

Captious criticism had not at the time of the investigation, nor has it now, any place in this study of industrial betterment; furthermore, in view of the many factors influencing or controlling the situation, it would not be fair to blame an employer too severely for inequalities in his welfare provisions. However, it would seem that the function of stock taking, so to speak, might be practiced at times, and certain conditions remedied or eliminated. Girls standing to operate machines who in other factories would be provided with seats; factory girls lying on the floor of the washroom because the rest rooms provided are for the office force only; the monopolizing of a hospital by private patients of the company doctor; the sweeping of an

emergency room while jars of dressings stand uncovered; protracted delays in construction or equipment eagerly awaited by employees; the common towel and drinking cup—all were found in establishments having more or less spectacular welfare work. Compulsory dental work at the employee's expense, despite its usual high cost, following a gratuitous examination; employment so insecure that "however long you've been here, when you go in the morning you never know but what you'll be discharged that day," and speeding up so violently during rush seasons that many employees are made ill—these exist in three of the best-known places visited.

The subject of standardization has been mentioned. It is the theory of an official of one large and old established firm that employers would benefit by a system of standardization which might be worked out and fostered by conferences similar to those held by employment managers, the various welfare departments to operate under the guidance of an agent of the Federal Government. At present the system of medical service in existence in a large number of establishments is entirely disapproved of by one manager, who considers that it tends to make the employees exaggerate their ailments and think too much about themselves; the quite common custom of giving prizes for suggestions is believed by another to take the employees' minds off the work in hand; certain employers are taking out all individual lockers and using hooks, hangers, and shelves instead; the so-called sanitary drinking fountain in many cases has been found to be a menace instead of a safeguard; soap and towel service is still an unsolved problem; there are firms which will countenance no activities among their people which do not originate within the establishment, and others which, quite willing to pay the costs, prefer that all should be done by outsiders; there are employers who are putting up houses with no pantries or clothes closets because they consider such places conducive to the insanitary harboring of trash, while a greater number are insisting that all new houses have those features and are putting them in old houses where possible because they render decent housekeeping so much more attainable.

In town or city factories the first step in a welfare program is quite commonly the establishment of a lunch room; in factories in isolated communities the first step appears to be a kindergarten for the children of employees. Of whatever character, the feature introduced should not be over the heads of the people. The wise superintendent of a cotton mill in the South, when told that the president contemplated installing a library for the people, suggested instead the improvement of a waste piece of land as a park and recreation ground. This feature, with music, he believed from his intimate knowledge of the mill people would better meet the immediate need; later, when they had grown up to it, a library would not be over their heads. The gratifying success of this park, which is exceptionally beautiful

and well planned, proves the correctness of the superintendent's judgment. Several other welfare features, and a trained social worker, are now maintained by this mill.

There are varied ideas as to what constitutes the best and most helpful work among the many kinds being done. A cotton-mill superintendent considers that it is the community bathhouse; a manufacturer of fine machines believes it to be the hundreds of hot lunches taken into the foundry because the men will not patronize the restaurants; a considerable number say it is the medical provision, including the preventive and corrective work of the visiting nurse.

The character of the working force obviously has much to do with the success or failure of industrial betterment plans. A garment factory, which had carried on welfare work among its American employees in the Middle West with gratifying results, moved to an eastern city and employed a class of foreigners who "break or steal nearly all the fixtures or appliances put in for them," conduct which, in the opinion of the management, makes extensive welfare work impracticable. Italian girls ordinarily are not allowed to be out at night, which complicates the club or class work attempted for them. In some cases foreigners and Americans will not mingle, nor will office and factory hands. Religious sectarianism is a stumbling block in places.

The publication of a house organ—weekly or monthly—for which certain employees in each department are responsible, and to which any employee may contribute, is of value in assimilating and cementing the various forces. Personal mention of the employees and their families, news of the sick and the absent, the score of the ball team, the finances of the benefit association, with a little technical matter and perhaps a story or verse, make up the average magazine. In isolated or backward sections of the country, such a publication helps to develop the community spirit. Fifty-two house organs, ranging from cheap four-page sheets to expensive illustrated magazines of many pages, were collected in the present study.

In any discussion of the changed industrial conditions the statement is pretty sure to be made that whereas in the old days an employer had so few men that he knew them by name and called them Bill and Tom, nowadays he employs thousands and cannot be expected even to recognize them, much less recall their names, which by the way are quite unimportant, since they go by number instead. Frequently this is used as an argument in favor of organization, or of mediation in disputes, and occasionally it is advanced in connection with the necessity of improved conditions of employment. Establishments were visited in this investigation in whose small works a complete absence of formality is accompanied by conditions of light, heat, ventilation, etc., which would be intolerable in a larger place with thousands of employees, but which are as cheerfully endured here as if the workers were in their own shops, the fewer

employees, the lax discipline, the accessibility of the boss, rendering conditions not unlike those of the earlier days. In the majority of large places, however, the strenuousness of modern business methods has developed a cool and calculating management under which the sympathetic point of view becomes dulled or non-existent. It is partly because of this that there is developing the enlightened system of a separate employment department which makes a point of engaging and placing help with ceremony and politeness, which follows up the new employee and avoids misfits by a system of tryouts in various departments, which has a ready ear for suggestions and grievances, and which alone is empowered to discharge; the questionable method of discharge by foreman or other petty boss becoming obsolete in the best establishments.

The system of supervision was found to vary widely from plant to plant, ranging from the extreme of overspeeding, which results in a tired, worn, and sullen working force, to that of such expert management that a satisfactory output is obtained from healthy and happy-looking employees. Closely related is the question of discipline—there are many places where employees may not leave desk or machine without permission—and that of such special consideration as allowing the women to leave the building five minutes before the men, on account of the rush, and granting an extension of the noon recess on the days of club meetings.

In connection with improved methods of employment and training may be mentioned the commendable efforts of some establishments to regularize seasonal occupations and lessen or entirely prevent periods of unemployment. These efforts consist of securing orders early, making stock goods or parts of goods in dull seasons, fitting employees to do more than one kind of work, and other such measures.

Joint administration by employers and employed, sometimes called mutualism, where successfully conducted, probably increases the interest, good will, and loyalty of the workers. The employees may be represented on committees having charge of safety and accident work, sanitation, recreation, and general welfare features. In certain notable cases, cited elsewhere, they have a voice in the general management and the setting of the wage scale.

The mistake must not be made of supposing that welfare work will prevent discord when even cordial relations, the best of working conditions, and good wages have failed in this at times. Nevertheless, though few employers would make any very definite statement on this subject, the indications are that, other things being equal, welfare work reduces the labor turnover, lowers the sickness and accident rate, and conduces to a better feeling on the part of the working force.

CHAPTER I.—HEALTH MEASURES FOR EMPLOYEES.

The methods of caring for the health of employees vary with the needs of different industries and the individual ideas of employers. These methods include work along the lines of preventive and curative medicine and surgery, the safeguarding of the health of all the employees through the physical examination upon entrance, the relief from the strain of especially monotonous and fatiguing operations through the granting of rest periods or change of occupation, and the granting of vacations and sick leave which give employees the opportunity to recuperate from long periods of work or of illness.

MEDICAL, HOSPITAL, AND SURGICAL TREATMENT.

Many kinds of industries have found first aid or emergency hospitals to be essential to the protection of the health of employees, and there is undoubtedly much valuable work done through the agency of these hospitals. In many cases employees who are too poor or too careless to take steps to secure the proper treatment for themselves or who do not realize that such treatment is necessary are advised and cared for in time and much needless suffering is thereby avoided. If the work is intelligently and conscientiously carried out and the tendency to give medicine for too trivial causes is avoided, the results to the employee will be better health and increased earning power and to the employer a more efficient force of employees.

The equipment in different establishments ranges from simple first-aid cabinets located in the office or about the plant to elaborate and up-to-date emergency hospitals. These hospitals are housed either in separate buildings or in a suite of rooms in the plant and include doctors' offices, operating rooms, and wards for men and women, with doctors and nurses on duty throughout the working hours.

The following table shows the number of establishments reporting the various medical facilities and the average number of cases treated per month, by industries:

TABLE 1.—NUMBER OF ESTABLISHMENTS HAVING FIRST-AID EQUIPMENT AND EMERGENCY HOSPITALS, AND AVERAGE NUMBER OF CASES TREATED PER MONTH, BY INDUSTRIES.

Industry.	Number of establishments.	Employees.			Number of establishments reporting—				
		Male.	Female.	Total.	First-aid equipment only. ¹	Hospital or emergency rooms.	Doctor.	Nurse.	First-aid attendants.
Automobiles.....	9	93,077	2,600	95,683	1	2	2	7	3
Boots and shoes.....	5	16,555	7,375	23,930	3	2	2	3	3
Chemicals and allied products.....	7	12,698	841	13,539	3	4	3	1	2
Clothing and furnishings.....	12	6,736	12,547	19,283	1	11	5	10	4
Electrical supplies.....	5	44,379	6,654	51,040	.....	5	4	4	3
Explosives.....	5	30,095	5,935	36,030	.....	5	4	5	2
File machines and instruments.....	8	15,122	5,641	20,763	1	7	4	5	3
Food products.....	13	8,367	8,662	17,029	4	7	5	6	5
Foundry and machine shops.....	48	138,127	9,148	147,275	12	35	23	19	23
Iron and steel.....	36	201,306	1,467	202,773	4	32	21	25	10
Mining, coal.....	11	17,855	1	17,856	.....	11	5	.....	9
Mining, other.....	12	25,392	56	25,448	6	5	2	.....	9
Offices.....	7	3,757	4,828	13,587	1	6	4	4	3
Paper and paper goods.....	7	5,995	3,179	9,174	1	6	1	4	3
Printing and publishing.....	9	7,750	4,176	11,926	.....	9	4	7	1
Railroads, electric.....	16	59,043	1,015	60,058	9	6	6	1	3
Rubber and composition goods.....	9	37,094	5,753	42,847	2	7	4	6	1
Stores.....	46	56,838	67,935	124,773	2	44	32	39	7
Textiles.....	33	25,553	20,209	45,762	16	16	7	11	8
Other industries.....	77	152,437	58,847	220,734	44	39	27	24	29
Total.....	375	1,958,173	226,885	1,204,010	110	265	171	181	131

Industry.	Male employees.			Female employees.			Total, both sexes.		
	Number of establishments reporting cases treated.	Number of employees.	Average cases treated per month.	Number of establishments reporting cases treated.	Number of employees.	Average cases treated per month.	Number of establishments reporting cases treated.	Number of employees.	Average cases treated per month.
Automobiles.....	5	33,343	15,534	3	852	285	7	40,741	16,493
Boots and shoes.....	1	2,100	350	1	650	350	4	13,313	3,150
Chemicals and allied products.....	4	8,840	2,060	1	500	131	6	13,360	2,827
Clothing and furnishings.....	6	1,863	648	6	4,379	1,845	9	17,959	3,730
Electrical supplies.....	1	9,997	1,044	1	2,388	90	2	27,383	5,952
Explosives.....	3	15,845	10,782	1	5,000	915	4	23,430	13,347
File machines and instruments.....	3	6,100	390	3	3,010	521	6	21,659	3,495
Food products.....	4	2,621	122	4	2,498	292	8	13,595	1,641
Foundry and machine shops.....	29	93,400	26,230	8	7,029	2,642	35	110,193	34,258
Iron and steel.....	24	108,819	16,640	2	451	124	31	132,979	23,520
Mining, coal.....	9	13,207	781	.....	.....	.....	9	13,207	781
Mining, other.....	4	6,804	146	.....	.....	.....	4	6,804	146
Offices.....	1	1,926	138	2	2,190	388	6	13,151	1,945
Paper and paper goods.....	4	2,804	696	3	1,789	1,198	7	9,174	2,138
Printing and publishing.....	5	5,128	954	5	3,122	579	9	10,626	2,621
Railroads, electric.....	6	20,025	3,005	1	252	58	6	20,425	3,063
Rubber and composition goods.....	3	18,885	14,008	3	1,122	200	6	36,888	22,061
Stores.....	17	15,276	2,756	16	21,938	8,835	40	107,270	39,393
Textiles.....	8	10,303	1,141	8	9,186	1,035	17	29,553	3,310
Other industries.....	29	52,587	5,276	22	16,680	3,351	46	103,170	12,951
Total.....	166	429,871	102,701	90	83,084	22,819	261	770,889	196,722

¹ Including pulmotors, stretchers, cots, etc.
² Not including employees of 1 establishment, not reported.
³ Not including employees of 2 establishments, not reported.
⁴ Not including employees of 4 establishments, not reported.
⁵ Not including employees of 3 establishments, not reported.

TABLE 1.—NUMBER OF ESTABLISHMENTS HAVING FIRST-AID EQUIPMENT AND EMERGENCY HOSPITALS, AND AVERAGE NUMBER OF CASES TREATED PER MONTH, BY INDUSTRIES.

Industry.	Number of establishments.	Employees.			Number of establishments reporting—				
		Male.	Female.	Total.	First-aid equipment only. ¹	Hospital or emergency rooms.	Doctor.	Nurse.	First-aid attendants.
Automobiles.....	9	68,077	2,600	70,683	1	8	5	7	3
Boots and shoes.....	5	16,555	7,375	23,930	3	2	2	3	3
Chemicals and allied products.....	7	12,668	841	13,509	3	4	3	1	2
Clothing and furnishings.....	12	6,736	12,547	19,283	1	11	5	10	4
Electrical supplies.....	3	44,376	6,664	51,040	.....	5	4	4	2
Explosives.....	5	30,066	5,935	36,000	.....	5	4	5	2
Fire machines and instruments.....	8	15,122	5,641	20,763	1	7	4	5	3
Food products.....	13	8,367	8,662	17,029	4	7	5	6	5
Foundry and machine shops.....	42	138,127	9,148	147,275	12	35	23	19	23
Iron and steel.....	36	201,306	1,467	202,773	4	22	21	25	10
Lining, coal.....	11	17,855	1	17,856	.....	11	5	.....	9
Lining, other.....	12	25,392	56	25,448	.....	6	2	.....	9
Offices.....	7	3,757	4,828	8,585	1	5	4	4	2
Paper and paper goods.....	7	5,983	3,179	9,162	1	6	4	4	3
Printing and publishing.....	9	7,759	4,176	11,935	.....	9	1	7	1
Railroads, electric.....	16	69,043	1,015	70,058	9	6	4	1	1
Rubber and composition goods.....	9	37,694	5,763	43,457	2	7	6	6	3
Tires.....	46	56,533	67,935	124,468	2	44	22	39	7
Textiles.....	38	26,553	20,209	46,762	16	16	7	11	9
Other industries.....	77	152,437	58,847	211,284	44	39	27	24	20
Total.....		375,958,173	226,685,1,204,010		110	265	171	181	131

Industry.	Male employees.			Female employees.			Total, both sexes.		
	Number of establishments reporting cases treated.	Number of employees.	Average cases treated per month.	Number of establishments reporting cases treated.	Number of employees.	Average cases treated per month.	Number of establishments reporting cases treated.	Number of employees.	Average cases treated per month.
Automobiles.....	9	33,369	16,536	3	839	965	7	66,741	18,498
Boots and shoes.....	1	2,100	350	1	650	250	4	13,313	3,150
Chemicals and allied products.....	4	5,840	2,000	1	300	131	6	12,369	2,827
Clothing and furnishings.....	6	1,803	648	6	4,379	1,645	9	17,959	3,730
Electrical supplies.....	1	9,897	1,044	1	2,286	90	2	27,363	5,952
Explosives.....	3	15,845	10,782	1	5,000	915	4	23,430	13,347
Fire machines and instruments.....	3	6,100	390	3	2,610	621	6	21,656	3,496
Food products.....	4	2,621	122	4	2,699	252	8	13,585	1,641
Foundry and machine shops.....	29	93,409	27,230	2	7,029	2,642	33	116,193	24,560
Iron and steel.....	34	108,519	16,640	2	451	124	31	122,979	23,530
Lining, coal.....	4	13,367	751	.....	.....	.....	9	13,367	751
Lining, other.....	4	6,804	146	.....	.....	.....	4	6,804	146
Offices.....	1	1,996	178	2	2,186	369	6	12,151	1,946
Paper and paper goods.....	4	2,804	696	2	1,789	1,198	7	9,174	2,138
Printing and publishing.....	5	5,196	954	5	2,129	579	10	29,626	2,521
Railroads, electric.....	4	20,025	3,005	1	253	56	6	20,425	2,053
Rubber and composition goods.....	3	18,883	14,078	2	1,129	300	4	26,889	27,008
Tires.....	17	13,276	2,756	16	21,838	8,535	46	107,270	29,382
Textiles.....	8	10,392	1,141	8	9,192	1,059	17	29,533	3,319
Other industries.....	29	62,887	8,276	22	16,686	2,361	66	163,176	17,951
Total.....		166,621,871	106,704,106,704		60	21,619	261	776,886	196,721

¹ Including pulmotors, stretchers, cots, etc.

² Not including employees of 1 establishment, not reported.

³ Not including employees of 2 establishments, not reported.

⁴ Not including employees of 4 establishments, not reported.

⁵ Not including employees of 3 establishments, not reported.

TRAINING OF FIRST-AID CREWS.

The hospital work has grown to large proportions in many industries because of the impetus which has been given to the safety movement in the last few years. Since it is of the utmost importance that accidents, however trivial, should have immediate and careful attention in order to minimize the number of cases of infection, it is essential for their successful operation that these hospitals not only should be well equipped and have a competent staff of doctors and nurses but that some of the employees should be trained in the principles of first aid and that all of the employees should be educated to cooperate by reporting promptly to the hospital in all cases of accident or illness.

As a result of this work in the mining and iron and steel industries especially, crews of men are instructed in the principles and practice of first aid, and interest is stimulated and maintained among the employees by means of safety-first magazines and bulletins and by contests among various first-aid teams for which prizes are given. In some cases the day on which these contests take place becomes the gala day of the year for the employees and their families. The participation in rescue and first-aid work is entirely voluntary on the part of employees, but each one before being allowed to enter the work must have a doctor's certificate showing that he is physically fit to undertake it. Four to six men are assigned to each crew and are trained by the company doctor. The course consists of lectures, demonstrations, and drills. Twelve lessons are usually required to complete the course. Through these systems of first aid these companies have been able to reduce materially the number of cases of infection. The first duty of first-aid men is to apply a temporary aseptic dressing that will prevent infection of the wound. Their further activities are to supervise the removal of the injured person to the hospital and to render appropriate assistance in cases of shock, heat exhaustion, gas poisoning, etc. Rescue crews consist of from five to eight men, who are trained by special instructors to work with rescue helmets (such as shown in pl. 1) in a room filled with smoke or noxious gases. Several companies have fully equipped rescue cars containing stretchers and stretcher racks with a capacity of from 16 to 20 men and provided with small operating rooms with sterilizing equipment and a supply of drugs and dressings. In addition, the cars carry oxygen helmets, safety lamps, reels of life line, and pulmotors and are always ready with the necessary crew of men in case of emergency.



PLATE I.—EMERGENCY APPARATUS OF A CHEMICAL COMPANY. NOTE STRETCHER, HELMETS, GLOVES, BOOTS, TOOLS, ETC.

A green cross on a white background is used to indicate location of stretcher boxes, and a card giving the location of all the other boxes about the works is placed in each one, so that in case of injury to more than one person the boxes can be located quickly. A first-aid card giving instructions for the practical application of tourniquet to the arm and to the leg is inclosed in a wooden frame on the outside of each stretcher box.

Passes for patients.—In case of accident a "foreman's card" is issued. This is an official order to the doctor to render surgical attention. Should the case be of trivial character, the card is signed by the doctor and handed to the foreman as authority for his allowing the man to return to work, but if the injury is severe enough to necessitate the patient's being taken to the hospital or to his home, the card is held by the doctor until the man is able to return to his work.

The system of another company, in this regard, is worthy of note. Patients going to the hospital are provided by their foremen with a treatment pass, upon which they are required to stamp the time of leaving their room, time of arrival at hospital, time of leaving hospital, and time of arrival back on the job. This enables the company to find out exactly what the hospital service costs in lost time, and also serves as a check on employees loafing while going to the hospital. When a dressing is finished, the hospital clerk enters the date and time at which the patient must come back for retreatment on the back of the card and the patient must report at the time stated. This system has been very successful in preventing employees from having to wait a long time for treatment.

SCOPE OF THE WORK OF EMERGENCY HOSPITALS.

In the iron and steel industry, in foundries, machine shops, and other extrahazardous industries the emergency hospital equipment is often very elaborate. All the modern sanitary appliances—such as faucets, which are operated by foot or knee pressure, glass cabinets for medicines and instruments, porcelain tables, electric sterilizers, and complete equipment for major and minor operations—are found. Forty-three of these establishments employ surgeons, so that accidents, even though very serious, may be cared for without the loss of time, which is often so serious a factor in surgical cases. Eight establishments which are not equipped to care for very serious cases have their own ambulances, of which six are motor ambulances, in order that there may be as little delay as possible in getting patients to the general hospital.

There is a systematic endeavor in most establishments which possess good emergency equipment to have the employees report to the doctor or nurse for even the slightest injuries, and as a result



PLATE 8.—STRETCHER SUSPENDED IN MINE WAGON, WITH SPRINGS TO ABSORB ALL SHOCK AND JAR, TO TRAVEL FROM PLACE OF INJURY TO SURFACE.

there has been a great reduction in the number of cases of infection. In many cases severe penalties are imposed if workers endeavor to remove particles from the eyes of fellow workmen or bind up cuts or scratches, and sometimes this is considered sufficient cause for discharge.

About 190 of the companies visited give free medical service to employees in addition to the accident work. In those industries in which accidents are rare and seldom serious much has been made of the medical service, and in department stores and large offices, which almost uniformly have elaborate emergency equipment, employees are encouraged to report to the hospital for the most trivial complaints. In these establishments often a large percentage of the employees are treated each month, while in those which confine themselves to accident work only, usually comparatively few receive treatment. Of the 375 establishments reporting, 265 have hospital equipment varying from very ordinary to very elaborate, and 110 other establishments have first-aid equipment only. Of these 375 establishments, 171 employ doctors, 84 have doctors on call, 99 have none, and 21 do not report. One hundred and twenty-two establishments employ 1 doctor each, 20 employ 2 doctors, 8 employ 3, and 16 employ numbers varying from 4 to 12. Two companies employ 14 and 22 doctors, respectively, each company having several plants; another employs 43, but this company covers a wide territory and much family work is included. One company has a hospital adjacent to the plant which was started by the firm but is now a public hospital at which all emergency cases are treated. One other does not report number of doctors. Of the doctors reported in the 171 establishments, 48 are reported as surgeons.

One hundred and eighty-one establishments employ trained nurses, 165 have none, and 29 do not report. Of these 181 establishments, 104 have 1 trained nurse each, 39 have 2 nurses, 20 have 3, 12 have from 4 to 8; the 5 employing more than 8 have reported for more than one plant. In one establishment the nurses in the company hospital serve as emergency nurses.

The management of one very large company employing many young women believes that the company should not take the responsibility of treating its employees in any except the very simplest first-aid cases. It is the policy of this company to have a first-aid cabinet in the rest room in charge of one of the older employees, and if any sudden, serious case develops to send for a physician. As far as possible, however, the company works through the family physician, believing that a better feeling results on the part of employees and their families if this is done. This company also believes that a finely equipped emergency hospital encourages those with trifling ailments to think too much of them, and makes it often too easy to

get medicine without which in the end the employee would probably be better off.

The emergency hospital work is to a certain extent allied with that of the benefit association, and in a few instances is managed by this association, the employer giving space and equipment and usually making a contribution to the association funds. In the majority of cases, however, the employer pays for and controls the hospital work, and the medical work in connection with the benefit association is incidental to the regular work of the hospital.

SYSTEM OF FOLLOWING UP ABSENTEES.

Visits to the home by the doctor or visiting nurse are often of great value. One very large firm has an efficient method of keeping track of employees who are out because of illness. These employees are reported every 12 days by the absentee department and a special investigation is conducted. In case the employee needs financial assistance, either for medical service or for the support of his family, he is given a regular weekly allowance from the "aid-to-the-sick" fund which the company maintains. Another company has a systematized method of caring for its employees who are absent because of illness or injury. Such employees are required to notify the health department within 24 hours. A trained nurse calls on the second day of absence, and every third day thereafter, to see that the patient is receiving proper medical attention. While this company does not attempt organized social supervision or to give bedside care, the nurses try to instruct families in the essentials of American standards of living. Each nurse engaged in this work is assigned to a district and is encouraged to cooperate with public and private agencies that are concerned with the betterment of social conditions. In this establishment, as in others that employ visiting nurses, automobiles are furnished by the company for the use of the nurses.

In several instances absences are investigated by the visiting nurse who gives advice and assistance, and in one case her report to the manager is the basis for help extended by the company.

AVERAGE NUMBER OF CASES TREATED.

Of the establishments scheduled, 166, employing 429,871 male workers, report 102,701 cases of illness and accident, or 24 per cent, in an average month, while 90 establishments, employing 83,034 female employees, report 22,819 cases, or 27 per cent, for a like period. Two hundred and sixty-one establishments, including several which do not report cases by sex, with a total of 770,889 employees, report 196,722 cases, or 26 per cent. For the establishments reporting, the per cent varies in male cases from less than 1 to 70, in female cases from less than 1 to 74; in total male and female from less than 1 to 68



PLATE 4.—EXTERIOR OF STANDARD EMERGENCY HOSPITAL.

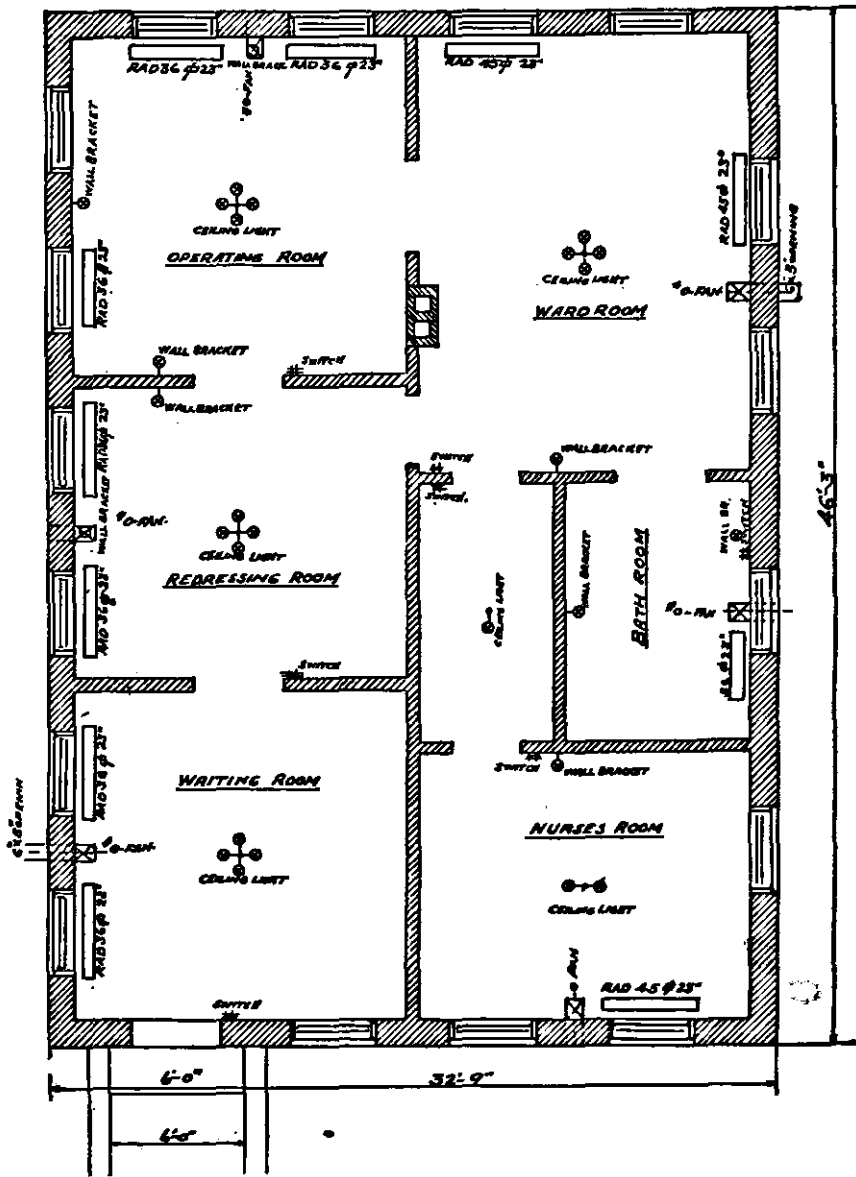


PLATE 5.—PLAN OF STANDARD EMERGENCY HOSPITAL

per cent. Included in the totals are 9 establishments showing a percentage running from 76 to 110. It should be borne in mind that these are the per cents that the number of "cases" are of the number of employees, and may or may not be the per cents that the number of employees receiving treatment are of the total number of employees. This arises from the fact that the same employees may have received treatment at two or more distinct times during the month, and each treatment would be considered a "case." It is also to be emphasized that the term "illness and accident" as used here includes all cases reported to the hospital, many of them of a very minor character.

While these per cents may have no definite value as showing the proportion of employees treated, they do show in a general way the great variation in the relation between the number of employees and the services rendered.

CONSTRUCTION AND EQUIPMENT OF STANDARD EMERGENCY HOSPITAL.

The following description of emergency hospital construction and equipment is that adopted as a standard for the many different plants of a large steel company. This building plan was adopted as embracing thorough sanitation, good construction, and economy in operation. It is adapted to the needs where 1,500 or more men are employed. Where local conditions are such that the complete standard plan is in excess of the needs, a hospital incorporating the necessary units of this plan can be erected, or if a separate building is not desired a suite of rooms can be arranged and fitted up in accordance with these or following suggestions. (See pls. 4 and 5.)

The hospital building, 46 feet 3 inches by 32 feet 9 inches, outside measurement, is of steel and concrete fireproof construction, with the following rooms: Waiting room, re-dressing room, operating room, wardroom (three beds), bathroom, and nurse's room, on the main floor, and X-ray room, laboratory, and morgue in the basement.

Foundation.—Foundation, concrete. Basement floor, also concrete, 4 inches thick, trowel finished, and inclined to floor traps.

Walls.—Outside walls 13½ inches thick, faced with red pressed brick. All lintels, sills, and water tables made of concrete.

Windows.—All windows on main floor, double sash; size of glass, 30 by 38 inches.

Doors.—All double doors 2 by 7 feet, single doors 3 by 7 feet; core-locked and plain surface.

Roof.—Slate, size 12 by 18 inches, laid on board sheathing.

Entrance.—Main floor entered by a 15 per cent upgrade, with side walls and floor of cement. Basement entered on a 15 per cent downgrade; retaining walls and floor are made of cement.

Heating.—Main floor heated by steam.

Water heating.—Water heated by gas instantaneous water heater having a capacity of 6 gallons per minute to 70° F.

Interior finish.—All interior woodwork is finished white, receiving one coat of shellac, three coats of white lead, one coat of French zinc, and one heavy coat of enamel. This character of finish can be easily washed down and kept clean.

The operating, re-dressing, and bath rooms have a vitrolite or glass or tile wainscoting to a height of 5 feet from the floor, resting on a 3-inch terrazzo cove, the sheets running the full height of the wainscoting, with all exposed edges polished and rounded; balance of edges ground so that joints and all panels butting adjoining work fit even and true, and cut out under windows for ventilating fans. Remainder of walls, including ceilings, have two coats of hard plaster and one coat of white lime plaster troweled to a smooth finish, all corners being rounded or filleted.

The floors throughout are finished with terrazzo of best white Italian marble chips set in blanc cement and ground to even finish, joining the walls with a 3-inch terrazzo cove. A terrazzo floor is preferable to a tile floor because of its greater wearing qualities. Tile flooring, where subject to rough usage, becomes gray and porous, and more difficult to keep sanitary than terrazzo.

Floor drains are 12 by 12 inches, of polished brass, with hinged covers.

At each radiator under the windows a sirocco No. 00 or No. 0 ventilator fan is placed. This insures free ventilation at all times, at the same time allowing the windows to be kept closed, thereby keeping out the dust and dirt. For sanitary reasons all windows are double, similar to windows found in Pullman cars.

Waiting room.—A comfortable sanitary room for the patients while waiting, if necessary, for a dressing. Equipment consists of 20 steel-enamel chairs and a water-cooler. Enamel chairs are preferable to wood, because they are more sanitary and wear better than wood chairs.

Re-dressing room.—This room is used for the re-dressing of all cases and for first attention to the minor cases. A washstand, with foot attachment, is used by the doctor and nurse in the scrubbing of the hands and forearms preparatory to rendering surgical attention. The foot bath is used for the thorough scrubbing of the foot and leg in cases where the foot or leg is injured. The bottle rack is used to store stock antiseptic solutions so that when solutions are necessary they will be found ready for use. Basins with stands are used to hold antiseptic solutions for antiseptic cleansing of the doctors' and nurses' hands. The instrument sterilizer is used to sterilize all instruments before using them. They are completely sterilized in every case after being used. The other equipment in this room



PLATE 6.—OPERATING ROOM IN EMERGENCY HOSPITAL.

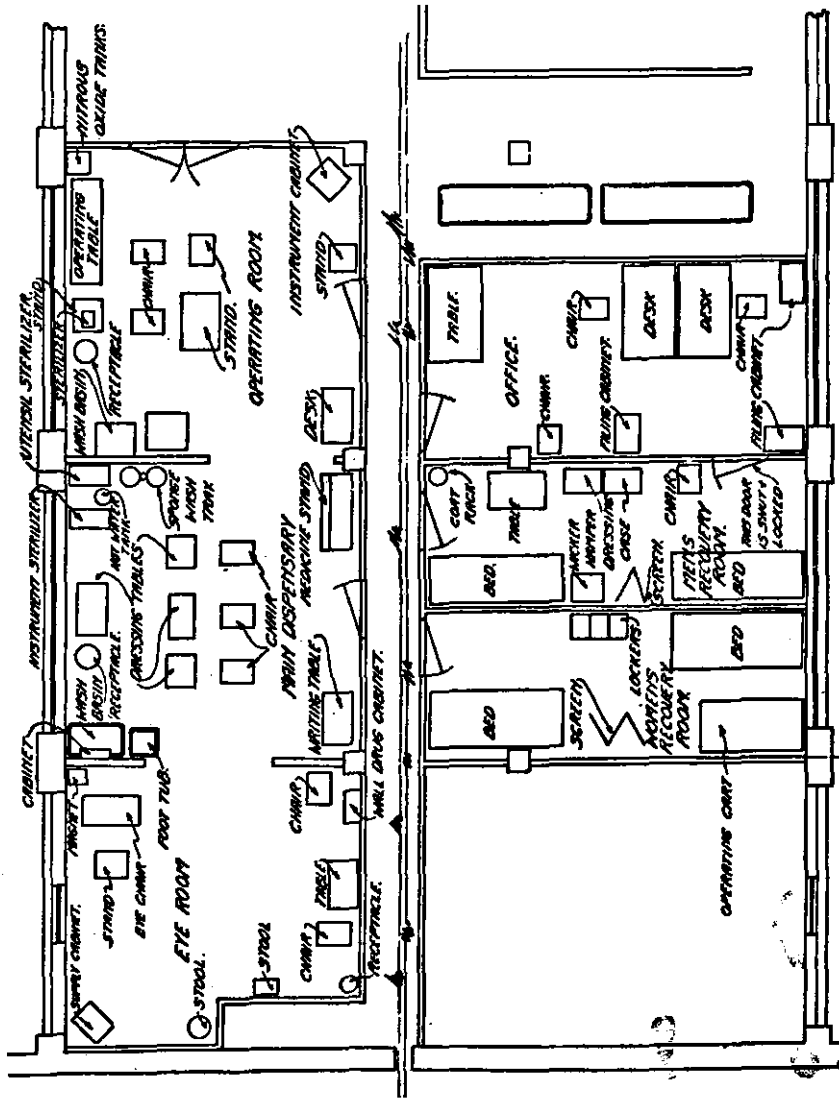


PLATE 7.—FLOOR PLAN OF FACTORY EMERGENCY HOSPITAL, SHOWING LOCATION OF EQUIPMENT.

consists of enamel tables, dressing carriage (holding medical supplies), chairs, nurse's desk, "Justrite" pail, instrument and dressing cabinet (to hold supplies), and the necessary surgical instruments used for dressings, i. e., tissue forceps, scissors, knives, etc.

Operating room.—This room is similar to the re-dressing room in construction and equipment. The surgeon's washstand has goose-neck removable spray with knee-action supply valves. The operating room is used for minor operations and for surgical attention in the severe cases. This room is found to be of great value on account of its being surgically clean at all times, giving the doctor and nurse every opportunity for complete antisepsis, thereby eliminating many infections and serious complications. The equipment is similar to that found in the re-dressing room, with the addition of a high-pressure steam, hot and cold water sterilizer, instrument sterilizer, autoclave for the sterilization of gauze and bandages, and a utensil sterilizer for the sterilization of basins, pans, etc. Both electric and gas-heated sterilizers are used. It is absolutely necessary, in order to prevent infections, that all solutions, materials, instruments, etc., should be sterilized before making a surgical operation or re-dressing. (See pl. 6, for illustration of operating room.)

Bathroom.—The furnishings of this room consist of a specially constructed bathtub, 6 feet 6 inches long, and toilet facilities. The bathtub is used in the treatment of cases of heat exhaustion and heat stroke. It is provided with an automatic mixer, canvas hammock, and pneumatic pillow. In cases of heat stroke where the patient has a temperature of 102° to 111° F. cold baths are given until the temperature reaches 100° F. or slightly below. In the heat-exhaustion cases where the temperature falls below normal, 95° to 97° F., a hot bath is given until the patient shows signs of reaction. This treatment has been the means of saving a number of lives where prompt treatment was essential.

Ward or recovery room.—This room is used for cases of heat exhaustion or heat stroke, shock, hemorrhage, gas poisoning, or in the treatment of acute illnesses of any character. It is equipped with three beds, besides table and chairs. Cases of shock or hemorrhage should not be moved but should be kept at rest until a reaction has taken place. The beds are supplied with electric warming blankets and heating pads, taking the place of the more cumbersome hot-water bottles. This room is used daily in the care of patients who are temporarily ill, and is indispensable.

X-ray and laboratory.—An X-ray examination should be made of every fracture if an accurate diagnosis is to be made. The equipment consists of one X-ray machine and operating table, a lead screen to protect the operator, appliances for developing plates, and room for storing same. The laboratory is of great assistance in

confirming diagnoses when there is an element of doubt as to the character of the disease. The equipment for these purposes consists of microscope, chemicals, pipettes, etc., used to examine the blood, sputum, and other secretions.

Nurse's room.—This room is for the personal use of the female nurse when not engaged. Furnishings consist of a bed, dresser, chairs, table, and other necessary equipment. This is not the residence of the nurse, but is used as a rest room, giving the necessary privacy.

Storeroom.—This room is for storage of supplies—blankets, sheets, cotton, etc.

LIST OF EQUIPMENT FOR EMERGENCY HOSPITAL.

1 water and instrument sterilizer (6-gallon).	1 mouth gag.
1 metal, white-enameled operating table, complete with cushions.	1 razor.
1 metal, white-enameled physician's chair, with headrest for treatment of the eyes.	1 military hypodermic syringe.
1 metal, white-enameled dressing-case, top 36 inches long.	6 scalpels.
1 metal, white-enameled three-section dust-proof supply cabinet, each section 12 inches by 12 inches by 5 feet, with shelves.	2 bistouries (straight).
1 metal, white-enameled electric-light stand.	1 bistoury (curved).
1 electric fan.	2 dull-pointed scissors, 5-inch (straight).
1 metal, white-enameled medical and surgical cabinet.	2 dull-pointed scissors, 5-inch (curved).
1 metal, white-enameled two-basin stand with instrument tray (revolving).	1 suture scissors.
1 small roll-top desk.	1 grove director.
1 hospital bed, including mattress and pillows.	4 probes.
1 three-paneled folding screen for bed.	1 curette.
1 revolving stool (metal, white enameled).	1 Listens bone forceps, 7½ inches.
2 metal, white-enameled chairs.	24 curved needles.
1 standard, porcelain-enameled, foot bath.	1 needle holder.
1 Justrite pail.	2 plain tissue forceps.
1 electric heating blanket.	2 mouse-tooth forceps.
2 electric heating pads	1 double-pointed eye spud.
1 handage scissors, 6-inch.	1 eye magnifying glass.
	1 foot rest.
	1 Kelley pad.
	12 tubes, emergency, catgut.
	6 reagent bottles, 4-ounce, glass stoppers.
	2 two-quart porcelain-enameled pitchers.
	2 basins.
	1 pus basin.
	6 glass syringes.
	12 medicine droppers.
	1 Esmarc bandage.
	24 towels.
	2 Army and Navy tourniquets.

Following is the plan of an emergency hospital, less elaborate than the one previously described, which is centrally located in one of the plant buildings, and serves a company employing approximately 10,000 men:

Interior finish.—The main dispensary contains three rooms—eye room, general treatment room, and operating room. These three



PLATE 8.—UNIT DISPENSARY AND REST ROOM.



PLATE 8.—DISPENSARY IN END OF FACTORY.

rooms have white tile floors and wainscoting, and walls and ceilings have white-enamel finish. The doctor's office and men's and women's recovery rooms have linoleum-covered floors and walls and ceilings painted white. Lighting is of semi-indirect type. For heating the circulating hot-water system, which is the same as that in the rest of the plant, is used.

Equipment.—There is complete equipment to take care of all cases that do not have to remain longer than one day. This includes all surgical instruments and appliances that are in use every day, as well as those that are used only in emergency cases. Operations of a minor character only are performed. Special equipment not usually found in a hospital of this type is a nitrous oxide apparatus for anesthesia and a large electromagnet for removing steel. (See pl. 7 for floor plan of hospital, giving location of equipment.)

Supplies.—Enough supplies to last three or four months are kept in the supply room. These supplies include gauze, adhesive plaster, cotton, bandages, towels, and drugs, such as aromatic spirits of ammonia, Jamaica ginger, salol, aspirin, phenacitin, liquid petrolatum, viburnum compound, clorazine, silver nitrate, iodine, Lassar's paste, pisco, lanolin, boric acid, unguentine, lysol, creolin, bichloride of mercury, alcohol, and vaseline. In addition to these 800 to 900 dressings are kept in reserve and separate from the supplies used from day to day, to be used in case of emergency.

Staff.—The hospital staff consists of a doctor, three graduate nurses, one male nurse, one stenographer, one clerk, and a janitress. The doctor is in attendance about five hours daily; the three nurses, going on duty an hour apart, fill in the time from 7 a. m. to 7 p. m., while the male nurse is on for night duty. This staff treats daily 350 to 400 cases.

First-aid rooms.—Several unit dispensaries and rest rooms, each in charge of a trained nurse, are located through the plant of one company employing about 14,000 men. These units are in the nature of receiving stations and are also for treatment of minor cases which do not require treatment at the main emergency hospital. (See pl. 8.) The possibility of adapting in a very satisfactory manner an unused corner of a factory building for an emergency room is shown in plate 9, and the section of a surgery shown in plate 10 is a good example of sanitary equipment with foot attachments for washbowls and sterilizers.

For a company having a limited amount of space and wishing to install emergency equipment at a moderate cost, one room that was equipped at an approximate cost of \$1,000 was almost a model of its kind. The floor of rubber tiling cost \$350. The plumbing, which was of the most modern type, having knee-pressure faucets and all

the fittings of the best porcelain, cost \$250. The rest of the equipment, consisting of two medicine cabinets, an instrument cabinet, a porcelain operating slab, an electric instantaneous heater for use in case the other hot-water supply should fail, an electric warming pan, a sanitary cot, and a sanitary screen by which the cot can be entirely shut off from the rest of the room, was furnished at a cost of about \$400. (See pl. 11.)

DENTAL AND OTHER SPECIAL WORK.

Several companies have introduced dental service for their employees. One company, having semiannual dental examinations for all employees, has a suite of rooms consisting of dentists' offices, a sterilizing room, and a radiograph room. The rooms are of white enamel with porcelain fittings, glass-topped tables and desks, and faucets operated by foot pressure. Radiographs are made in all cases of suspected blind abscess. General prophylactic work is done and a report made to the patient of the teeth which need attention. Very complete records are kept of all cases.

Another plant, employing one dentist and two assistants, has had a dental dispensary in operation for several years. The office is equipped with two chairs and two sets of instruments, so that no time is lost between patients, one set of instruments being always sterilized and ready for immediate use. All employees in need of immediate attention are cared for, but only those who have been in the company's employ for more than six months are entitled to receive extensive treatment. Nearly all kinds of dental work are done at no expense to the employees. This work costs the employer a little more than \$4 a year per employee. Here, as in several other establishments, toothbrushes and powder are sold at cost. Still another place which provides general surgical work gives prophylactic treatment for the preservation of the teeth and also treats pyorrhea. Others do regular dental work but charge for the cost of materials only. In one establishment, while the work is done on the company's time, the charge to the employee is the actual cost of the work to the company.

There are a few instances of employers providing the services of an ear, nose, and throat specialist or of an oculist who examines eyes free and furnishes glasses at cost. Out of 43 department stores included in this division, 3 furnish chiropodists, owing to the prevalence of foot troubles caused by the strain of long standing. Five companies employ oculists, 19 employ dentists, and 2 ear, nose, and throat specialists.

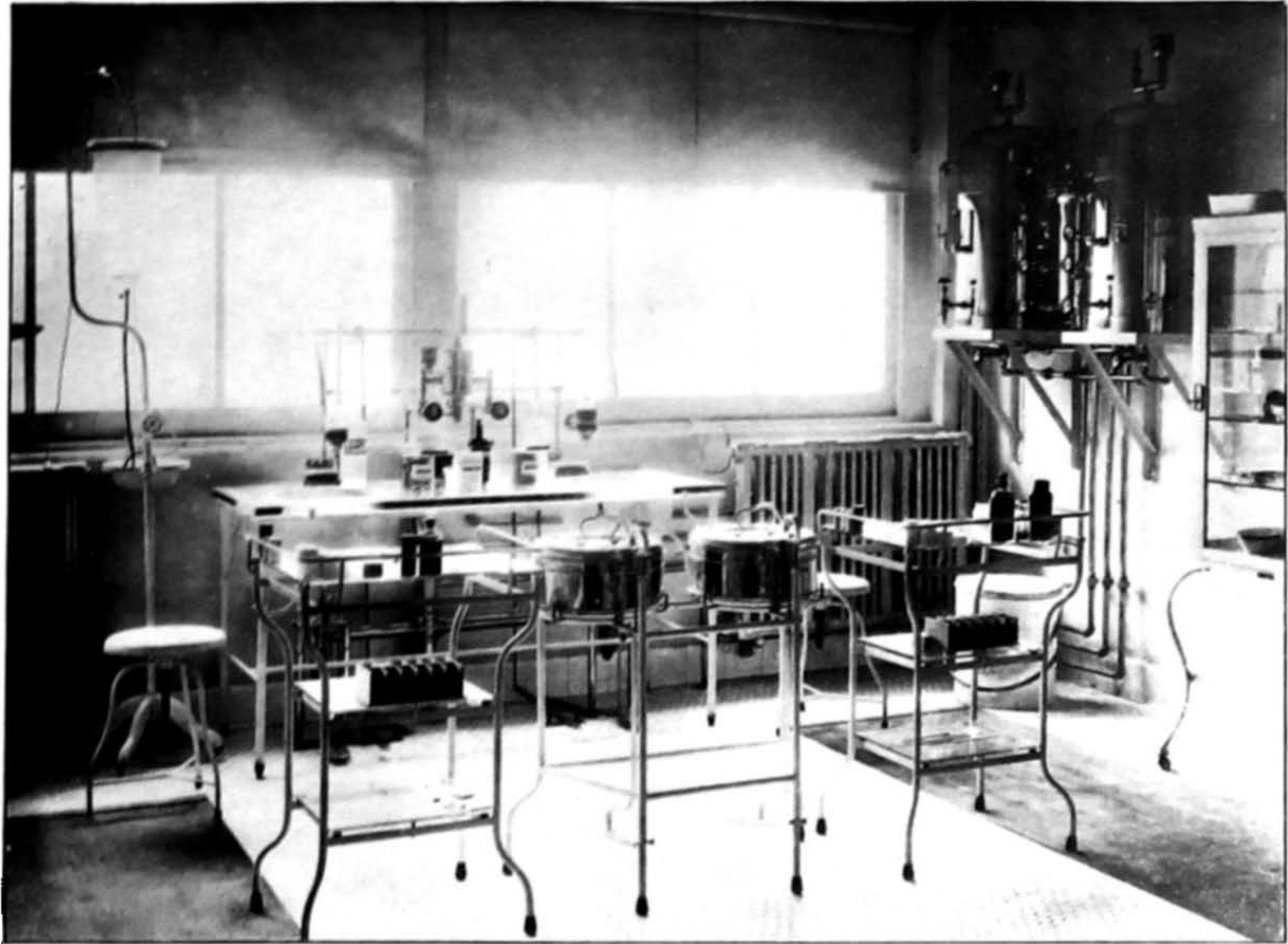


PLATE 10.—SECTION OF SURGERY, SHOWING DRESSING TABLES. NOTE TREADLE ATTACHMENTS TO EQUIPMENT.



PLATE II.—ACCIDENT ROOM OF A SPINNING MILL.

PHYSICAL EXAMINATIONS ON ENTRANCE.

It is quite a general practice to give applicants for employment a more or less comprehensive physical examination. This ranges from a few general questions to a thorough physical test, of which complete records are made and kept.

One company, in addition to the physical examinations required of all applicants for work, has in recent years adopted the custom of making mental tests. This was instituted as a safeguard not only for the worker himself but for those who might be associated with him, since some men who are physically able to perform heavy manual labor have not sufficient mentality to be able to comprehend safety regulations and are thus a menace to the safety of others as well as themselves. Since ordinary oral and written tests were not practicable owing to the variety of languages spoken it was found that the most satisfactory results were obtained from the use of cut-up picture puzzles. The results of these tests have been most satisfactory.

It is also quite usual for establishments giving entrance examinations to reexamine after absence from illness or other causes. It is to be understood that the main purpose of entrance examinations is to exclude those who are undesirables from the standpoint of the employer—that is, usually those suffering from tuberculosis or other contagious diseases—although occasionally firms having some outside work are willing to take tubercular people. In a very few instances, however, valuable assistance is given by the medical department in helping employees to correct minor defects revealed by the examinations. One firm employing a very large number of men gives advice to applicants who are rejected because of defective physical condition as to the correct treatment necessary for cure or help and recommends them to reliable physicians or hospitals. Where circumstances warrant, the arrangements for hospital care are made by the health director of the company. Only such applicants are rejected as are totally incapacitated or are suffering from contagious or infectious diseases. The claim is made by this firm that by means of this advice 25 per cent of the rejected are reclaimed and hired. Another firm reports that of the 7 per cent rejected the proportion able to remedy their defects through proper attention is large enough to reduce the net rejections to less than 2 per cent.

PERIODIC PHYSICAL EXAMINATIONS.

Periodic examinations are found less frequently than preliminary medical examinations. In occupations in which the employees are subject to occupational diseases or in establishments which handle or manufacture food products, periodic examinations are either necessary for compliance with the State or municipal law or are so

manifestly a requirement of ordinary humanity and social protection that they can not be regarded as welfare work. Examinations given by steam and electric railroads are mainly for sight and hearing, and, therefore, are more for the protection of the public than for the benefit of the employees. In the comparatively few cases besides these in which periodic examinations are given, general corrective work is done or a change of work is ordered in cases where it is found that employees are not physically capable of doing the work assigned to them. This, as well as leave of absence, sometimes with and sometimes without pay, is often the method of dealing with the less serious cases. Employees who are found to be in a generally run-down or anemic condition are frequently given egg and milk or malted milk regularly, and the results of this diet are carefully noted by physicians or nurses. Special examinations and subsequent medical attention are given in a number of establishments upon request of the employee.

Of the 49 establishments which report periodic examinations, 17 have annual examinations and of these, 10 examine all employees, 1 examines heads of departments and assistants annually, the remaining employees being examined at the end of one year's service and not thereafter, and 6 do not report the number examined each year. Six establishments have semiannual examinations, and of these 1 examines all employees, another all but the salaried force, 1 all male employees, while the others do not report classes of employees examined; 2 of these establishments give semiannual dental examinations. Of the other periodic examinations reported 4 (3 biennial and 1 every four years) are by railroads and 22 are for food handlers or for persons exposed to occupational diseases, and vary from weekly to bimonthly examinations.

Nine establishments examine after absence on account of illness or for other causes and of these, 1 examines every two years and also before promotion and reemployment. One establishment examines laborers after one year of service, 18 establishments report special examinations in cases of suspected tuberculosis or other disease, and 3 give them on request of the employees. Fifteen report definite corrective work on the part of physicians as a result of examinations. Four give egg and milk or malted milk to employees in poor physical condition. If a physical test is to be given either upon employment or periodically it is necessary to have a special room in connection with the emergency rooms for this purpose, and the provision of several dressing booths opening off the examination room facilitates the work of examination.

COMPANY HOSPITALS.

There are 24 of the total number of companies visited which maintain hospitals for the purpose of caring for protracted cases of illness or injury among employees and their families. Nine of these hos-

pitals are found in the mining industry and eight among the iron and steel companies.

The preponderance of industrial hospitals in these two lines of industry is due probably not only to the extra hazards of these industries but also to the fact that in the majority of the cases where such a hospital is maintained the company properties are in an isolated section where the usual hospital facilities are lacking.

COST OF TREATMENT TO EMPLOYEES.

In 7 cases hospital treatment of all kinds is free to employees, while one company gives free treatment for accident cases only. There is but one company whose hospital services are given to families of employees without charge, although one other company gives free treatment in special cases when circumstances warrant it. Sixteen companies, however, have hospitals sufficiently large and well equipped to care for members of families and eight of these take outside patients as well. The majority of the hospitals have accommodations for from 20 to 40 patients but in two cases more than 100 can be cared for at one time.

In 11 of these hospitals the expenses are largely met by monthly dues which are deducted from the employees' pay. These dues are in some cases less for single men than for married men. The dues range from 50 cents to \$1.35 for the former and 75 cents to \$2 for the latter. In only one case was it reported that a reduction of the fee was made for a fraction of a month. In sections where there is a shifting class of labor this system of deductions may work a decided hardship on employees, although it may prove a profitable source of income to the hospital. This monthly fee does not entitle members of families to free hospital service but only to dispensary and home treatment, although the amount of fees for operations where reported, are less, than the customary fees. One company charges half the usual fee for operations to members of families and another charges \$125 for major and \$50 for minor operations. Three companies report that no extra fee is charged employees for operations. The others do not report on this point. Several, however, charge for board or for a private room. One company makes a charge of \$1.25 for ward and \$3 for private room per day if hospital care is not essential. This is done to keep employees from abusing the hospital privileges.

The initial expense of building and equipping these hospitals is of course borne by the companies and this in itself is a large item, since some of them cost many thousands of dollars. There is always the possibility, however, if the physicians employed for the family work have an outside practice, or if other patients are received in the hospital, that the service rendered to employees and their families

may be very perfunctory, since the employees have no choice but to pay the hospital fee whether the service is satisfactory or not.

One company in the mining group which does not tax employees gives absolutely free treatment and medicines to employees and members of their families. The hospital has 20 beds and has a staff of 7 doctors and 7 nurses. Experienced physicians only are employed and are paid enough to retain their services for several years. It is required of each that one month of research work or study shall be done each year. The employees formerly contributed to this hospital but for some years the company has assumed the entire expense, which amounts to about \$50,000 annually and covers the treatment of about 250 hospital patients and approximately 20,000 outside calls.

Another company, with properties in many locations, has a hospital service reaching approximately 35,000 persons. There are four base hospitals, two of them rather small but the two larger ones having 23 and 35 beds, respectively. The employees are taxed 75 cents a month and receive both medical and surgical treatment at the hospital but pay for board, except in accident cases. The medical work of the company covers the general hospital work, the dispensaries, and the sanitation of the camps and towns. A corps of 43 physicians, 2 dentists, 1 oculist, and 20 nurses are employed. About 600 hospital cases and over 300,000 treatments at dispensaries and visits to homes are reported for one year. The results of the sanitary and medical work are shown in the following figures: The number of cases of malaria has been reduced from about 5,000 per year to 200, typhoid reduced about two-thirds in four years, pellagra from an average of 380 cases a year to 8, and no case of smallpox in the year for which the report was made.

Special attention is given to the condition of the teeth of patients by the management of one hospital which treats nearly 5,000 cases annually. It has been found that 80 per cent of their hospital patients need dental treatment either for pyorrhea or chronic abscess. This company has also established free dental clinics at its dispensaries in its different camps for the purpose of treating children in the first and second grades. Lectures are also given on the care of the teeth to children in the higher grades and to adults. It was found that 98 per cent of the children were in need of the services of a dentist. Three dentists and three dental nurses are engaged in this work. An oculist also tests the eyes of the children and prescribes glasses when they are needed. The head surgeon of the company visited the war hospitals in Europe to study the new methods introduced there, and the Carrel-Dakin treatment of infected wounds, paraffin treatment of burns, and Blake's fracture slings have been introduced in the hospital treatment as a result.

TREATMENT FOR TUBERCULAR EMPLOYEES.

Thirty-two firms will pay the entire expenses of employees who, after a reasonable length of service, develop tuberculosis, but if the employee is able to pay part of the expense he is expected to do so. Thirty-two other firms send employees to sanatoriums. Two establishments have a joint fund given by employer and employees for sanatorium care of tubercular cases. Sixteen companies pay all expenses, one pays all after two years' service, one after three years' service, and another pays if employees are unable to do so. One company has its own sanatorium and several other firms send to a sanatorium which is maintained jointly.

One large insurance company maintains a very large and completely equipped sanatorium for the care of its tubercular employees and others suffering from diseases and derangements that can be benefited by out-of-door living and treatment under medical supervision. The sanatorium consists of three groups of buildings—administration, refectory, and infirmary—several open wards, rest house, and power house. The rest house will accommodate 80 patients, and is used for those suffering from other diseases than tuberculosis. Three hundred and twenty-two patients can be housed altogether. The treatment is given only to employees and is entirely free. The hospital reports show a rapid increase in the percentage of employees admitted who are in the incipient stage as against those moderately or far advanced.

Another insurance company sends tubercular employees to the nearest hospital for such cases. The company pays the hospital expenses directly to the patient, who is subjected to no financial worry of any kind.

Because of lack of local facilities for the care of tuberculosis, one firm employing several thousand persons has established a special dispensary, where only the most serious cases are kept, near the plant for the use of employees who either have contracted tuberculosis or are suspected of having it. These patients are under the constant oversight of a doctor and a specially trained nurse who superintends their examination at the clinic and also visits them in their homes to teach the most modern methods of prevention and cure.

In Chicago 36 companies united to equip and support a sanatorium in New Mexico, where employees can receive the best and most scientific treatment at exact cost. Only employees who are believed to be curable, however, are admitted.

EMPLOYEES SENT TO PUBLIC HOSPITALS AT COMPANY EXPENSE.

The arrangements for hospital care of employees by the firms for whom they work are, in most cases, very indefinite. Much that is done along this line is so confused with the requirements of the compensation laws that it is difficult to determine how much is required and how much can be ascribed to welfare work. A number of the companies, however, state that they go beyond the requirements of the law in giving hospital care to accident cases, keeping injured employees in the hospital as long as is necessary for a cure to be effected, although the laws in most States limit either the length of time for which medical attendance is to be furnished or the amount to be spent, or both.

One hundred and thirty-five companies report that some hospital care is furnished employees, mostly for cases of injury. Several companies state that hospital care may be furnished in cases of sickness either because of need on the part of the employee or because of long and faithful service. A few firms pay hospital bills for members of the family when necessity arises, and some will advance the money, to be paid back in small installments. Quite a number of these companies maintain beds in the general hospital, which are used for the employees when ill or injured, and in a few cases whole wards are reserved by the companies, though these are usually solely for accident cases.

MEDICAL FEES.

There are 12 cases in which the employees pay a monthly medical fee, ranging from 50 cents to \$1.50 for married employees and from 25 cents to \$1.50 for single employees. In some cases this covers medical and surgical attention for employees and families. In one case operations are charged for at half rates. Usually hospital attention means, even where the medical service is paid for monthly by the employee, that accommodations in the ward only are provided.

One company has a hospital fund to which employees contribute 10 cents a month, which is deducted from their pay. Employees are placed in a semiprivate ward and bills are paid by the treasurer of the fund. This arrangement was made because hospitals had taken contributions and had refused free treatment to employees. Another hospital association, to which all employees pay \$1 for examination and 50 cents a month, gives doctor's care, medicine, and hospital and surgeon's fees, although there is a limit of 60 days for which treatment is given. In two instances the dues of the benefit association cover medical service for families. In one of these cases home and hospital service, medicines, and ambulance service are furnished.

REST PERIODS.

Rest periods are granted by 106-companies to all or part of their employees. Of these 106 establishments, 62, with a total of 216,062 employees, report the number to whom they are granted to be 69,073, or 32 per cent of the employees. Fifty-five establishments grant them to men, and of these 55 establishments, 31, with 64,025 employees, report that they are given to 19,589, or 31 per cent of their male employees. Of the 85 establishments giving rest periods to women, 50, with 56,337 employees, allow them to 49,027, or 87 per cent of the female employees.

The following table shows, by industry groups, the number of employees to whom rest periods are granted:

TABLE 9.—NUMBER OF ESTABLISHMENTS GRANTING REST PERIODS AND NUMBER OF EMPLOYEES TO WHOM REST PERIODS ARE GRANTED, BY INDUSTRIES.

Industry.	Male employees.					Female employees.					Total, both sexes.				
	Establishments granting rest periods.		Establishments reporting number to whom rest periods are given.			Establishments granting rest periods.		Establishments reporting number to whom rest periods are given.			Establishments granting rest periods.		Establishments reporting number to whom rest periods are given.		
	Num-ber.	Number of employe-es.	Num-ber.	Number of employe-es.	Employees having rest periods.	Num-ber.	Number of employe-es.	Num-ber.	Number of employe-es.	Employees having rest periods.	Num-ber.	Number of employe-es.	Num-ber.	Number of employe-es.	Employees having rest periods.
Automobiles.....						2	1,050	2	1,050	560	2	21,750	2	21,750	560
Clothing and furnishings.....	3	548	1	200	200	3	4,541	2	3,141	3,210	3	15,129	2	3,529	3,416
Fine machines and instruments.....	2	5,897	2	5,897	5,897	4	1,490	2	1,030	1,030	4	14,321	2	6,927	6,927
Food products.....						4	3,362	1	250	250	4	7,867	1	250	250
Foundries and machine shops.....	4	19,394	2	4,430	500	6	5,987	4	2,137	1,217	8	33,823	4	29,499	1,737
Iron and steel.....	16	106,845	8	37,918	2,589	2	111	2	111	111	18	125,702	10	56,072	2,700
Offices.....	3	2,020	2	2,020	2,020	4	2,397	3	2,397	2,397	4	10,150	3	5,148	5,023
Printing and publishing.....	2	713	2	713	129	2	1,255	2	1,255	911	2	1,968	2	1,968	1,010
Stores.....	12	16,503	0	4,181	3,051	22	34,851	10	15,984	12,873	22	59,903	10	25,508	10,524
Telegraphs and telephones.....						14	39,774	11	23,922	23,446	14	65,817	10	39,147	23,446
Textiles.....							598	2	598	321	2	2,729	2	2,729	321
Other industries.....	13	14,463	8	8,060	8,997	20	15,005	9	4,402	2,683	23	64,933	14	22,875	7,139
Total.....	55	100,759	31	64,026	19,589	85	111,027	50	56,837	49,027	100	146,122	62	216,002	69,073

¹ Not including employees of 1 establishment, not reporting.

² Not including employees of 2 establishments, not reporting.

Except for the telephone industry, where the nervous strain of the work is very great, and where it is the uniform practice for this reason to provide relief periods usually of 15 minutes' duration twice during the working hours, and in the iron and steel industry and in foundries on the very hot work, these times for rest are not peculiar to any particular industry, but are granted usually to such groups of employees as are engaged in especially monotonous or fatiguing occupations.

It is quite usual to give office girls who are in the dictaphone and stenography divisions 10 or 15 minutes for relaxation, and in 22 department stores out of the 46 reporting on this subject rest periods of from 5 to 20 minutes are given twice daily, generally to the majority of their employees. Elevator men are given relief from the strain of their work at frequent intervals, sometimes 10 minutes being given for each hour's work. It is rather uncommon to find rest periods granted in the textile industry, since, in the women's occupations especially, the greater part of the work is of such a nature that there are frequent opportunities for them to rest while at their machines.

In one factory, making fine machines and employing about 2,000 persons, the power is shut off for 10 minutes twice daily so that employees are obliged to relax even though they might prefer to remain at work. Another factory employing many women reports that this was tried, but because of the work being piecework the rest periods were not popular with the majority and so were abandoned. In one soap factory all those working at the wrapping machines have 15 minutes for rest twice during the day, and in a large food factory all the women have rest periods of 15 minutes twice daily except bundlers, who have half an hour. Another food factory gives 15 minutes to those employees who work at machines, and a leather factory gives 8 minutes to all employees except those in the office.

Two establishments report calisthenics during the rest period, and it is the experience of one of these firms that while the employees at first took up the exercises very reluctantly they soon entered into them with great enthusiasm, owing to the good effects which resulted.

RELIEF IN MONOTONOUS AND FATIGUING OCCUPATIONS.

Rest is provided for through change of occupation in 11 cases. There is no one industry which stands out above another in this respect, but it is in such monotonous work as packing, box folding, operating closing machines for paper boxes, weighing and wrapping tobacco, and similar work that such relief is afforded. This is sometimes accomplished by a complete change of occupation and sometimes those who stand change with those who are sitting and who are engaged in parts of the same operation.

Change of occupation in cases of poor physical condition is reported by 14 establishments, and 6 companies give leave of absence either with or without pay for the purpose of recuperation.

VACATIONS AND SICK LEAVE.

While it has been customary for years among the majority of manufacturing plants and business houses to give vacations with pay to their employees who are paid on a salary basis it has been very unusual to find industrial establishments which have granted such vacations to the employees who are paid by the day or hour. This is probably not entirely due to the fact that the salaried workers receive more consideration, but also to the fact that as a rule they form the smaller and more stable element of the industry.

It is evident that in industries which have had a very shifting class of labor it could hardly be expected that employers would grant vacations with pay to those employees who had worked for them only a short time and from whom they had no reason to expect continuous service. Quite a number of the companies give vacations with pay to the rank and file of employees after certain periods of employment, which in different instances are 5, 10, 15, 20, and even 25 years, but the possibility of receiving a vacation under these conditions is so remote as to have little interest for or effect upon the majority of the workers. Since this restriction excludes a large proportion of the workmen, companies which require more than one or at the most two years' service from their factory employees before they are eligible for vacations have not been included.

Three hundred and eighty-nine establishments reported on the subject of vacations and sick leave. Nine of these establishments failed to report the total number of employees, but the 380 companies reporting employed a total of approximately 1,525,000 persons, considerably over three-fourths of whom were males. On this subject the details covered were the extent to which the principle of vacations and sick leave has been adopted by industrial establishments, the class of employees affected, the length of time allowed, and the conditions under which such leave is granted.

The salaried class of employees includes officials of the company, office and clerical force, and also superintendents and heads of departments. Establishments allowing vacations to administrative staff or officials only have not been included.

VACATIONS WITH PAY.

Of the 389 establishments considered, 317, or 81 per cent, grant vacations with pay to their salaried employees and practically this same percentage prevails throughout each industry group. Included in this number are 59 companies (offices, stores, and telegraph and

telephone companies) which grant paid vacations to virtually all their employees; these employees are, however, practically all on a par with the clerical force in manufacturing industries.

There are but 16 establishments, with a total of 18,130 employees, which grant vacations with pay to all unsalaried as well as salaried employees. These companies are distributed as follows among the industry group: Clothing and furnishings, 2; food products, 2; foundries and machine shops, 4; gas, electric light, and power companies, 2; soap, 1; other industries, 5. In addition to these, 1 company gives vacation with pay to women employed in the factory for regularity of attendance, and another company gives to both men and women 1 week for each 25 weeks of perfect attendance. A textile mill in the South gives 2 weeks at half pay to all its operatives and free rent during this period. The soap manufacturing company mentioned above gives 1 week with pay to all employees, but those who prefer not to take it may work and receive double pay.

From the fact that even a very few companies have been able to meet successfully the cost of giving vacations to all their employees it would seem that there is no reason why some plan could not be quite generally adopted in different industries for those employees who have a reasonable length of service to their credit.

LENGTH OF VACATIONS.

The length of vacation with pay and the conditions under which such vacation is allowed, vary with the nature of the employment and the length of service. The greater number of vacations for salaried people range closely around a period of two weeks. In numerous instances this amount is the maximum reached after a specified length of service. Of the establishments reporting on the length of service prerequisite for vacations of salaried employees, the most common requirement is that of one year's service for a vacation of two weeks.

Vacations with pay to salaried employees are generally for a longer period than are vacations to others. In the case of establishments granting vacations to all, it is very frequently the practice to allow two weeks to salaried and one week or 10 days to all other employees.

The method of determining the length of vacation with reference to the length of service is of considerable importance and several schemes for the solution of the problem have been reported. In addition to the plan of specifying a definite length of service of six months, one year, or two years before a vacation is granted, some establishments take into consideration the date of appointment with reference to the summer vacation period. This method is reported especially by stores which allow summer vacations to all clerks on the rolls previous to such dates as the 1st day of September, January, or

March. Other establishments determine the length of time to be granted on a cumulative basis, at a certain rate per month for the time employed, usually with the requirement that the maximum vacation shall not exceed two weeks. This latter method of averaging the length of the vacation period seems to be a satisfactory one.

VACATIONS WITHOUT PAY.

Most of the firms reporting on this point stated that a reasonable amount of leave without pay is allowed. As a matter of fact, the ones ordinarily affected are the salaried employees who may be allowed to take an additional week or perhaps two to supplement their vacation with pay with the assurance that the position will be waiting for them on their return. For the unsalaried worker vacation and sick leave without pay means very little. It practically resolves itself into a question of the abundance or scarcity of labor. If there is not a sufficient supply of labor to meet the demand the worker, when he returns, will find a place open for him, but if there is a plentiful supply of labor it is probable that he will have to take his chance among the others seeking employment.

SICK LEAVE WITH PAY.

Fewer establishments report a definite policy on sick leave with pay than report a definite policy on vacations, a very large number preferring to consider each case on its individual merit. The provisions of the benefit associations and the compensation laws are probably responsible in a large measure for the lack of other plans in this regard on the part of employers.

Of the 389 establishments included, 193, or 50 per cent, stated definitely that it was their policy to allow sick leave with pay to all salaried employees. Only 8 of these companies, however, extended this privilege to all of the other employees. In half of these 8 establishments there was no benefit association. Seven of the companies reported a minimum requirement of service of from 6 to 12 months. One week's pay is the usual amount allowed, but one company allows one week at half pay for each year the employee has been with the company.

CHAPTER II.—DRINKING-WATER SYSTEMS.

It is essential to the comfort and health of workpeople that an abundant supply of cool, pure water be available for drinking purposes, and it is essential to the good of the shop or office that such supply be easy of access and involve little loss of time in its use. An attempt was made in the present study to ascertain the source of supply of the drinking water of the companies reporting, the extent to which filtration or other purifying measure is carried on, the prevalence of the custom of artificially cooling the water, and the ways in which it is made available to the consumer. Not all these points were answered in all cases, but the figures in the two following paragraphs indicate the general trend. Mining is not included. It appears that in most cases in this industry the water is derived from wells or springs or from the mines, and either is piped to the various mine levels for the use of the workers or is carried underground by the men themselves. There are conspicuous instances of efforts on the part of the employing company to improve the water supply in isolated communities devoted to mining or to the iron and steel industry, and large sums have been spent in this direction.

Of the establishments reporting the source of their supply of drinking water 80 use the water from the city mains and 50 use well water. In 79 establishments the water is filtered or otherwise purified. Of the establishments reporting on their water systems 132 cool the water provided for drinking purposes, the means of doing so being reported variously as refrigerating plant, ammonia system, ice coils, coolers, etc. In a small number of cases the statement is made that artificial cooling is practiced only in summer or in certain departments of the plant. In a few instances tea, oatmeal water, or other substitute for iced water is supplied to the men engaged in very overheating work.

In 236 of the establishments reporting on their drinking-water systems, the water is supplied to part or all of the employees by means of fountains, anything in the nature of a fixture having a nozzle instead of a faucet being so designated. The wide and rapid extension of the use of the so-called sanitary drinking fountain has led in many cases to its being installed without proper care as to choice of type and used without observance of the simple rules laid down. There are many types of fountain from which persons may drink by taking the nozzle of the bubbler into the mouth, and this practice is common; furthermore, there are many types in the use of which water from the lips of the consumer falls back onto the bubbler at the point of outlet.

An important and comparatively recent investigation of drinking fountains, undertaken to determine the sanitary condition of those in use at the University of Minnesota, was made by the board of health of that State and fully described in Public Health Reports for May 11, 1917. A brief summary of the findings of that investigation is here presented:

A résumé of the results shows that 77 drinking fountains, which represented 15 different types, were examined. Sixty-five per cent of these fountains were of the continuous-flow type and 35 per cent of the intermittent type operated by the consumer. The nozzles on all of these fountains discharged the water vertically. The height of the water jet above parts of the fountain that could be touched by the lips of the consumer was less than 1 inch in 40 per cent of the fountains. On examination of the various types * * * it is seen that all are subject to contamination by the consumer, either directly by the lips or by water falling back from the lips onto the jet or the surrounding parts. Certain of these types have closed receptacles around the point of discharge, which retain a part of the water discharged from the outlet. Coloring matter added to these receptacles was not entirely removed for long periods of time.

Samples were taken of the water supplying the fountains and of the water discharged from each fountain, and swabs were rubbed over the parts of the fountains that might come in contact with the lips of the consumer. The specimens of water were examined for the total number of bacteria, for bacilli coli—often the cause of peritonitis and other abdominal affections—and for streptococci, commonly found in abundance in the human mouth and including several deadly disease-carrying species of bacteria. Examination of the water supplied to the fountains showed consistently low bacterial counts and failed to show, in 100 cubic centimeter amounts of water, either bacilli coli or streptococci. Examination of the water discharged from the fountains failed to show bacilli coli but did show higher bacterial counts in a few cases and the presence of streptococci in 11 per cent of the cases. Examination of the swabs showed the presence of streptococci on the parts of the fountain exposed to the lips of the consumer in 80 per cent of the cases.

To summarize these results, they show: (a) That a large proportion of the fountains were infected with streptococci, which it is reasonable to assume came from the mouths of the consumers, as these organisms were not found in the water supplying these fountains; (b) that streptococci were actually present in the water discharged from the fountains and could be transmitted to the mouth of a consumer, even though the lips were not touched to the infected parts.

The experimenters came to the conclusion, previously reached by others, that the principal defect in construction was the vertical discharge from the fountain, which allowed the water to fall back from the mouth onto the point of discharge, and that it was necessary to protect the nozzle against the approach of the drinker by a wire muzzle or other guard. It would appear, therefore, that the discharge of the water at an angle instead of vertically, and a simple



PLATE 12.—SANITARY DRINKING FOUNTAIN. SHOWING RELATION OF SPLASH GUARD "A" AND BASIN "H" TO POST "I."

device to prevent the drinker touching the nozzle, would lessen the possibility of the fountain being a factor in the transmission of disease.

A number of establishments reporting in the study made by the United States Bureau of Labor Statistics describe their drinking fountains as being of a type which prevents the mouth of the drinker coming in contact with the point of discharge, but in very few cases has the theory of discharging the water at an angle, so as to prevent its return to the nozzle, been put into practice. Where conditions are not of the best an effort sometimes is made to secure the employees' cooperation, placards bearing rules for the best use of the fountain, perhaps in several languages, being posted by the fixture.

The accompanying halftone (pl. 12) illustrates the equipment installed by one company employing several thousand men. This fountain has been approved as "absolutely sanitary" (it is probably as nearly so as is possible), and the statement is made that this feature is especially appreciated by the employees. It is impossible for sputum to come in contact with the nozzle, since the latter is inclosed in a pipe column allowing only for the escape of the spurt of water, and a guard fastened to the pipe column at the point of discharge prevents the consumer approaching that point too closely. It is unnecessary to touch any part of the apparatus with the hands, since the supply valve is operated by pedal. A box for ice is built around the fixture, a cooling device which is reported by a number of other establishments.

The antiquated bucket and dipper still may be found in a number of places, difficult of belief though this may be, and tin cups hanging alongside faucets are in evidence in many factories. In the textile establishments reporting are 3 cases of the use of barrels, 1 of tanks, 1 of buckets, and 1 of bottles provided by the workers. Scattered among the other industries are reports of the use of buckets, tanks, and crocks.

Of approximately 100 cases reporting the use of individual cups, 16 establishments supply them to the office force only, 16 give a glass to each employee, 33 supply paper cups to all, and 31 require the employees to provide their own.

CHAPTER III.—WASHING-UP AND LOCKER FACILITIES.

The extent to which washing-up facilities are provided for employees, the character of such provision, and the number of employees taking advantage thereof, formed one division of the study of industrial betterment work made by the U. S. Bureau of Labor Statistics. Of the 431 establishments investigated, 409 maintain wash rooms or shower baths, or both, for the use of their employees, and these establishments gave information in varying degrees of completeness as to the equipment provided, and its use.

It is, of course, not easy to state with anything approaching exactness the number of persons who make use of the baths and wash rooms. However, about one-half of the 409 establishments made an estimate and their combined reports indicate that between 80 and 85 per cent of the employees use the accommodations provided. In certain industries—for example, food manufacturing, offices, and stores—it is customary for the employees to use the wash rooms during working hours, and these cases report a high per cent as so doing. In several other industries the use of the wash room by the employee before going home requires only the few moments necessary for the washing of the hands. It is in overheating or dirty occupations, or in those where dangerous substances are used or noxious gases and fumes are present—in either case involving a thorough wash-up or bath and a change of clothing—that the question becomes of interest and importance.

In some States the law making it compulsory for employers in certain industries to furnish facilities for washing up and changing the clothing provides also a penalty for the employee who fails to make use of such facilities. In the absence of legal provision and of a time allowance at the employer's expense, the use or nonuse of the lavatory before going home rests with the employee himself, and it would appear that his choice depends to a very great extent on the convenience and adequacy of the equipment. If he has to go much out of his way, or must await his turn at the faucet more than a few minutes, he will fall into the habit of going home without washing up. Since it is tremendously to the employer's advantage, from several points of view, that men wash up after their day's work, it would seem that the mistake should not be made of installing equipment which barely meets the needs or falls entirely short of so doing, when for a few hundred dollars more it might be made completely adequate and prove a perfect success.

Other influences than those mentioned have a bearing on this question—for example, long hours. There may be cited the case of a first-class hotel in our largest city which was visited in connection with this study because of the two shower baths installed for

firemen in its engine and boiler rooms several floors underground. On investigation it was found that the apparatus of one of the showers was not connected with the water supply. The fact that the 55 men, employed in two shifts, worked 12 hours a day 7 days a week, getting a day off only once in every three weeks, probably accounts for the fact that the one shower available was rarely or never used.

In communities where practically the entire male population is engaged in the same industry, as in mining or iron and steel, and where the worker's homes are within a few minutes' walk of the mine or plant, it is not uncommon for the men to prefer to wash up at home, especially if the accommodations provided at the place of work are not adequate. In some communities this fact is borne in mind in constructing the houses, bathing facilities being installed in an inclosure on the porch or in a small outbuilding used also as a laundry. In a number of cases the boarding houses are equipped with batteries of washbowls within the house or showers and bowls in a separate building in the yard.

In the following table are given the data regarding baths and wash rooms secured for the industries represented:

TABLE 3.—NUMBER OF ESTABLISHMENTS REPORTING WASH AND LOCKER FACILITIES, BY CHARACTER OF EQUIPMENT AND BY INDUSTRIES.

Industry.	Number of establishments having wash rooms or showers, or both.	Number of employees.	Number of establishments reporting—									
			Show-er baths.	Troughs or sinks.	Individual bowls.	Soap supplied.	Soap not supplied.	Tow-els supplied.	Tow-els not supplied.	Facilities used on employ-er's time.	Facilities not used on employ-er's time.	Lock-ers.
Automobiles.....	9	94,658	4	1	0	0	2	0	3	11	5	8
Chemicals and allied products.....	7	19,580	4	2	0	16	16	0	5	2	7	0
Clothing and furnishings.....	12	19,482	5	4	0	11	0	4	5	5	8	0
Fine machines and instruments.....	5	25,336	5	1	4	15	2	4	2	2	3	0
Food products.....	15	17,638	10	2	5	11	1	11	1	0	1	12
Foundries and machine shops.....	55	180,652	27	12	27	412	33	411	24	12	23	42
Iron and steel.....	25	175,028	12	6	12	4	19	4	12	2	12	24
Mining, coal.....	0	21,691	7	0	0	0	7	0	7	0	7	0
Mining, other than coal.....	12	21,448	0	5	3	0	10	0	10	0	10	0
Offices.....	0	15,314	7	0	4	7	0	0	0	0	1	0
Printing and publishing.....	10	12,790	0	2	0	0	0	0	0	0	0	10
Railroads, electric.....	17	60,642	15	0	0	11	2	11	4	2	11	17
Rubber and composition goods.....	0	42,247	7	2	0	4	4	2	0	4	4	0
Stores.....	47	124,772	20	2	21	20	0	42	0	42	0	47
Telegraphs and tele-phones.....	12	63,847	0	0	7	14	0	14	0	0	0	14
Textiles.....	20	69,711	21	0	11	111	42	8	47	22	10	34
Other industries.....	94	470,141	49	27	51	752	21	751	31	35	34	32
Total.....	404	1,614,477	229	121	213	207	146	190	173	187	131	351

¹ Part of force in 1 establishment.
² Part of force in 2 establishments.
³ Not including employees of 1 establishment, not reported.
⁴ Part of force in 4 establishments.
⁵ Part of force in 3 establishments.
⁶ Not including employees of 2 establishments, not reported.
⁷ Including cupboards.
⁸ Not including employees of 7 establishments, not reported.
⁹ Part of force in 10 establishments.
¹⁰ Part of force in 9 establishments.
¹¹ Part of force in 11 establishments.

CHARACTER OF EQUIPMENT.

Of the 409 establishments for which data were secured, 238, or 58.2 per cent, report that they have shower baths for their employees. Some half-dozen having tub baths are not included in the table. The showers range from one or two inadequate fixtures to an equipment costing several thousand dollars, generously installed and maintained. The complaint that men's shower baths are little used may be met by providing dressing rooms, not universal at present. Much extra space is not necessary. A cubicle 3 by 7 feet allows for a 3 by 3 shower compartment and a 3 by 4 dressing room, the latter equipped simply with a hook or a stool. If the entrances to these two compartments are not opposite, doors and curtains may be dispensed with.

One hundred and twenty-four of the establishments do not report as to wash-room equipment. Of the 285 which do, 120 have troughs or sinks and 203 have individual bowls, a number of places—as the combined figures indicate—having both. In some States individual bowls are required by law in spite of the superiority of the trough with high faucets at which the employee washes under running water. The committee on sanitation of one of our greatest corporations recommends, if indeed it does not require, that no individual basins be installed at any of its numerous plants.

There are establishments included in this study which have hundreds of individual washbowls, kept white and glistening, when not in actual use, by the constant attention of several janitors; there are others which have a comparatively small number of bowls which, nevertheless, are not kept clean, but are ringed, if not entirely lined, with grime. It is evident, from the varied experience, that in all the cleanest industries bowls or basins should be installed only where janitor service for their care is of the most generous character, since to be clean and sanitary they require scouring after each using. The deep tublike sinks used in some places are open to the same objection, as indeed is any equipment designed for use with a stopper.

A practical and sanitary arrangement found in a large number of places consists of cast-iron troughs (see pl. 13), enamel lined and painted outside, with pipes and faucets 18 or 20 inches above the trough, allowing men to get head and shoulders under the running water. At their best they are installed to the extent of one faucet (24 inches of trough) for each 3 to 6 men using the wash room at one time. The trough may be double, that is, 2½ to 3 feet wide, with faucets for the use of men on each side. The faucets have spray nozzles, removable for cleaning. Control of temperature is secured by the use of either one or two taps, but the simpler the fixture the better. The trough has no stopper, but drains to a large waste pipe in the middle. A removable screen of nonrusting metal pre-

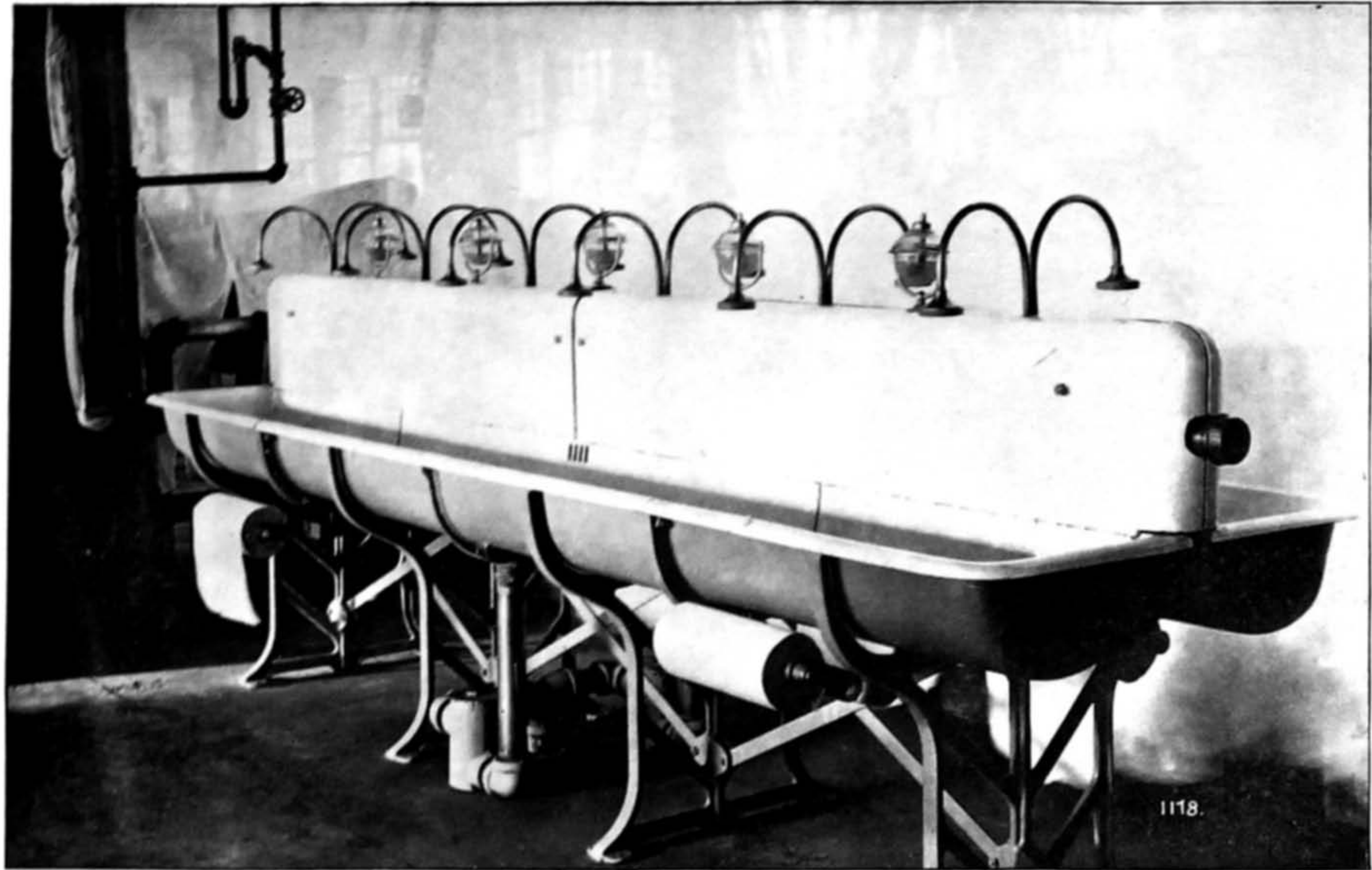


PLATE 18.—DOUBLE TROUGH WITH SPRAY FAUCETS; NONSCALDING HOT WATER; NO STOPPER; LIQUID SOAP, AND PAPER TOWELS



PLATE 14.—TYPE OF INDIVIDUAL STEEL LOCKER MUCH USED; SLOPING TOP TO AVOID COLLECTION OF DUST; DOUBLE FACED.

vents soap or other articles being carried to the drain. There are hooks near at hand for the clothing of men who strip to the waist.

In a number of establishments troughs are not used in the manner just described, each man having a tin basin which he rests on the sides of the trough or steadies in some other way. When not in use these stand on edge to dry or are hung in the lockers.

HOT WATER, SOAP, AND TOWELS.

Of the 130 establishments replying to the questions concerning the provision of hot and cold water, 124, or 95.4 per cent, report that both of these are available or that warm water is supplied.

More than 400 companies furnish information as to the supplying of soap and towels without charge to employees. Since it is customary to provide these articles for the clerical force in the establishment's offices, the mills and factories which make provisions for office employees only are not included in the table. Excluding these, it appears that in 207 cases, or slightly more than 50 per cent of all establishments, soap is provided, this being to the entire working force in all but 10 of the cases. In 190 cases, or somewhat less than one-half of all establishments, towels are provided, in all but 9 cases for the entire working force.

On account of skin disorders the soap question is a vexing one, that reason alone being sufficient to account for the fact that in little more than 50 per cent of the cases reported is soap provided by the employer for practically all the workers. Of the establishments reporting kind of soap furnished, 83 use cake soap, 19 of these also providing liquid soap in some departments; 57 use liquid soap, one of this number using powdered soap also; 5 use powdered soap; and 2 shaved soap. Cake soap molded on chains and therefore not removable nor liable to waste and cake soap in an inverted fixture, with the same advantages and used by rubbing the hand on the soap instead of vice versa, are used in a number of places. In one or more cases disinfectant in liquid-soap containers is provided for employees handling money.

Of the establishments reporting kind of towels furnished, 75 supply individual towels, 22 of these having paper and roller towels in some departments; 40 provide paper towels, 7 of this number using also some roller towels; and in 34 establishments roller towels only are used. Rolls of paper toweling, supplied free in the 44 change houses of an enormous explosives company; thousands of linen towels piled by the bowls, the system of a large automobile factory; and individual towels strung on rods, found in many stores and offices and in a factory employing several thousand men, all are reported as giving satisfaction. In rare cases a deposit of 10 or 15 cents is required, returned when the employee leaves the establishment, to insure proper care in a service providing two clean towels a week to

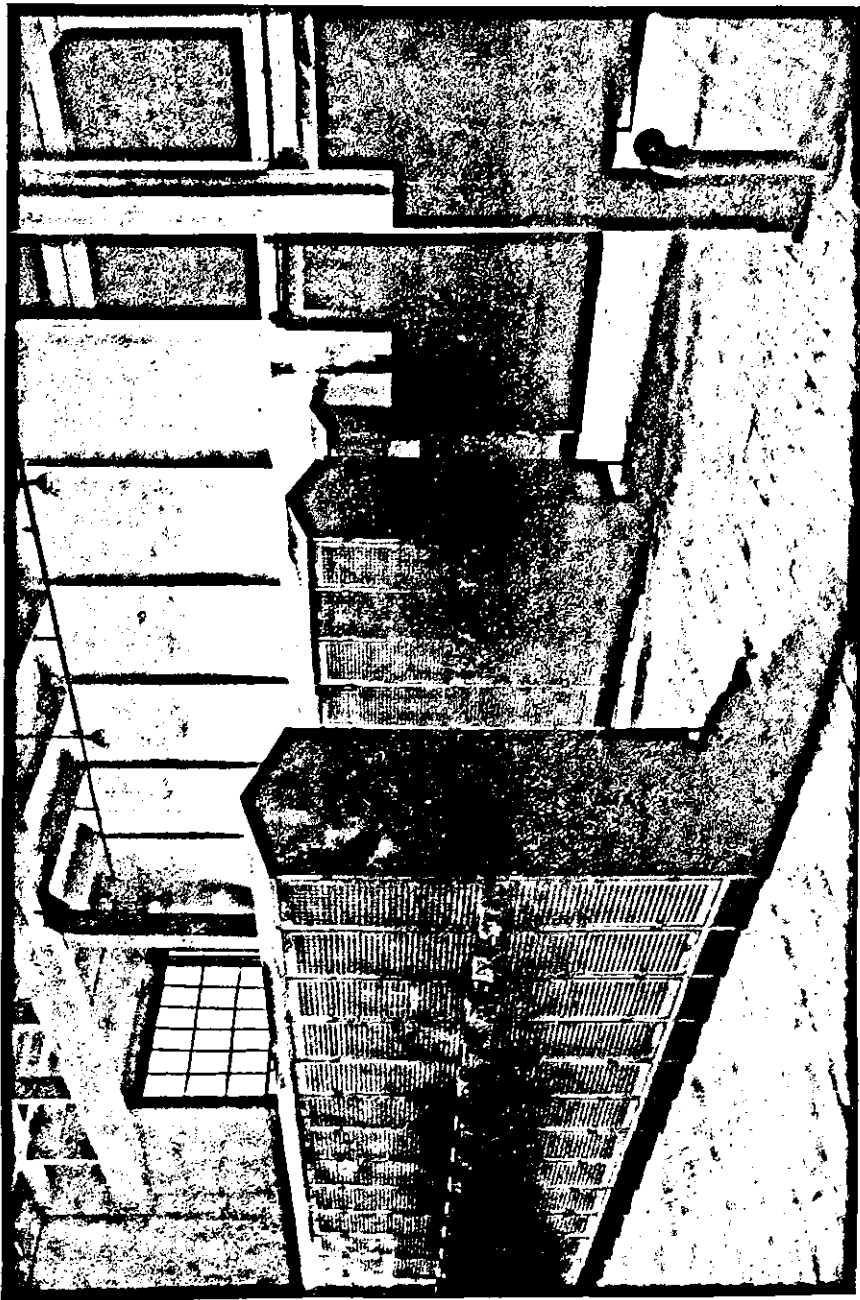


PLATE 14.—TYPE OF INDIVIDUAL STEEL LOCKER MUCH USED; SLOPING TOP TO AVOID COLLECTION OF DUST; DOUBLE FACED.

each employee. One company reports a charge of 1 cent per towel to cover costs of laundry.

USE OF WASH ROOMS ON EMPLOYER'S TIME.

The question as to the use of wash rooms on the employer's time is answered by 318 of the companies, 187 of them, or 58.8 per cent, reporting that this practice prevails to a greater or less extent. Conditions thus indicated vary from those in stores, where as a matter of course the employees make use of the wash rooms at all hours of the day, to those in mills and shops, which allow the men in certain departments to quit work from 5 to 15 minutes before closing time so as to bathe and change the clothing. Only 23 establishments make definite statements as to the number of minutes allowed for washing up on the employer's time before going home. Five or six report that 5 minutes are allowed, 9 report an allowance of 10 minutes in dusty or hazardous occupations and where a change of clothing is involved, and 6 grant 15 minutes to men doing extremely dirty work or handling chemicals. In one plant 20 minutes may be taken in exceptional cases. In none of the mines investigated does such a condition as this exist, owing to the nature of the employment. In the iron and steel industry, and in foundries and machine shops, about 1 in 3 employees, according to the reports, use the washing-up facilities on the employer's time.

Three firms allow to each employee 30 minutes a week the year round for the use of the baths, and in two other cases 40 minutes a week is granted. It may be said in passing that only one of these five firms is in the food industry.

LOCKERS AND CLOAK ROOMS.

Of the establishments investigated, 85.8 per cent report that they have lockers, ranging from simple wooden cupboards each used by a number of persons to a complete equipment of several thousand individual steel lockers.

In a consideration of the comparative merits of lockers and open shelves and coat hangers, several factors enter besides that of expense. When fastened, a locker ordinarily protects its contents from pilfering. There is, however, a general complaint among employers that the lockers are left unlocked, a practice which defeats the very purpose for which they are installed. It would seem that locking might be made compulsory, the closing being automatic to avoid loss of time, and the opening being by either combination or key. As a rule keys are charged for only in case of replacing after loss, but a number of companies require a deposit of 25 cents, returned when the employee leaves. Lockers may for convenience of access be scattered in groups through the various departments. In this case, however, they are less easily cared for and their disinfection, at



PLATE 15.—INTERIOR OF WASH AND CHANGE HOUSE; BASINS IN TROUGH, SHOWERS BEYOND; STEAM PIPES UNDER LOCKERS; BENCHES; S-SHAPED HOOKS ON STEAM PIPES FOR DRYING CLOTHING.

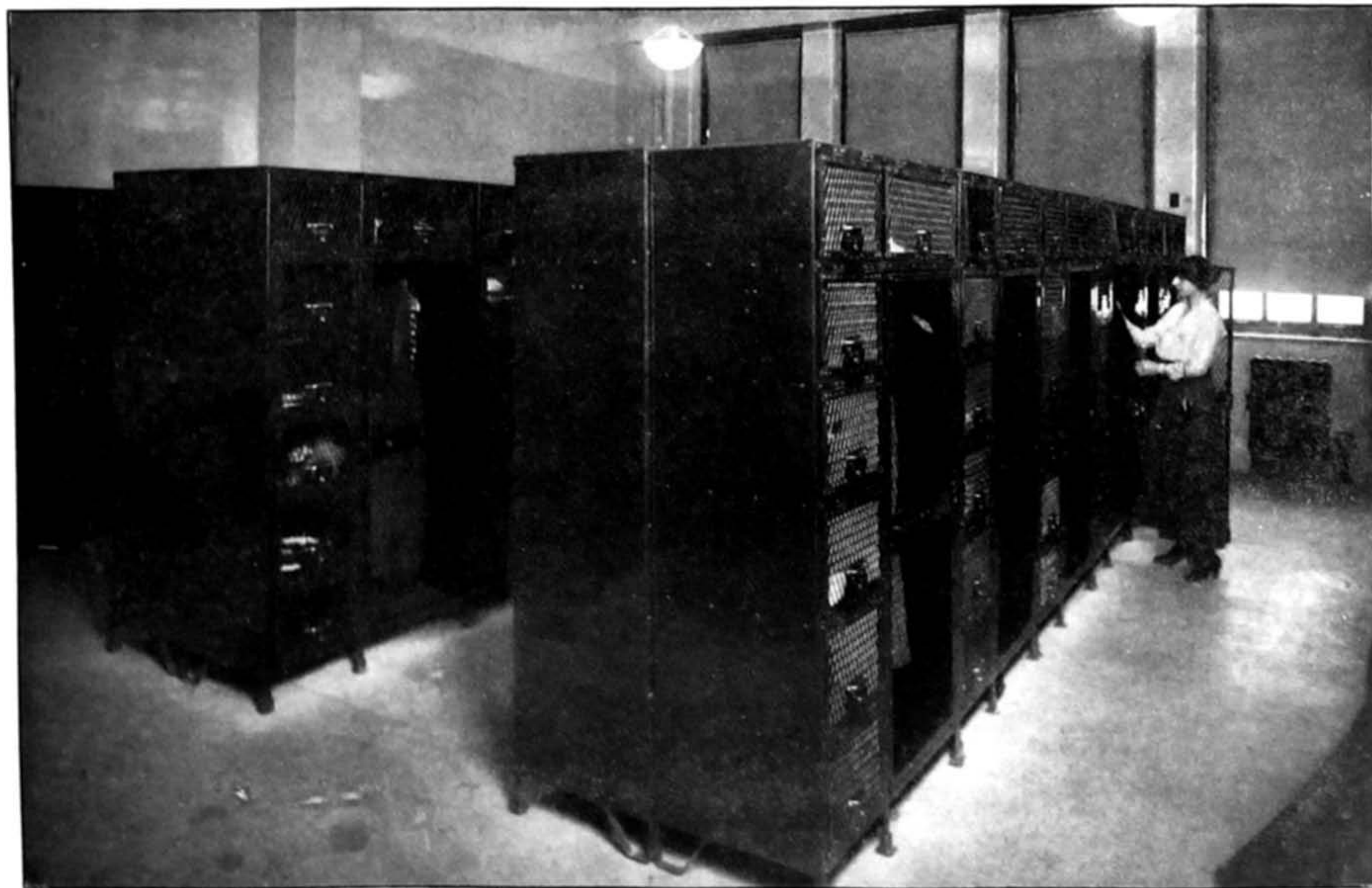


PLATE 16.—COMPARTMENT LOCKER; 7 INDIVIDUAL HAT BOXES AND CUPBOARD FOR 7 COATS; EACH BOX HAS KEY, AND CUPBOARD HAS COMBINATION LOCK.

monthly or weekly intervals, is somewhat interfered with. This is an important consideration in factories where, according to the employers, lockers are kept in great disorder and attract vermin and mice. Two large companies reported in the present study have replaced their lockers by shelves and hangers after unfortunate experience with careless employees.

Individual steel lockers are the rule in a surprisingly large number of cases, some companies installing them at the rate of several thousand a year until every employee is supplied. For men engaged in the handling of certain chemicals or other harmful substances it has been found necessary to furnish double equipment, one locker for street and another for working clothes. The lockers are of various kinds—solid plated except for ventilated door, floor, and top; solid plated except for ventilated floor and heavy wire-mesh door (see pl. 14); and all wire mesh (see pl. 15).

The installment of lockers too small to be of service—for example, too short to accommodate long cloaks or overcoats where these are worn, and too narrow for a girl's broad-brimmed hat—is of questionable value, though industries employing men who go to work in sweater, pea jacket, or mackinaw use the 42-inch locker to advantage. A variation for women from the stereotyped steel cupboard with one or two shelves and three or four hooks is found in the compartment locker (see pl. 16), which provides one generous steel locker, with several hangers for the cloaks, and 7 individual hat cupboards, also of steel and attached to the locker, built up at one side and on the top. Nine companies reported in the present study use this type of locker.

In men's industries where a change of clothing is made, benches are placed against the rows of lockers (the latter raised 15 or 16 inches from the floor to allow for steam pipes and for cleaning purposes) or in the aisles between. (See pl. 15.)

Where several hundred lockers are in one room, the numbers—as 1 to 50, 51 to 100, etc.—are chalked or painted on the ends of the rows for convenience in finding. Mirrors placed here and there where the light is good are used and appreciated by both sexes.

For large numbers of unskilled or semiskilled laborers the chain locker (see pl. 17), by which clothing may be raised to a height by pulley and held there by a fastening below, is in favor with an increasing number of employers. Heat rising to the roof from pipes below dries the garments, moisture and odors escaping through ventilators. In most cases a wire tray or basket is provided, in which wet shoes or other personal belongings may be placed, while the clothing is hung on hooks attached to its bottom. The basket is raised by a pulley, for which the worker has a padlock and key, so that after he has fastened it in place it is impossible for anyone else to reach or handle his belongings. The chain-locker system is most largely

in operation in mining, but is not confined thereto. The danger lies in crowding equipment, so that a man's garments must touch those hanging next. In one or more places visited in connection with this study sheets of galvanized iron separate the garments as they hang overhead. In the absence of this provision large numbers still can be accommodated without crowding, a space 20 by 14 feet being ample for the floor equipment and aisles of 80 lockers.

In textile mills the locker system does not yet prevail, simple cloak rooms, or cupboards or racks along the walls, being more commonly found. The custom of each employee hanging his or her coat on a nail near the place of work obtains perhaps more generally in this than in any other large and important industry, but the fact must not be overlooked that in the South, where this condition is most often found, thousands of operatives go to and from work during several months of the year wearing little or no extra clothing.

The other facilities suggested—shelves and hangers—may be considered less sanitary than lockers in a way, since clothing is not isolated and in only rare cases, according to the reports, is the same hanger and shelf space used by one person day after day. They are, however, more easily aired and disinfected, a number here reported consisting simply of wire-netting inclosures, with hangers on horizontal bars or the less adaptable screw hook under 1 or 2 shelves. This open netting does not answer the purpose, of course, where the work place is dusty. There is little provision for caring for valuables, though a few companies have lock boxes or a checking system. Most cloak rooms are kept locked during working hours; others are combined with washing and toilet facilities and are in charge of a matron. (See pl. 18 for illustration of cloak room with hangers on horizontal bars.)

Some employers of women supply stands in which large numbers of umbrellas are checked automatically, an individual key being furnished for each slip and the removal of the umbrella therefrom being possible only to the holder of that key.

PROVISION OF UNIFORMS OR OTHER CLOTHING.

The lending of umbrellas on rainy days, a deposit of only 5 cents being required, is not unusual, and five companies report that stockings, slippers, and skirts are lent to employees who get wet on their way to work on rainy mornings.

In this connection may be mentioned the furnishing of uniforms or other working clothing without charge. This is the custom in food manufacturing, where practically all women are supplied with caps and aprons each day, the men being furnished with khaki or white uniforms. In other industries the employees handling food-stuffs, such as lunch or candy counter-salespeople, women who are engaged in work in which there is more than ordinary danger of hair



PLATE 17.—CHAIN LOCKERS, WHEREBY CLOTHES ARE RAISED TO ROOF AND FASTENED BY PADLOCK BELOW; RACKS FOR SMALLER ARTICLES, WITH HOOKS AT ENDS.

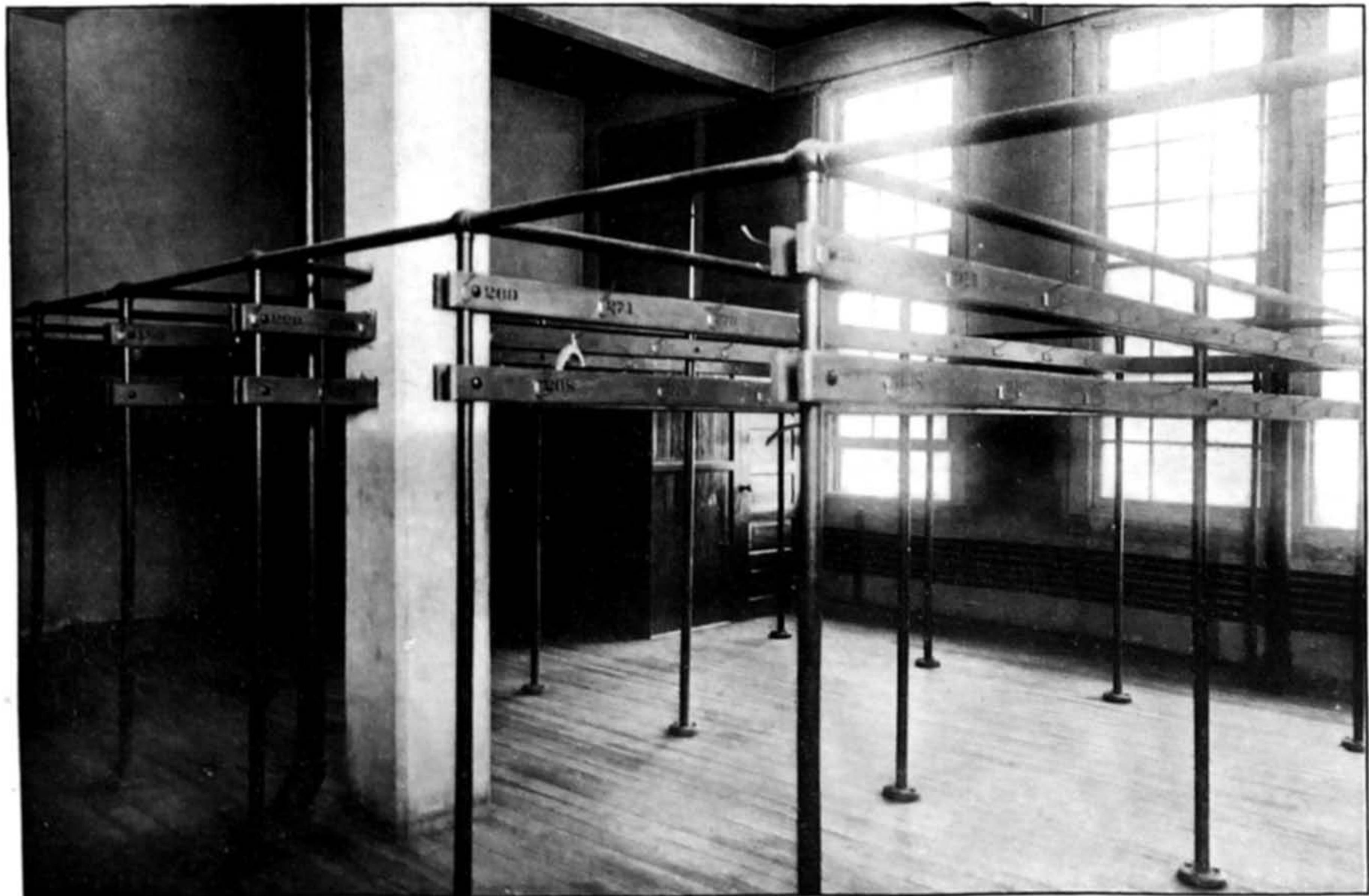


PLATE 18.—FACTORY CLOAK ROOM FOR GIRLS. IN MANY CASES BARS ARE SURMOUNTED BY ONE OR TWO SHELVES FOR HATS.

or clothing becoming caught in the machinery, and electric workers requiring rubber coats, boots, gloves, and so forth, usually are supplied with such clothing by the employer. Occasionally a nominal charge is made and in some cases the employee pays for the laundering. In an electric establishment reporting, the girls wear blouses of material sold to them by the employer at wholesale price and made up in their homes. Goggles, respirators, and other safety devices are quite commonly provided where needed, either without charge or at wholesale rates.

DRYING APPARATUS.

In addition to the wash and change house found in mining, iron and steel manufacturing, and some other industries, which has special arrangements for drying the men's clothing, there are notable examples of drying apparatus, steam or electric. Street railways, telegraph and telephone companies, and several others reported in this study make some provision therefor. This is in certain cases simply a small room heated to a high temperature and containing hooks or other hangers; in others, S hooks are strung loosely on steam pipes raised some distance from the floor (see pl. 15), or a rack resembling a carpenter's high trestle, with rows of hooks, stands over hot pipes; in still others there are provided electric dryers similar to those used by police and fire departments, in which ordinary clothing dries in an incredibly short time.

DETAILS OF WASH AND CHANGE HOUSE.

As here reported, the best wash and locker systems for women employees appear to be such as are installed in up-to-date office buildings or stores, and no detailed description would seem to be necessary. For readers interested in wash and change houses for men, the following outline of the equipment necessary or desirable—based partly on the rulings of the committee on sanitation of a corporation, but more largely on schedules, photos, and field observations in the present study—is submitted. The plan describes a separate building, but an end or corner of a work building may be equipped in the same general way provided light and ventilation are adequate.

Designation.—A building which provides wash and cloak room facilities for employees is called variously "service" or "comfort" building, "wash and change," and "dry."

Location.—The building is easy of access, between gate and time clock, if possible, and near the work place, so that men are not exposed to the weather after changing into overalls or when coming out of the shop in an overheated condition.

Shape and size.—The building is especially adaptable if long and narrow, with a door at each end or on opposite sides. There are

plenty of windows, preferably high rather than having lower panes frosted, because of defacing. There are ventilators in the roof. A building 100 by 40 or 50 feet will accommodate 200 to more than 500 men (according to type of locker service) with ample washing and locker facilities.

Construction.—The building is fireproof or fire resisting; aside from this provision the materials are those most convenient or most easily secured—brick, cement, concrete blocks, corrugated iron over brick, etc.

Interior design.—Toilet accommodations are completely shut off from wash and locker rooms, preferably with outside entrance only. The locker room is separated from the wash room by a partition high enough to prevent excessive steam reaching the lockers. The floor is pitched to drain at one or more places according to area and design, drains being placed under plumbing fixtures where possible. All corners and angles are rounded.

Finish.—The floor, and the walls and partitions for several feet up, are of hard, nonabsorbent material, the walls being completed by a nondefaceable finish; all other parts receive a coating of white waterproof paint. In some cases the concrete or other floor material extends only a few inches up the wall, but a thoroughly waterproof finish is applied above that.


Cleaning.—One or more permanent hose fixtures are included in the plumbing. A rubber sweeper facilitates the drying of the floor. Cuspidors are liberally provided.

Heating.—The building is heated by exhaust and live steam from the plant boiler room, or directly by its own furnace. Pipes run along the walls and under the rows of lockers, with coils for the drying of clothes. (See pl. 15.) In all cases the pipes allow of cleaning behind and beneath. The entire building is kept at an even temperature of not less than 70° F.

Ventilating.—Ample ventilation is assured by means of windows and of ventilators in the roof; ordinarily the latter are of the cone-top type.

Lighting.—Windows are sufficient to insure against dark corners, and to provide ventilation. A complete electric light system is provided.

Toilets.—This equipment is intended only for men using the wash-house, as general facilities are provided elsewhere. Floor and walls have a hard, nonabsorbent, nondefaceable finish, as described in the foregoing. Entrance is from the open air exclusively, the door being convenient to one of the main entrances to the building. Ventilation and light are adequate, water supply is plentiful, and drainage good. The equipment is simple, but very durable and well installed, with space allowed for cleaning behind and below all pipes, etc. There is a place for washing hands. Toilet paper and cuspidors are furnished.

Showers.—A space 3 by 7 feet allows for a 3 by 3 foot shower compartment and a 3 by 4 foot dressing room. Where the entrances to these two compartments are not opposite, thus , doors and curtains are dispensed with. Floor and walls are of hard, nonabsorbent, nondefaceable finish, as already described. Adequate ventilation and light, a plentiful supply of hot and cold water, good drainage, and a slatted flooring for the bath are provided. The equipment is simple but very durable and well installed. The pipes are placed high to prevent the bather coming in contact with them, and with space behind for cleaning. It is possible to regulate the water supply without standing under the shower. The dressing room has a hook for clothing, or a stool. That the showers may be easily cleaned, space is left between partitions and floor.

Wash troughs.—The trough, with spray faucet high enough for the user to get head and shoulders under, is so much to be preferred to individual bowls that the latter are not considered here. Cast-iron troughs, enamel lined and painted outside, are provided to the extent of one faucet (24 inches of trough) to each 3 to 6 men using the building at one time. The trough is double, with arrangement as to nozzles, soap, etc., as described on page 44.

Laundry sinks.—Two or more sinks are installed for the use of men who do not take their overalls home for laundering.

Lockers.—In order that the men's clothes may be kept free from the excessive steam of the wash room a substantial partition about the height of the walls is built. The floor and walls are of the same construction as the rest of the building, so that they may be hosed, for which reason—as well as to allow for steam pipes under them—the lockers themselves are 15 or 16 inches from the floor.

Individual steel lockers are of various kinds; solid plated except for ventilated door, floor, and top; solid plated except for ventilated floor and heavy wire mesh door (see pl. 14); and all wire mesh (see pl. 15). The greater dimension (18 inches) is in width instead of depth, to give seating space on the bench which runs along the row of lockers. The depth is 12 to 16 inches, and the height is in many cases 72 inches for a long coat, or more generally 42 inches, in which latter case the lockers are double tier. For men working in or about poisonous substances double equipment is furnished, one locker for street and another for working clothes.

It is compulsory to fasten the lockers, for which reason an automatic lock is provided, opening by combination or key; the latter is not charged for except in case of replacing after loss.

The benches, already referred to as attached to the front of the steel lockers, are substantial, and their corners are rounded (see pl. 15). Four or five feet of aisle space is allowed between the benches

of lockers which face each other, and more if another bench is placed in the aisle.

Mirrors, clock, etc.—Mirrors are placed conveniently where the light is good. A clock over the main entrance proves a useful feature. Door mats, or other provision for the same purpose, are a necessity.

Drying racks.—Provision for the drying of garments on wet days and of laundered overalls is appreciated and may be considered a necessity. A rack somewhat resembling a carpenter's high trestle with rows of hooks, under which are steam pipes, may be constructed, but a simpler plan is the fastening of S hooks on the pipes themselves, a number of coils being installed especially high and being well supported for this purpose (see fig. 15).

Drinking water.—A sanitary fountain is included in the equipment, near the exit.

Care and supervision.—Ordinarily the whole time of an attendant is required to care for a washhouse used by several hundred men, but where there are many buildings, for example, the 44 of the explosives company before mentioned, one man may be in charge of three. The heating, ventilating, care of cuspidors, constant cleaning, and maintenance of order are no light task, and soap and towels, if provided by the employer, must be kept in abundant supply.

The lockers are fumigated periodically. The leaving of food in the lockers is prohibited, and meals may not be eaten in this building. Dinner buckets may be kept in or on the lockers, or, if the sloping-top locker is used, may be hung on the handles. Wise employers restrict the use of the washhouse to the purposes for which it is originally intended, the reprehensible practice which exists in some places of allowing men to sleep on the benches being prohibited.

Where the employees are organized in committees for any purpose, the general supervision of the change house is placed in the hands of one of these committees.

CHAPTER IV.—LUNCH ROOMS AND RESTAURANTS.

Lunch rooms, like emergency hospitals, belong probably among the more essential features of industrial betterment, for while the provision of recreational facilities or other welfare features tends to promote good fellowship and interest in the place of employment, these facilities do not have as direct a bearing on the health of the workers as does the opportunity to secure a warm and wholesome meal at a cost which puts it within the reach of all.

There seems to be no particular reason why lunch rooms should be installed in one industry more than in another. The determining factors appear to be the distance from homes; the lack of good restaurants, or the presence of many saloons near the plant; the desire to keep employees upon the premises during the luncheon period; and, perhaps, the most frequent reason of all, the wish to give employees the proper food since the tendency with many workers is to economize in this way to the detriment of their health, strength, and efficiency.

A number of companies have established lunch rooms primarily to keep the men from patronizing the neighboring saloons during their lunch time, and it is the almost universal testimony that these rooms are not only much appreciated and used, but that in these cases there has been a decided reduction in the number of accidents caused by workmen being slightly under the influence of liquor. Several of the companies report that the meal served in the company restaurant is the best one of the day for many of their employees.

Of the industries reporting restaurants the iron and steel industry and foundries and machine shops show the smallest proportion of these facilities for the general working force. Their restaurants are mainly for the office force and for officials, although there are a few cases where large numbers of the plant men are served. Steam railroads do practically nothing along this line, although the employees are sometimes served at a reduction in the regular station restaurants. All of the telephone companies, most of the large offices, and nearly all of the department stores visited maintain lunch rooms.

Only two of the companies visited reported that they had tried lunch rooms and given them up. Two or three others reported that the patronage was not satisfactory, but generally where they were found they seemed to be regarded as necessary to the successful operation of the plant, office, or store.

Of the 431 establishments visited, 223 provide lunch rooms for their employees. Six of these establishments did not report the number of employees, but for the 217 establishments reporting, the total number employed was 830,125.

The following table shows, by industries, the number of establishments having restaurants, cafeterias, and lunch rooms, the character of management, and the number of employees patronizing them:

TABLE 4.—NUMBER OF ESTABLISHMENTS HAVING RESTAURANTS, CAFETERIAS, AND LUNCH ROOMS, NUMBER OF EMPLOYEES USING THEM, AND CHARACTER OF MANAGEMENT, BY INDUSTRIES.

[In this table 16 establishments are shown under both "restaurants" and "cafeterias," as they maintain both; and 12 of the establishments shown as furnishing room, coffee, etc., for employees bringing their own lunches also have restaurants or cafeterias.]

Industry.	Number of establishments.	Number of employees.	Number of establishments having restaurants managed by—			Number of establishments having cafeterias managed by—			Number of establishments furnishing accommodations for those bringing lunches of—		Establishments reporting number of employees using restaurants and cafeterias.		
			Company.	Contractors.	Employees.	Company.	Contractors.	Employees.	Room only.	Room, coffee, etc.	Number of establishments.	Total employees.	Employees using.
Automobiles.....	7	93,384	3	1		2	2		3		7	93,384	24,645
Boots and shoes.....	4	23,230	1			3					4	23,230	7,625
Chemicals and allied products.....	4	9,446	3			1			1		4	9,446	3,345
Clothing and furnishings.....	9	15,710	1			8			3		9	15,710	6,590
Electrical supplies.....	5	51,040	5			1					3	30,533	3,400
Fine machines and instruments.....	6	22,853	4	1		2		1	2		6	22,553	6,300
Food products.....	8	11,665	3		1	4				7	6	11,015	8,813
Foundries and machine shops.....	20	64,401	22	1		1	1	2	9	1	19	38,757	5,728
Gas, electric light, and power.....	7	24,768	4			3					4	13,635	1,350
Iron and steel.....	14	76,092	6	6	1	1			3		9	48,625	1,500
Offices.....	7	10,451	4	1	1	2					6	10,651	7,841
Paper and paper goods.....	5	7,472		1		4			1	1	4	6,232	2,805
Printing and publishing.....	7	9,666	2	1		5					6	8,908	3,225
Railroads, electric.....	5	40,402	4					1		2	3	14,279	2,355
Rubber and composition goods.....	6	35,588	3			4	1		1		6	35,588	4,730
Soap.....	4	8,168	3			2			1		4	8,168	3,730
Stores.....	41	110,008	9	1	2	29		3	1	4	36	111,485	43,018
Telegraph and telephone.....	14	64,539	8			7		1			8	22,328	6,983
Textiles.....	9	20,051	3			5		1	2		8	19,426	4,470
Other industries.....	36	1125,242	22	1		14	1		8	9	29	61,221	19,740
Total.....	224	4,830,125	109	14	5	98	6	8	34	29	181	605,174	168,273

¹ Not including employees of 1 establishment, not reported.

² Not including employees of 2 establishments, not reported.

³ Not including employees of 5 establishments, not reported.

KIND OF SERVICE.

Restaurants, with waiters, and cafeterias seem to be about equally popular, there being 112 of the former and 96 of the latter, while 16 establishments have restaurants for the office force and officials and cafeterias for the factory workers.

The cafeteria method of serving is considered to give the quickest service with a minimum amount of help, and since rapid serving is essential to the successful operation of plant lunch rooms this kind of service is generally to be advocated. Cafeteria counters can be arranged to suit the requirements of almost any space, those allowing four or more lines to be served at once being the best. One company states that 1,500 are served by this method in nine minutes and another that 1,300 are served in six minutes.

Counter service for men's lunch rooms, each counter being complete in waiter and serving arrangements, is also an effective method of attaining quick service. Stationary stools may be provided, or the patrons may stand.

Waiter service is commonly used in the lunch rooms for office force and executives, but as it adds materially to the cost of maintenance of the lunch room it is less satisfactory when applied to the factory force in general.

ESTABLISHMENTS HAVING RESTAURANTS, CAFETERIAS, OR OTHER LUNCH FACILITIES.

Of the 223 establishments providing lunch rooms, 18 maintain them for only the office force and officials, and sometimes for foremen, while the remaining 205 serve employees of the factory as well, although in the majority of cases there are either separate rooms or a section of the dining room is reserved for the office people and foremen. This does not seem to be inspired altogether by a feeling of superiority on their part, as might be supposed, for a number of establishments report an unwillingness on the part of the factory workers to eat with the office force and foremen—in some cases because members of the office force are better dressed, and in others because they feel more freedom without the presence of those under whom they work. This is especially true in plants where many foreigners of different nationalities are employed.

For 181 establishments, with 605,174 employees, it is estimated that the number using the lunch rooms daily is approximately 168,000, or 28 per cent of the total number of the employees. These figures include those employees who bring their own lunches to the regular lunch room and buy nothing and those who supplement their own lunch with one or more dishes from the counter, as well as those, usually the larger number, who buy the entire lunch.

In very large plants the difficulty of providing sufficient room to serve all the employees who wish to buy their lunch is always to be met with and in addition there are always employees who, while they wish to bring the major portion of their lunch from home, still are ready to take advantage of the opportunity to buy something warm—a cup of coffee or a plate of soup—to supplement it. For such employees a separate room provided with tables and seats and a counter serving either coffee alone or coffee and soup is a decided benefit. Some companies provide gas plates or stoves for heating lunches, but the counter involves little additional outlay and is more satisfactory. Waste baskets, preferably of wire, for lunch papers should be provided in such a room and good drinking water should be supplied.

There are 63 companies which provide a room for the use of those bringing their own lunches. Twelve of these furnish such a room in addition to the regular lunch room and therefore are included in the total number of establishments having lunch rooms. Thirty-four of these 63 firms provide the room and tables and chairs only, but 29, in addition to this, supply tea, coffee, or milk and, in a few cases, soup. Twelve of these 29 establishments serve coffee free to all who wish it, 1 furnishes soup free, and several of them give tea and milk as well as coffee. In this connection it might be stated that several companies report that it is their practice to discourage the excessive use of coffee.

It is, of course, often found to be the case that employees go to work in the morning with little or no breakfast. Two firms, each employing a large number of girls, allow them to go to the lunch room in the morning for milk or coffee and rolls. One of these firms grants 10 minutes each morning for this purpose.

CHARACTER OF MANAGEMENT.

The majority of the lunch rooms are managed directly by the companies, but in 20 cases the management is turned over to an outsider, the company supplying space and generally light, heat, and equipment also. In these cases, too, the companies usually supervise the quality of the food offered and also limit prices, although the food prices are not so low as in the many establishments which manage this work with no thought of profit. In 13 instances the companies allow the employees to manage the restaurant. A few of these lunch rooms are run on a cooperative basis, but most of them make a small profit which is turned over to the benefit association or to the athletic association, the lunch room usually being managed by a committee of employees appointed by the association which is to receive the profits.

NUMBER OF ATTENDANTS REQUIRED.

In several restaurants the attendants at counters and tables are members of the regular working force who usually receive their regular rate of pay while performing this service and their lunches; their coats or uniforms also are furnished and laundered. In one case the office errand boys and apprentices wait on the tables, leaving their work 15 minutes before the others and receiving only lunch in payment; in another case the girls volunteer their services and receive lunch in return; and in still another case factory boys serve in the dining room for two hours, being paid their regular factory rate, except for half an hour, and receiving a free lunch also.

The number of attendants necessary to serve an average of 4,100 people daily is reported by one firm. This company has four restaurants, a cafeteria, a dining room, a lunch counter, and a grill room. The cooking for the four restaurants is done in one kitchen, and the same quality of food is served in all. Employees are free to patronize any one of them, although the cafeteria is the one generally preferred. Here a full meal may be purchased for 18 cents, the average check, however, being but 11 cents. Besides the manager, his assistant, and the chef there are 13 full-time kitchen and dining-room workers and about 70 others who work during the luncheon period only. Twenty of these are porters in the plant who clear away the used dishes.

It is the practice of a number of companies which have cafeterias to have the employees carry their used dishes to a shelf or window which they pass on the way out. In this way the amount of help needed is lessened without imposing unduly upon each individual.

FINANCIAL RESULTS OF OPERATING RESTAURANTS.

Forty-six of the companies which keep the entire control of the lunch rooms have reported as to the financial returns of the undertaking. In 35 cases there is a deficit varying with the size of the plant and the prices charged for food. In 9 cases the restaurant is self-supporting, and only two of these reported a surplus. One company reports a deficit of about \$1,000 a month. The office and factory employees in this plant are served separately. A regular dinner is served the factory workers for 15 cents, the à la carte rates for the others being correspondingly low. The company thinks that its deficit is too great, although, since the sentiment of the firm is that the employees are entitled to one good, wholesome meal a day, a loss is expected.

A company employing about 12,000 has several mess halls in different sections of the plant. These are located in separate frame buildings. The main mess hall is in two sections, one for clerks and

foremen and the other for the general working force. About 1,300 eat in this building daily. The average price paid for a meal by the office force is 23 cents; by the factory employees, 21 cents. The colored employees are fed in a separate mess hall having long, high tables at which the men stand. About 350 meals are sold here daily at a cost to employees of 10 cents each. Two other lunch counters together serve 1,400, the average check being 23 cents. Owing to the increasing cost of foodstuffs and the desire on the part of the company not to lower the food standard, the company was paying a deficit of from \$900 to \$1,200 per month at the time the schedule was taken.

ESTABLISHMENTS SERVING FREE MEALS.

In few instances are meals served free to employees. One insurance company, however, having several thousand employees, serves to each person in its employ a lunch, consisting of soup, meat, one vegetable, bread and butter, a choice of desserts, and tea, coffee, milk, or buttermilk. At the time the schedule was taken this lunch was costing the company about 19 cents per person. This plan was instituted as a means toward greater efficiency in the afternoon's work since it was found that many could not, or at least did not, get the proper luncheon. This is not regarded by the firm as a gift but as a supplement to the wages, which are already as high, it is claimed, as those paid for similar work by other companies.

Another firm, doing a large mail-order business, gives breakfast to those of its clerks who are required to come early to attend to the incoming mail. Several give supper to overtime workers, and several others, whose plants are run during the entire 24 hours, provide free coffee at midnight. One company giving a free lunch to officials and clerical force has furnished a small kitchen and dining room for its 35 women employees and provides the materials from which the girls prepare their own lunches. Another, with 600 employees, serves an à la carte lunch to the men for 10 cents and the same lunch free to the 250 women employed.

Boys earning less than \$5 per week are given their lunch by another company. Still another gives milk and soup to all juniors. Nearly all of the banks visited give a free lunch to all employees, this being done largely for the purpose of keeping the clerks in the building at the noon hour. A newspaper company pays a restaurant for furnishing a lunch consisting of sandwiches, coffee, cake, pie, and cookies to from 20 to 30 of its newsboys every night.

Many companies which charge for other items on their bills of fare provide tea, coffee, or milk free. This is almost universally done by the telephone companies, whose lunch-room food and service is always excellent and provided at very low prices. The employees



PLATE 19.—ELECTRICALLY HEATED CAFÉMOBILE EN ROUTE TO STATION IN PLANT.

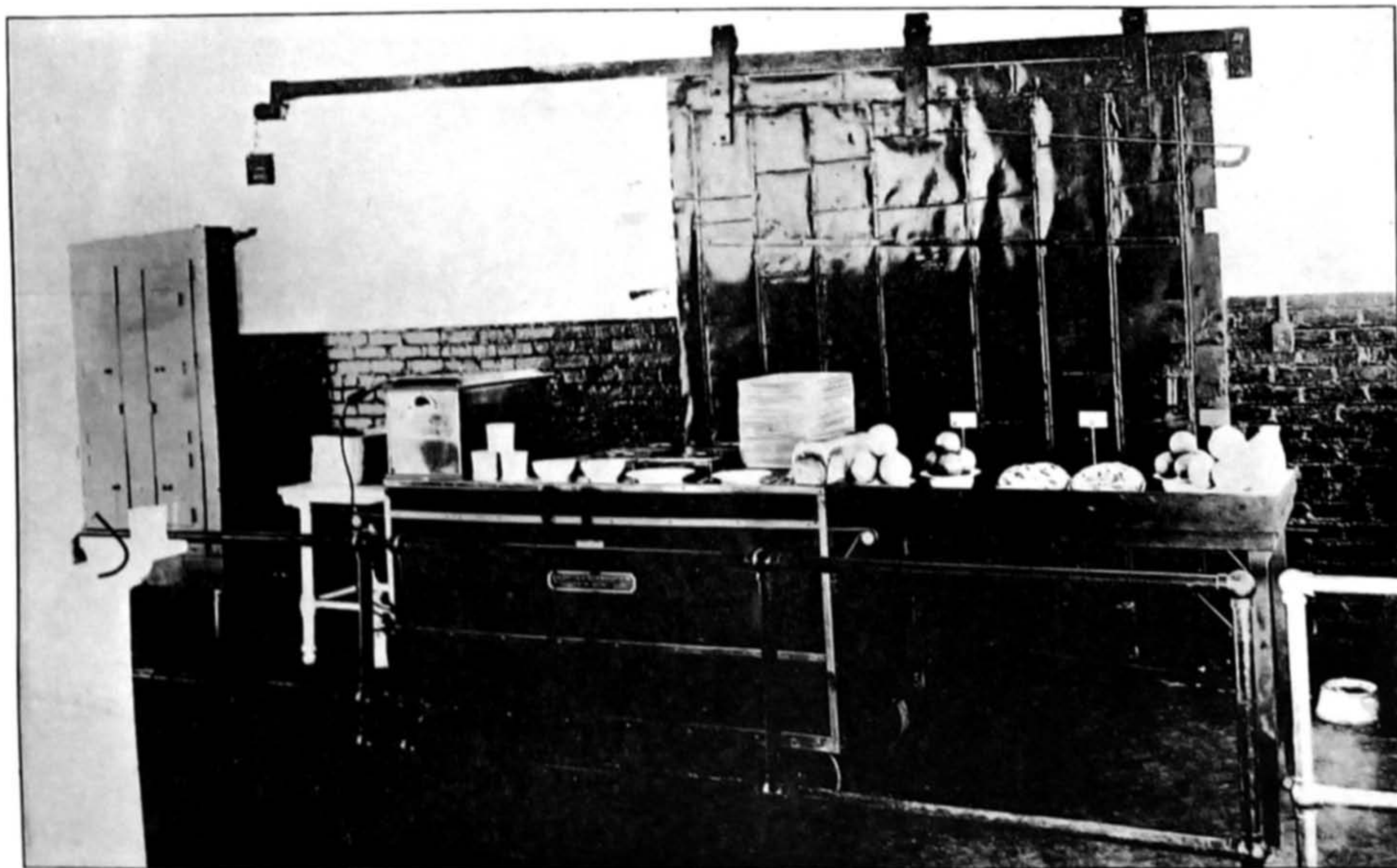


PLATE 20.—CAFÉMOBILE AT STATION. READY TO SERVE.

of one large office building are provided with a lunch room seating about 1,300 girls at one time. The majority of them bring their lunches, supplementing them with dishes from the cafeteria counter. Tea, coffee, and milk, the latter in unlimited quantity, is provided for them free by the company.

UNDESIRABILITY OF SERVING LUNCHES IN WORKROOMS.

Several firms insist that their employees shall leave their work places at lunch time and that those who wish to bring their own lunches shall eat them in the dining room. In these cases it is usual to assign a permanent place at the table, where the lunch may be left upon arrival. In only one instance was there evidence of any objection on the part of the companies to employees bringing all or part of their lunches from home. This one company insists that all employees who wish to eat in the building shall buy their lunches in the dining room, although there is no objection offered to their going outside for them.

Nine establishments having restaurants also have lunch counters in the plant, either because of lack of space to take care of all the employees or for the use of those workers who do not consider themselves sufficiently well dressed to eat with the others. For these same reasons eight firms provide box lunches to be distributed through the factory at lunch time, and several have coffee booths. One company has soup stations throughout its large factory, and another, in addition to its restaurant, has eight electrically heated "cafémobiles," each carrying trays, dishes, and food enough for 300 men, which go through the plant at mealtime. (See pls. 19 and 20.) One company, with about 11,000 employees, has, in addition to a fine restaurant for its office force, five lunch counters in the factory, where about 6,000 are served daily with sandwiches, coffee, and milk. There are no tables, but benches are provided adjacent to the lunch counter.

Another company, having over 10,000 employees, serves them only by means of lunch counters like that shown in plate 21. Two lines can be served at once. No cash is paid at the counter, but tickets are sold to the men before the lunch hour. Many of them buy a week's supply of tickets at a time.

It is without doubt something of a problem for firms which employ large numbers of workers to provide a place separate from their workrooms in which all can eat, but since it is generally conceded to be undesirable for employees to be obliged to eat at work places, it would seem that in such cases either a very simply furnished room might be provided or the employees might be served in the restaurant in shifts. Many of the companies find that this plan works satisfactorily.

MILK STATIONS.

Counters, placed at convenient places through the plant, at which milk can be obtained are often found to be of practical value. If these are open for a few minutes at those hours of the day when industrial accidents are most frequent, it may be found that the opportunity for a little relaxation and refreshment will tend to minimize the number of such accidents. (See pl. 22.)

AVERAGE PRICES CHARGED FOR FOOD.

The prices generally charged for a table d'hôte meal for factory workers as reported for this study vary from 15 to 25 cents, in the majority of cases the charge being 20 cents. In a few cases office workers pay slightly more. The à la carte prices vary, of course, greatly. The usual prices of bread and butter are from 2 to 5 cents; sandwiches, soups, and vegetables, 3 to 5 cents; meats, 8 to 15 cents; fruits and desserts, 2 to 5 cents; tea, coffee, and milk, 2 to 5 cents, the usual price of a cup of coffee being 3 cents. It is possible, in most of the cafeterias, to get a good lunch for from 15 to 20 cents, and in some of them for even less. It must be borne in mind, however, that the prices charged for food as quoted here do not cover the general rise in foodstuffs in the last two years. They only serve to show that the average price of a sufficiently satisfactory meal was much below that in the average outside restaurant, and that it is probable, therefore, that whatever increase the employers have made have been proportioned to the increasingly high prices of fuel and foodstuffs.

METHODS OF PAYMENT.

There are different methods of payment in use by the various companies. One company, whose charges are based on the amount of wages, uses tickets of three colors to indicate the three rates which are charged. In some cases metal checks are used, while in others books of tickets are sold either by the cashier or by foremen in the shops. In the majority of cases, however, the employees pay cash.

GENERAL LUNCH-ROOM REQUIREMENTS.

The general requirements for a plant restaurant, in addition to a well-balanced and well-cooked food ration, are accessibility, efficient arrangement of entrances, exits, serving counter, and kitchen, and a clean and attractive appearance. A central location and arrangement of entrances and exits, so that there will be no crowding or unnecessary passing, are of the first importance, if, as is usually the case, the lunch period is a short one or if more than one group of employees are to be served during the time allowed.



PLATE 21.--PLANT LUNCH COUNTER.



PLATE 22.—MILK STATION, OPEN FOR 15 MINUTES TWICE DAILY BETWEEN MEALS. SAID TO HAVE REDUCED ACCIDENTS.

CONSTRUCTION AND GENERAL EQUIPMENT.

The greater number of companies adapt available space in the plant to meet the lunch-room requirements, but in some cases separate buildings are erected. Various materials are used for the exterior, such as brick, corrugated iron, or wood, according to the degree of permanency desired. Some companies which have had a recent rapid growth have built frame mess houses, which, however, are undesirable because of the added fire risk.

The details of interior construction should always include a floor—preferably of concrete finished with a granolithic surface, or of tile—which will permit of thorough and frequent washing. One company recommends a white finish for the dining room—a white tile wainscoting and the remainder of the wall finished in white enamel. This undoubtedly is a desirable finish, since any deviation from strict cleanliness is so readily detected. If women are employed it is usually found desirable to provide a separate lunch room for them,

The hollow square, such as is frequently seen in railroad restaurants, is said to serve large numbers very rapidly. Conservation of space may be attained also by the use of long tables. For men's lunch rooms stationary stools are to be preferred to chairs unless the question of general attractiveness of appearance or the use of the room for recreation or other purposes is to be considered. The tables may be of wood which can be scrubbed, they may be covered with oilcloth, or they may be made of one of the various compositions used for this purpose, such as vitrolite, opalite, or Carrara glass. The latter are more expensive than wood tops or oilcloth covers, but present a more pleasing appearance and are more easily kept clean. The provision of napkins, either paper or linen, is not uncommon. In one case linen napkins are piled at the ends of the tables for the men to help themselves, thus avoiding the waste of giving them to men who do not care for their use.

KITCHENS.

The kitchen, stock rooms, and refrigerators should be so located in relation to the restaurant or cafeteria counter as to require a minimum of walking both in preparing and dispensing the food. A window between the dining room and the kitchen which opens directly upon that part of the kitchen where the dish washing is done facilitates the removal of used dishes. Part, at least, of the labor-saving devices, it is stated by some firms, pay for themselves in a short time. Steam or electric dish-washing machines, through which as many as 24,000 pieces can pass in an hour, do the work quickly, thoroughly, and with almost no breakage. Potato-paring machines work quickly and do away with much of the drudgery of the kitchen, but need to be carefully operated or the waste is

greater than when the work is done by hand. These two machines do away with the greatest amount of hand labor, but others, such as bread, meat, and butter slicing machines, also give satisfactory results.

It was noticeable that a large proportion of the lunch rooms and kitchens visited would pass with a very high mark as to sanitary conditions, although a number were seen which were not adequately screened for flies and which in general neatness left a good deal to be desired. However, these were in the minority and the general standard of cleanliness and quality of food served by most of the companies was very good, while some were models of neatness, kind of equipment, and generally efficient service. (See pl. 23.)

MENUS.

No attempt will be made in this report to deal with the nutritive values of food, since books dealing exhaustively with this subject are readily available. In most cases where a regular meal is served for men it consists of soup, meat, potatoes, one other vegetable, bread and butter, and tea, coffee, or milk. Usually on alternate days a dessert is served in place of the soup. À la carte menus may give a wide range of choice, in which case they need to be changed but little, or, if they give opportunity for only a limited selection, they should be sufficiently varied from day to day to avoid monotony. The energy requirement of women being somewhat below that of men a simpler luncheon will usually be found sufficient for them. Some companies employ a dietitian, and there is no doubt that a knowledge of food values on the part of the one in charge is of decided benefit.

RESTAURANT EQUIPMENT.

The plan and equipment of a company restaurant seating 900 persons follows. As the restaurant is located on a shop floor, it has the same finish as other floors—brick walls and wooden ceilings—the only difference being that the lighting is the same as in the offices—semi-indirect. The officers' dining room is paneled in dark oak.

The tables in the employees' dining room are of wood, with white opaque glass tops. The chairs are bent-wood with fiber seats. There are two entrances, the employees forming a line at each, leading to the serving counter. After the food has been selected, checks are punched and the cashier is paid when the employee leaves the dining room. In the officers' dining room the serving is done by five waitresses. The restaurant is open for an hour twice daily, at noon and in the evening. There are 45 people employed in the restaurant—5 cooks, 3 helpers, 5 counter-men, 6 bus boys, and 5 cleaners, the remaining 21 consisting of clerks, cashiers, waiters, etc. (See pls. 24 and 25.) The stock of dishes, cutlery, etc., is



PLATE 28.—TWO-WAY CAFETERIA SEATING ABOUT 1,400. NOTE TABLE PLATFORMS FOR WATER COOLERS, GLASSES, ETC., WITH BASKETS OF KNIVES, FORKS, AND SPOONS HANGING BENEATH. KITCHEN BEHIND SERVING COUNTER. SEVERAL TABLES FOR WAITRESS SERVICE IN CENTER.



PLATE 24.—COMPANY RESTAURANT; WHITE OPAQUE-GLASS TABLE TOPS.

sufficient to serve 900 at one time. The usual individual cafeteria service comprises a tray, meat and potato plate, pie plate, soup bowl, cup, dessert or extra vegetable dish, butter plate, paper napkin, teaspoon, soup spoon, knife, and fork.

The following list is complete as regards fixtures, labor-saving devices, kitchen utensils, and ranges:

KITCHEN AND DINING-ROOM EQUIPMENT.

4 counters.	41 ice-cream cans.
8 coffee urns.	2 cream scoops.
3 show cases.	13 ice boxes.
8 tray supports.	1 ice chopper.
1,200 aluminum trays.	5 ice picks.
2 cash registers.	2 pairs ice tongs.
4 punches.	5 cutlery racks.
2 cypress cabinets, 25 feet by 16 inches.	3 racks (wooden).
2 copper tanks, with faucets, 18 by 24 inches.	1 rack (metal).
1 electric grill.	2 pan racks.
3 ovens (steam warming).	9 sinks.
1 oven (steam proof).	4 dish pans.
1 gas ovens (portable reel).	3 balance scales for baker.
3 gas ranges (1 14-burner and 1 60-burner).	1 can opener.
2 refrigerators.	1 cabbage cutter.
1 broiler.	3 carving boards.
1 fish board.	2 metal mixing bowls, 24 inches diameter and 19 inches deep.
1 fish chest.	1 dough cart.
1 express wagon.	1 grinding wheel.
3 meat choppers.	2 hatchets.
2 meat cutters.	2 laundry baskets.
1 meat hook.	18 mops.
1 meat block (chopping).	4 mop squeezers.
3 ice-cream tubs.	2 mop wringers.
14 ice-cream containers.	6 garbage cans, 18 by 26 inches.

LABOR-SAVING DEVICES.

3 electric dish-washing machines.	1 bread cutter.
1 dough mixer.	1 butter cutter.
1 paring machine.	

COOKING UTENSILS.

1,200 pie tins.	13 strainer ladles.
185 bread pans with tops.	2 strainers.
10 cake pans.	2 cone strainers.
29 pans.	14 tin scoops (small).
19 agate pans.	17 dippers.
130 baking pans.	1 cruller pan and wire, 18 by 7½ inches.
10 frying pans.	23 steam pans.
1 flange covers, 24 inches diameter.	15 steam pots.
3 covers.	9 preserving pots.
10 covers for steam pans.	1 milk measure (1 gallon).
1 flat strainer ladles.	2 funnels.
14 dipper ladles.	3 mixing paddles.

6 collanders.
 2 dough beaters.
 23 large spoons.
 1 wooden shovel.
 2 flour sieves.
 4 pails.

1 tea kettle.
 5 coffee strainers.
 44 tea strainers.
 3 agate pitchers.
 5 pie carvers.

Somewhat different equipment from that just described is that of a steel company's restaurant which is open continuously throughout the week except on Sunday. The restaurant seats 450 at one time. It has long tables with wood tops, stationary stools, and concrete floor. The cafeteria counter serves a double line. An average of 30 employees is necessary to the operation of the lunch room. Their work is so arranged that the majority are free for service in the lunch room at meal times and between times they are employed on various kinds of work, such as preparing vegetables, cooking pastry, and general kitchen work. There is a chef on each shift to take care of short orders, which are served only in the morning and evening, and to supervise the cooking of the regular meals. One checker serves for the two lines, and the cashier's desk is located at the exit. Payment is made by cash or coupon. These coupons are 5 cents each and can be obtained in \$2 or \$5 books. They can be drawn in advance of pay day up to the amount that the employee has due him at the time of purchasing the book.

The following is a list of kitchen equipment and cooking utensils:

KITCHEN EQUIPMENT.

1 meat block.
 1 block set, kitchen, 20 by 3 feet.
 2 refrigerators.
 1 vegetable steamer.
 2 steam roasting pots.
 1 steam stock pot.
 3 gas ranges.

1 gas broiler, 42 by 16 inches.
 1 gas hot-cake griddle, 34 by 18 inches, 8 burners.
 2 steam tables.
 1 dish heater.
 2 coffee urns.

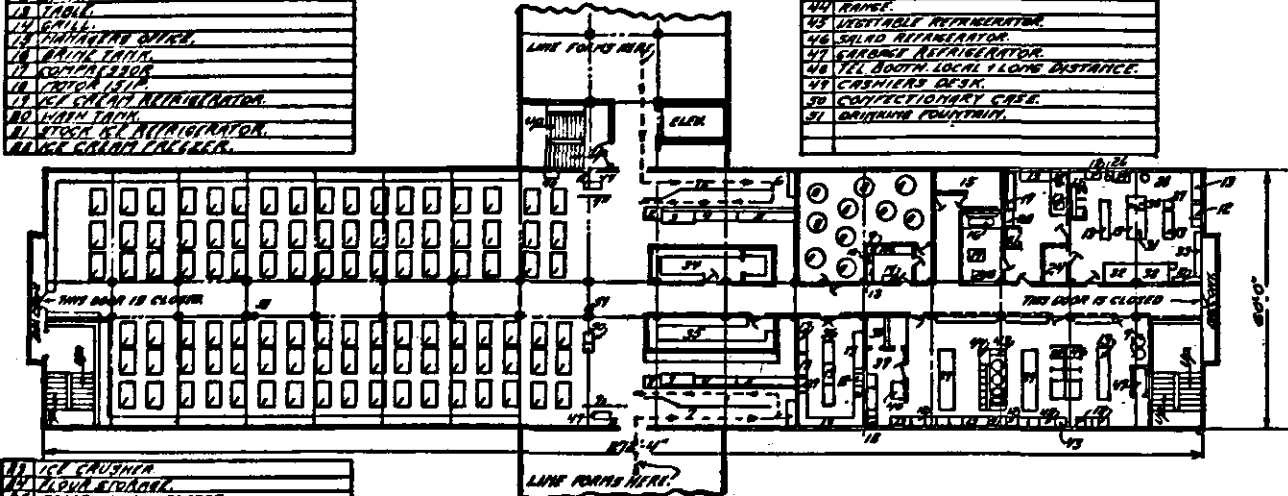
COOKING UTENSILS.

1 20-gallon aluminum soup kettle.
 1 10-gallon aluminum soup kettle.
 2 5-gallon aluminum stewers.
 1 3-gallon aluminum stewer.
 1 1½-gallon aluminum stewer.
 3 aluminum oyster stewers. *
 2 5-gallon galvanized-iron stewers.
 2 1½-gallon galvanized-iron stewers.
 2 3-quart galvanized-iron stewers.
 1 15-gallon galvanized-iron stock pot.
 6 iron roast pans (large).
 4 iron roast pans (small).
 1 galvanized-iron mixer.
 6 dish pans.
 2 small vegetable steamer pans.

2 large vegetable steamer pans.
 1 arm French fryer.
 1 flat dip grease fryer.
 6 large frying pans.
 8 small frying pans.
 8 dairy pans.
 6 pudding pans.
 8 large baking pans.
 8 small baking pans.
 48 large iron spoons.
 3 large egg whips.
 1 1½-gallon ladle.
 8 ladles, assorted sizes.
 4 large steam-table pans.
 10 small steam-table pans.

NO.	NAME OF PART.
1	TABLE (6'x11'6")
2	CHECKER TABLE.
3	URIN.
4	COLD DRINK.
5	STEAKY TAHOE THERMOS.
6	TABLE FOR TAHOE.
7	MAIL.
8	OFFICIALS TABLE (6'x9'6")
9	URIN.
10	FOUNTAIN.
11	VEGETABLE REFRIGERATOR.
12	SINK.
13	TABLE.
14	GRILL.
15	THAWING CASE.
16	BREAD PAN.
17	COMPACTION.
18	CROISSANT.
19	ICE CREAM REFRIGERATOR.
20	WARM TACK.
21	STOCK ICE REFRIGERATOR.
22	ICE CREAM FREEZER.

NO.	NAME OF PART.
23	COFFIN.
24	BREAK ROOM.
25	PERISHABLE STORES.
26	DRY STORES.
27	WASH MOUNTAIN.
28	WASH MOUNTAIN.
29	REFRIGERATOR.
30	BUTCHER SHOP.
31	FISH BOX.
32	MEAT CHOPPER.
33	SOURING TAHOE.
34	VEGETABLE BOLLER.
35	RANGE.
36	VEGETABLE REFRIGERATOR.
37	SALAD REFRIGERATOR.
38	CARBON REFRIGERATOR.
39	TEL. BOOTH LOCAL 11 LONG DISTANCE.
40	CASHIERS DESK.
41	CONFECTIONARY CASE.
42	DRINKING FOUNTAIN.



23	ICE CRUSHER.
24	LIQUID BOLLER.
25	PASTRY REFRIGERATOR.
26	PASTRY RETELE.
27	HOT PLATE.
28	WHIPPING MASH.
29	PAW ROLL.
30	DOUGH MIXER.
31	TROUGH.

2) CASHIERS.

PLATE 25.—FLOOR PLAN OF COMPANY RESTAURANT, SHOWING LOCATION OF EQUIPMENT.

LABOR-SAVING MACHINES.

1 dish-washing machine.
1 lightning bread cutter.
1 meat chopper.

1 slicing machine.
1 potato-peeling machine.

A company employing about an equal number of men and women devotes a three-story brick building to lunch and recreational purposes. The men's dining room, seating about 800, and the kitchen are on the first floor; the women's dining room, which extends over the kitchen and has a larger seating capacity, is on the second floor; the third floor is used for recreation.

The lunch-room tables are 9 feet 8 inches long, 2 feet 6 inches wide, and 2 feet 5½ inches high. They seat 5 persons on a side. They are made of plain oak and have two coats of good varnish to give a wearing surface. All chairs are bent-wood with pressed fiber seats.

The cafeteria counter serves six lines at one time. A separate counter is used to serve those who bring their lunches and wish coffee or additional eatables. There are six steam tables with aluminum steam-table pots and with warming ovens under them inclosed with sliding doors. The tables on which the urns set and the ones between them and the steam tables are made of galvanized iron and have warming ovens under each. There is a 3-section dishwasher, a steel tank in which pots and pans are washed, a copper-lined tank in which silverware is washed, and 2 copper-lined sinks in which trays and glassware are washed and rinsed. Eight wire baskets are used with the dishwasher. Four square baskets are used for silver in the tank instead of the round ones usually furnished with the dishwasher. Drain boards are arranged around these. One large and two small tables are used for preparing sandwiches and for surplus pastry, etc., during the serving time. Hot water is supplied at four points near the urns from a large water heater in the basement. Trays are piled on the three stands and the counter directly back of them at the entrances to the 6 serving aisles. These aisles are separated from the others by 1½-inch galvanized-pipe rails. Two menu racks made of ½-inch-mesh galvanized-wire cloth with galvanized-iron frame are used. These are 50 inches long and 36 inches high and have 4 tiers of brass cup hooks on each side on which 22 heavy cardboard signs can be hung. The signs are 2½ by 24 inches. The remainder of the counter equipment is as follows:

4 coffee urns, 10 gallons, heated by steam.

4 milk urns, 10 gallons.

1 bread slicer.

60 aluminum steam table pots.

60 galvanized-iron covers, 12 by 12 inches, with beveled edges for the above. These are used to cover the holes in steam table when pots are removed and allow the use of the top for other purposes.

6 galvanized-iron covers, 12½ by 18½ inches, same as above.

12 tinned meat pans about 17 by 11½ by 4½ inches deep, with flange 1½ inches below the top on three sides. These are used in pairs in the steam tables and should be ordered with them.

1 ticket seller's cage to accommodate two persons.

Wooden trays are used for knives, forks, and spoons.

Salt and pepper shakers, vinegar cruet, and sugar bowl are on each table.

Nickel-plated oval trays are used by the employees to carry their food to the tables.

The kitchen is arranged to permit of cooking for 1,500 or more, as it serves both the men's and women's rooms. The ordinary kitchen utensils are much the same as those on the preceding lists. The special equipment is as follows:

- 1 potato masher and sieves, motor driven.
- 1 potato peeler, motor driven.
- 2 vegetable slicers (different sizes), motor driven.
- 1 chopper, motor driven.
- 1 coffee and meat grinder, motor driven; also have a grindstone which attaches to this.
- 1 slicer with motor.
- 1 mixing machine, motor driven, with two kettles, mixers, and whips.
- 1 dough divider.
- 1 aluminum steam jacketed kettle, 25 gallons capacity.
- 1 aluminum kettle, same as above, 60 gallons capacity.
- 3 cast-iron vegetable kettles, 40 gallons capacity, with metal baskets.
- 2 cast-iron soup kettles, 40 gallons capacity.
- 1 truck, 53 by 24 by 50 inches high, with 7 shelves.
- 1 apple parer.
- 1 No. 3 oven and one 4-section range.
- 1 pot rack about 2 feet shorter than table, suspended from ceiling.
- 2 42-inch electric fans.
- 1 large refrigerator, built in, brine piping.

The attendants required are 1 foreman and 1 woman assistant, 1 chef, 1 cook, 2 bakers, 1 pot washer, 1 stock keeper, and 1 helper. The first two work together and the last three assist in whatever capacity they are required in the kitchen when not taking care of their regular duties. One man operates the dishwasher in each dining room and one does general cleaning. Sixteen women prepare the food and arrange it and the dishes before the noon meal, serve the meal, and clean up the rooms afterwards. They also prepare and serve the evening meal. All are required to take care of about 1,500 persons at noon. At noon they are assisted on each floor by 12 girls from the factory.

The employees enter the serving aisles at the center of the three main counters, take a tray, select the food wanted, and move toward the cashiers, where they pay for the food, pass out, and go to a table. Trays and dishes are left on the tables and collected after the lunch hour. Two zinc-lined oak trucks are used when collecting dishes. The garbage is scraped into receptacles and the dishes and trays are piled on the trucks and taken to the dishwasher. The same trucks

are used to carry the food from the kitchen or other places to the dining rooms. One food carriage or truck 50 by 21 inches and 46 inches high is also used to carry pies or other pastry from the kitchen.

Tickets are printed in strips with a heading and 1-cent stubs in denominations of 10, 25, and 50 cents. They are on different colored cards and the heading of each series is numbered consecutively. They are sold by the two ticket sellers in a cage placed near one end of the room, who are the only persons who handle money and who have to file a report of sales each day. Cashiers are placed at the exit end of each of the six serving lines. They figure the value of the food purchased and tear off the equivalent number of 1-cent stubs. The cashiers are not allowed to accept money or tickets which do not have the heading, and if a complete ticket is used they must tear off the heading. This system practically does away with any opportunity for dishonesty. It is probable, even though the majority of the companies have not adopted the ticket system of paying for lunches, that this method of payment makes for quicker service and diminishes the liability of loss through carelessness or fraud.

CHAPTER V.—INDOOR RECREATION.

It is undoubtedly something of a problem to direct the recreation of large groups of employees, and it is necessary to find recreational facilities which will appeal to the individuals of the groups, in order to arouse and stimulate their interest and enthusiasm. The work of directing the amusement of the employees, moreover, is one that must be approached with care by the employer. Many firms have made little or no attempt in this direction, preferring to provide some of the more essential forms of betterment, such as emergency hospitals and lunch rooms, and to leave to the individual the question of what shall be done with his leisure hours. In some cases the distance of the plant from the homes of the workers has militated against anything of this nature being tried, or if begun, has necessitated its abandonment; in other cases the feeling that the employee would object to any interference on the part of his employer with the time which is his own has prevented attempts by the members of the firm to institute any of the various means of amusement. It is perhaps easier in this line of service work than in any other for the employer to assume a paternalistic attitude, and it would appear from the reports that this is felt by many employers who have found it wiser, in order to avoid the danger of employees suspecting such a tendency on their part, to leave the development of the recreational features to the employees themselves, with the knowledge that proper efforts along these lines will be assisted and encouraged by the company.

REST AND RECREATION ROOMS.

Heretofore restrooms have not been considered an absolute necessity in any industry, since even the most wearing industries have been carried on from the beginning without such provision. Many of the more enlightened employers, however, are beginning voluntarily to provide such rooms, among other conveniences, for the comfort, pleasure, and well-being of their employees during the working hours. These employers are discovering that expenditures for such things have turned out to be investments paying high dividends. Rest rooms, which are used for a comparatively short period during the working day, often represent a very material cost to the employer in the amount of floor space devoted to them which otherwise might be given over to the business of the plant, office, or store. The employer is induced to sacrifice such space for a number of reasons

aside from a purely altruistic motive. In some instances these reasons are the same as those which prompt employers to maintain lunch rooms. The location of the place of work at a distance from the homes of the workers often makes it impossible for them to return home during the lunch period, or the plant is situated in a part of the city or town where the associations are such that it is desirable to keep the employees protected from them as much as possible. Banks in which large sums of money are necessarily handled by employees usually require, for the protection of the employees as well as the bank itself, that all employees remain in the building from the opening to the closing hour. In such cases, therefore, while rest and recreation rooms are not entirely a necessity, still it is of great advantage to both sides for the employer to provide a pleasant and attractive place in which the workers may spend the noon hour.

The granting of rest periods also is another reason for the maintenance of these rooms. In some instances these periods are of such short duration that the period of relaxation is spent at desks or machines. But in some establishments a long enough rest period is allowed to enable employees to make use of special rest rooms. Such periods of complete relaxation and change from the strain of monotonous and tiresome occupations have usually proven of great advantage to both employees and employers.

There is a great variety in the size and equipment of the rest and recreation rooms provided. These facilities range from small and plainly furnished rooms or a section of the dining room set aside for dancing or other recreation to large and beautifully furnished rooms with special equipment.

The following table shows, by industries, the number of establishments having rest and recreation rooms. It also shows, for the establishments from which this information was obtained, the number of employees using such rooms. It should be noted that the figures in the columns under "Total" are not necessarily the sum of the figures under "Male" and "Female," as some establishments have not reported employees of both sexes and some have not reported employees by sex; so that the "Total" columns include data not appearing in the male and female columns, and on the other hand exclude some data found in one or the other of these columns.

TABLE 5.—NUMBER OF ESTABLISHMENTS HAVING REST AND RECREATION ROOMS AND NUMBER OF EMPLOYEES USING SUCH ROOMS, BY INDUSTRIES.

Industry.	Male employees.					Female employees.					Total, both sexes.				
	Establishments having rest and recreation rooms.		Establishments reporting number of employees using rest and recreation rooms.			Establishments having rest and recreation rooms.		Establishments reporting number of employees using rest and recreation rooms.			Establishments having rest and recreation rooms.		Establishments reporting number of employees using rest and recreation rooms.		
	Num-ber.	Number of em- ployees.	Num-ber.	Number of em- ployees.	Number of em- ployees using rooms.	Num-ber.	Number of em- ployees.	Num-ber.	Number of em- ployees.	Number of em- ployees using rooms.	Num-ber.	Number of em- ployees.	Num-ber.	Number of em- ployees.	Number of em- ployees using rooms.
Automobiles.....	2	16,047	2	16,047	850	7	1,294	5	1,155	692	7	34,281	5	28,992	1,842
Clothing and furnishings.....	7	1,816	2	546	178	11	12,507	4	6,759	730	11	19,239	6	13,719	1,385
Fine machines and instruments.....						4	2,896	3	2,896	265	4	15,871	3	11,371	265
Food products.....	5	2,230				11	7,927	3	957	907	11	15,720	3	2,066	1,646
Foundries and machine shops.....	14	45,987	7	26,967	1,212	27	7,231	24	6,481	3,311	33	107,134	27	99,615	4,396
Offices.....	4	2,316	2	2,061	340	7	2,611	4	2,278	302	7	11,213	4	5,410	642
Printing and publishing.....	3	2,945				6	3,167	1	300	50	6	9,455	2	2,762	750
Railroads, electric.....	14	57,121	3	5,575	4,505	5	792	1	100	30	14	58,636	2	2,604	1,505
Rubber and composition goods.....	2	14,810	1	1,075	195	3	3,797	3	2,650	545	5	35,163	3	19,431	740
Stores.....	21	23,138	9	11,446	5,608	44	57,327	24	30,496	21,778	44	103,461	26	58,793	30,728
Telegraph and telephone.....						14	39,774	12	30,617	30,202	14	165,847	11	50,844	30,202
Textiles.....	3	1,316	1	400	50	7	4,825	5	4,333	1,311	7	10,204	5	8,796	1,361
Tobacco and cigars.....	3	1,792	2	1,085	1,050	3	1,000	2	240	240	3	2,752	2	1,325	1,290
Other industries.....	27	57,031	7	4,672	633	54	32,307	25	11,222	2,912	56	236,990	28	40,558	4,238
Total.....	105	236,588	36	69,804	14,520	205	177,745	116	100,484	63,275	222	725,375	127	346,346	80,588

¹ Not including employees of 1 establishment, not reported.

² Not including employees of 2 establishments, not reported.



PLATE 26.—SMOKING AND GAME ROOM FOR MEN IN A GARMENT FACTORY. USED AT NOON.



PLATE 27.—GIRLS' RECREATION ROOM IN AUTOMOBILE FACTORY. THIS ESTABLISHMENT HAS QUIET ROOMS ALSO.

Two hundred and twenty-two companies provide a room or rooms for the use of either their male or female employees, or for both, for rest or recreational purposes. Of these 222 establishments, 127, with 346,346 employees, report them to be used by 80,988, or 23 per cent, of their employees. Out of 105 establishments in which the rest or recreation rooms provided could be used by males, 36, with 69,864 employees, report that they are actually used by 14,520, or 21 per cent, of their male employees. Out of 205 establishments in which the rest or recreation rooms provided could be used by females, 116, with 100,484 employees, report that they are actually used by 63,275, or 63 per cent, of the female employees.

In 30 establishments part of the lunch room is set aside as a recreation room, and is either used mainly for dancing or has a section with comfortable chairs, and usually a supply of reading matter. Twenty establishments permit dancing by both male and female employees during the lunch hour, and usually in the lunch room. The music in most cases is furnished by a pianola or victrola, but one company pays an orchestra of its employees to play; another company pays different employees to play the piano, and still another provides music from the outside semiweekly. One establishment has the lunch room space arranged with sliding partitions between the men's and women's lunch rooms and this, together with another section containing a stage, makes a very large room available for recreation. It is reported by one department store that dancing was prohibited because girls overstayed the lunch period, and also were too tired afterwards to do good work. The latter objection would probably not apply to many other kinds of employment where women are not obliged to stand for a major portion of the day's work.

In general these rooms are provided for the factory as well as the office force, but in two manufacturing establishments, employing 15,335 men, recreation rooms are provided solely for men in the office, and eight such establishments, with 9,537 female employees, furnish such provisions for the office women only. In 13 instances separate rooms are provided for office and factory force, but in the majority of cases the same rooms are used by both classes of employees.

There are 69 establishments, having a total of 200,607 male employees, which have separate recreation rooms for men, and of these, 31 establishments, with 68,015 male employees, report the number using them to be 13,116, or 19 per cent of the male employees. The men's rooms are usually less pretentious than the ones for women. In some cases they are very simply furnished with plain tables and chairs, and in the majority of cases the furnishings are planned with a view to having them practical and substantial rather than ornamental. (See pl. 26.) One company provides two rooms for the men. Smoking is permitted in both, but while games and good

natured noise are allowed in one, in the other, which is provided with periodicals and newspapers, quiet is maintained. The same company provides also a separate room for the boys, in which different games, a pool table, a writing desk, and magazines are supplied. All are comfortably furnished and well lighted.

In 23 cases the men's rooms are reported as smoking rooms, but nearly all of these rooms, as well as the remainder of the 69 reported, are equipped with games, such as checkers and chess, with cards, although two companies report that no card playing is allowed, often with pool or billiard tables, and with tables with newspapers and periodicals. Several establishments also furnish victrolas or pianos for the pleasure of the men.

From the nature of the industry it is necessary that some waiting place should be provided by electric railroads for the motormen and conductors who are obliged to wait, often for some time, at car barns and terminals for the beginning of their runs. These rooms are usually very comfortably fitted up with easy chairs, games, and reading matter, and often with writing materials, as well as gymnasium facilities and shower baths. Of the 15 electric railroads scheduled all but one report such provisions for the men.

Both rest and recreation rooms are frequently provided for the women. In industries where large numbers of women are employed, such as the telephone business, large offices, and department stores, there is usually a recreation room, often beautifully furnished, with easy chairs, tables with reading matter, flowers, curtains, and ordinarily a piano or victrola, and in many cases there is also a rest room, with couches and easy chairs, where the girls are required to be quiet. (See pls. 27 to 30.) These rooms generally are in charge of a matron, and in these industries are open throughout the working hours. In other industries, however, the rooms are frequently kept locked except during the lunch period.

In several instances where only a few girls are employed their recreation rooms are also furnished with gas or electric plates for making tea or coffee, so that those who bring their lunches use these rooms also as lunch rooms.

While the majority of the companies have separate recreation rooms for their male and female employees, there are 36 establishments which provide one recreation room for both sexes.

CLUBROOMS OR CLUBHOUSES.

One hundred and thirty-seven firms, with 813,904 employees, provide clubrooms or clubhouses. These range all the way from a few small, plainly furnished rooms in the plant to large and elaborately furnished houses. An interior of a clubhouse for men is shown in



PLATE 28.—GIRLS' REST ROOM IN TELEPHONE EXCHANGE.

EXAMPLES OF DIFFERENT TYPES OF CLUBHOUSES.

There are 80 companies that have provided separate clubhouses for their employees. This number includes several cases where the house is, in a measure, a settlement house, but nevertheless serves all the purposes of a clubhouse, with a rather wider range of activities than the ordinary club, since it is not limited to the employees but is open to the families as well and sometimes to other members of the community.

Other companies, notably the railroads, have chosen the Y. M. C. A. as the medium through which their club work is carried on. In these cases, where large numbers of men are employed, the well-built-up organization of the Y. M. C. A. probably offers them the most effective means for carrying on this work. One large railroad system, in addition to its many branches of the Y. M. C. A., has a number of clubhouses maintained by various athletic associations which are fostered by the company. The company furnishes the buildings and equipment, while the running expenses are paid by the members, the dues being 50 cents and \$1 per year. In addition to the usual games, there are basket-ball and volley-ball courts and shooting galleries of an improved type. One of these clubs also has an athletic field, adjoining which is a commodious building with lockers and shower baths. This company also maintains a clubhouse at the seashore, accommodating about 60, under the direction of the Y. M. C. A. secretary, as a vacation place for the sons of its employees. The rates are nominal and the sports of swimming, surf bathing, and boating are supervised by older men. This house is reserved for girls for two weeks in the early part of the season and for wives of the employees for one week. This same company provides for a camp of its common laborers a recreation hall furnished with reading matter, cards, checkers, shuffleboard, a piano, and a phonograph.

The largest Y. M. C. A. of another great railroad system provides for its many members practically all club facilities. There is a large and excellently equipped gymnasium, with a physical director in charge, a very good library and reading room, a restaurant, and a dormitory for over 200 men, sleeping accommodations being furnished to members at a very low rate. Much social and educational work is done, many series of concerts and social affairs are arranged for throughout the year, and various classes and a good orchestra and glee club are maintained.

Still another large railroad company provides 13 clubhouses, which are not connected with the Y. M. C. A. These clubs are located, for the most part, in out of the way places, and the aim of the company is to furnish good food and lodging, a chance for baths, and also good, clean amusements to its employees. No membership dues are



PLATE 80.—COMBINATION REST AND RECREATION ROOM FOR GIRLS IN DEPARTMENT STORE. NOTE COTS IN REAR.



PLATE 31.—INTERIOR OF A MEN'S CLUBHOUSE OF THE BETTER TYPE.

charged and only such rates and fees as barely cover the cost of maintenance.

Several of the smaller railway systems do not provide the clubhouses, but merely contribute to the support of the railroad branches of the Y. M. C. A. The membership fees charged for these clubs vary from \$1 to \$5 per year, according as the company contributes much or little toward their support.

A company employing over 2,000 women has a branch of the Y. W. C. A., with about 800 members, its employees composing the entire membership. Classes in music, domestic science, sewing, painting, and dancing are taught at nominal rates of tuition, and there is a well-equipped gymnasium, with a woman in charge as physical director. The classes meet in the recreation rooms of the plant. The membership fee is \$1 per year; no fees are charged for the gymnasium work. The company bears the greater part of the expenses, stipulating that the major part of the advantages offered shall be open to all girls, whether members or not. A summer cottage, under the supervision of the Y. W. C. A. secretary, is provided with accommodations for about 25 girls, and board is furnished at a very moderate rate.

Another large corporation, whose employees are of many nationalities, centers its club activities about the libraries by making liberal donations, and in several instances an officer or an employee of the company is a member of the board of library directors. In such cases the libraries are operated more as private clubs than as public institutions. The company's employees usually pay a smaller membership fee than that paid by nonemployees and a less charge is made for bowling, billiards and pool, and for the use of the gymnasium and baths. One of these libraries boasts a membership of more than 3,500, with a total attendance at games and social gatherings of 80,000 for the year, during which period 60,000 games of billiards and 12,000 bowling games were played. There were 35 basket-ball teams and 1,000 members in gymnasium classes.

Another distinctive type of clubhouse found was the "community," "settlement," "neighborhood," or "mission" house which many companies have adopted as the center of their welfare work. This type was found more often where plants had been established in outlying sections. A striking example of this kind is where what was originally intended as a kindergarten house center has developed, within a very few years, into a large and well-appointed neighborhood house (see pl. 32) with reading rooms and a free public library with books in different languages, and with the kindergarten feature still intact. In this clubhouse, classes in manual training, sewing, and cooking are conducted, as well as special classes in English for foreigners. Entertainments are given for the benefit of the

townspeople from time to time in the gymnasium and dances are conducted at regular intervals. The gymnasium is open to the public on Saturday nights for general recreational purposes, and amusement and entertainment may be found for every class; some bowl, some play basket ball, some play games, some use the library, while others dance. It is said that the attendance on Saturday nights ranges from three hundred to six hundred people of all ages, drawn from a community of 6,000 inhabitants of various nationalities. That the company has succeeded in cultivating a taste for clean, healthful, and protected amusement is evident from the fact that there is not a commercial dance hall in the town. In connection with this clubhouse are to be found playgrounds with tennis courts, swings, and various out-of-door games, all free to the people of the town, with the gymnasium instructor in charge during the summer months.

In this clubhouse, the advantages of which are entirely free to all, practically all of the employees and townspeople meet on terms of friendship and equality, which is rather remarkable, since many nationalities are represented. In striking contrast to this are some of the mining communities in Arizona in which the common labor is chiefly Mexican, where companies provide very good clubhouses for their American employees, but make no provision for the entertainment of the ordinary laborers. The club dues in some of these cases are in themselves prohibitive, being as much as \$25 per year. Some mines in other sections of the country report that the clubhouses are open to, and are used by, all classes of white employees.

One company with many Negro employees has a club, run on the principles of the Y. M. C. A., but financed and managed by the company, in which club facilities are provided on separate floors of the club building for the colored and white employees and their families.

Another company employing about 2,400 men has three clubs, one for American employees, one for foreigners, and one for the Negro employees. The first club began in a small way, but has outgrown two buildings, and now occupies a well-equipped clubhouse. The club holds many entertainments and excursions and encourages athletics, having good baseball, basket ball, and bowling. Club dues are 25 cents per month, 40 per cent of which goes into the club's benefit fund. This fund is used for special or emergency needs among the members. The club also makes it a rule to help the needy at Christmas and other times. The foreigners' club is under the supervision of the welfare secretary, and through it the foreign workers have gained a better idea of American ideals. The club for Negro workers is conducted along the lines of the first club and a majority of the colored employees are members.



PLATE 82.—NEIGHBORHOOD HOUSE, THE CENTER OF THE CLUB ACTIVITIES OF ONE COMPANY TOWN.

Another clubhouse, in the nature of a general recreation building, was erected by the company at a cost of a quarter of a million dollars, for the free use of all the people in the town, which has a population of about 8,000 and is located in a section remote from any large city. The building is a brick and stone structure of three stories and contains rest rooms, billiard and pool rooms for adults and children, gymnasium, bowling alleys, plunge and shower baths, library, and theater. No charge is made for the use of any part of the building, except the theater, where a 10-cent show is given daily except Sunday. The theater is said to be very popular, the attendance being about 20,000 per month.

The swimming pool is constructed of white tile, and is 25 by 75 feet, the depth of the water ranging from 4 to 9 feet. The water is filtered, disinfected, and warmed. It is changed once a week. The plunge is patronized by approximately 2,000 people per month, the number of the men, women, boys, and girls being about equal. There are six bowling alleys, which are kept well polished and which are equipped with automatic pin setters. Some 3,000 people use these alleys each month and tournaments are carried on throughout the winter. The pool and billiard rooms are equipped with seven tables, four for adults and three for children, and are used by 5,000 people per month. In the main rest room of the building are to be found card and chess tables, and ample room for lounging.

It is more often the rule than the exception, in the case of southern cotton mills, that any welfare work that is attempted is done through the "settlement" or "mission" house or through the school or church, which is established, taken over, or fostered by the mill owner. In one instance of this kind the "mission house" is mainly supported by several mills and is the center of industrial betterment for the entire community. In this mission a large hall, which is used for kindergarten work in the morning, is provided for club meetings. There are also a chapel, a library, a domestic science room, shower and tub baths, and playground apparatus in the large yard about the mission. A training school for settlement workers is conducted here and the "mission" has charge of the hospital, where, it is said, employees and members of their families are charged a weekly rate of less than one-third the rate charged others.

In a few instances the club work of the mills is carried on through the Y. M. C. A. and in others no intermediary is employed, but the work is administered directly by the company and the employees. From the fact, however, that the majority of the cotton mills in the South form isolated communities, and also that the workers are recruited from all branches of the family, the work is necessarily more in the line of family work than of ordinary club activities.

The head of the firm of one large factory in New England presented a very beautiful and commodious clubhouse to his employees. The house has bowling alleys, smoking and lounging rooms for men, clubrooms for women, a large general recreation room, and a music hall, with stage, so constructed that it may be inclosed and heated in winter, but in the summer may be opened up to form a roofed-over summer garden. In connection with the clubhouse is an athletic field of 13 acres, which can be flooded in winter for skating. Club membership is open to all employees and members of their families and about one-third of the total number of employees belong to the club. The dues are \$2 a year and the government of the organization is in the hands of a board of directors, the majority of whom are elected from the rank and file of the factory workers. This club is located close to the factories so it can be used at the noon hour.

Another club, which is composed entirely of men, is a very live organization. It is open every day from 9 in the morning until midnight, and while it is not close enough to the factory to be used during the factory hours, it is used by practically all employees at other times. Each male employee automatically becomes a member after working one week for the firm; there are no club dues and only small fees for bowling and pool are charged.

The clubhouse is open to woman employees and members of families one evening a month. This club manages an unusually successful savings and loan department. The control of the club is in the hands of the employees, who elect their own officers by secret ballot.

Another company with about 2,900 employees has donated to its force an excellent, large clubhouse. (See pl. 33.) With the exception of one representative of the management on the board of governors, it is managed by the athletic association, which has a membership of about 2,000. Two hundred of these are outsiders, it being a provision of the club rules that outsiders may belong to the club, but that they may never form more than 25 per cent of the membership. The annual dues are \$1. Many acres are devoted to athletics, baseball, football, cricket, field sports, and tennis, and there is also a fine shooting range. At a recent annual field day 10,000 persons assembled for the events.

One street railway company with about 10,000 employees has a clubhouse at one of its terminals, which while plainly furnished meets the needs of the men and is very generally used by them. It has a billiard room, bowling alley, gymnasium, tub and shower baths, lockers and electric clothes dryers, a reading room, restaurant, and auditorium.

It is a fact of some interest that of the many clubhouses and rooms for men which were visited only two cases were found where liquor was sold to the members.



PLATE 88.—CLUBHOUSE PRESENTED TO THE EMPLOYEES OF A LARGE COMPANY. THREE HUNDRED ACRES OF LAND. DUES OF \$1 A YEAR ENTITLE TO ALL PRIVILEGES.



PLATE 34.—GAME ROOM OF AN AUTOMOBILE PLANT.

One company with many mining camps establishes clubs only when the people of the community ask for them. Usually an old building is remodeled and equipped by the company and the club is financed until such time as it becomes self-supporting. A board of governors is appointed from among the employees who are interested in the betterment of the town, and the management left entirely in their hands. The dues are usually 50 cents a month and the families of members also enjoy the privileges of the clubhouse.

There are a number of firms which maintain country clubs or summer camps for their employees, but since, in most cases, these clubs are maintained for the purpose of providing means for outdoor recreation they have been treated in the chapter on "Outdoor recreation." (See pp. 87 to 93.)

CLUBHOUSE HOURS.

According to the reports received as to the hours that the clubrooms are kept open, the time ranges from an hour at noontime and a short while in the evening at a few clubs, to the entire 24 hours of the day at others. On this point, however, the establishments reporting may be placed in two groups—those that open early in the morning and remain open until late at night, and those that do not open until some time in the afternoon, but are usually open in the evening. There are 66 establishments in the former class and 22 in the latter. The remaining 49 establishments did not report as to the hours the clubrooms are kept open.

BOWLING ALLEYS AND GAME ROOMS.

Of the 152 establishments having one or more of the features included under clubs, etc., 94 provide pool tables (sometimes referred to as pocket billiards) or bowling alleys; 31 of these provide pool tables only; 20 provide bowling alleys only; while 43 provide both pool tables and bowling alleys. (See pl. 34.) Some of the pool rooms were found to be in connection with the rest rooms. This was especially true of the street railway companies, many of which provide pool tables in the employees' waiting rooms. In addition to the number of establishments mentioned above, several street railway companies reported that pool tables are to be found at most of their car houses, but did not state the number of barns.

Quite a few of the companies make no charge whatsoever for pool playing, and of those reporting on this point, only one charges as much as 5 cents per cue, the other rates ranging from 1 to 2½ cents. In other establishments the charge is 10 to 30 cents per hour. The fees at the bowling alleys are correspondingly low.

As to the extent to which employees take advantage of the pool-room privileges, one company, employing 2,815 people, reported that

14,209 games were played during one year. Another establishment, with 2,600 employees, which has provided two Y. M. C. A. buildings, reported that the pool room at each is used by 200 employees daily. Still another, having 2,370 employees, said that nearly 5,000 per month used the pool rooms.

Reporting on the number using the bowling alleys, one establishment having 12,600 employees made the statement that 125 use the alleys daily. Another with 2,370 employees said the alleys are used by 3,000 per month. Still another said that 276 persons had played 17,392 games in one year.

It is owing to the fact that careful records of the numbers using these facilities are seldom kept that such very incomplete reports on this point were secured. Reports were given, however, in a sufficient number of instances to indicate that such means of amusement are much used and appreciated.

SWIMMING POOLS.

Of the 137 establishments having clubrooms, 41 have provided baths or swimming pools. In 27 of these the pool is inside the clubhouse, in 13 establishments outdoor swimming pools are found, and one establishment did not report the location of its pool.

Among the comparatively few establishments reporting as to the numbers using the swimming pools, one, having 2,370 employees, said its indoor pool was used by 2,000 in a given month; another, with 2,815 employees, reported that the pool was used by 3,713 in one season; still another, having only 748 employees, said that 1,580 used the pool in one month. One concern, with 1,708 employees, said that its outdoor pool was used by 200 persons per day during hot weather, and another establishment, with 6,681 employees, that has an outdoor pool convenient to the homes of many of its employees, reported that 102,000 had made use of it during the season. This pool is very large and well constructed and there are very good bath-houses with showers for men and women.

Most of the reports, both as to indoor and outdoor pools, stated that the water is changed once, or, in some cases, twice a week, and in one or two instances it was reported that a continuous flow of water is supplied.

GYMNASIUMS.

Fifty-two establishments, with a total of 535,107 employees, were found to have provided gymnasium facilities for their employees. These places for exercise vary from small rooms with simple equipment to large and well-equipped rooms or buildings, with instructors in charge. Quite frequently, as a means of saving space, the auditorium, either in plant or clubhouse, has gymnasium equipment, thus securing double service for the one room.

In a few instances companies have separate gymnasium buildings. One company employing several thousand people has built a very complete gymnasium for its office employees, with squash and hand-ball courts, and exercise room. There is a large swimming pool having a continuous flow of filtered and warmed water and rooms with shower, needle, and electric-light baths. This gymnasium is in charge of three instructors and classes are held alternately on employers' and employees' time.

Another company equipped a gymnasium very completely and turned it over to an association of employees to manage. A very competent instructor was engaged and a nominal fee for membership charged. There was not, however, sufficient interest shown to warrant retaining the instructor, and the result was an almost complete waste of space and valuable equipment.

Still another company has an excellent athletic field and grand stand, with a gymnasium and lockers and showers, as well as club-rooms for the athletic teams.

In addition to the 52 plants mentioned above, several companies which do not have gymnasiums of their own make it a practice to pay part or all of the membership fees in the Y. M. C. A. and Y. W. C. A. for those of their younger employees who wish to take the courses.

Basket-ball courts were found at 50 establishments. In quite a few instances outdoor courts were found, but in most cases these courts are in the clubhouses or gymnasiums, where, as a rule, no fees are charged beyond the club dues. In some cases the companies provide uniforms and equipment.

Not a great many of the 52 establishments having gymnasiums reported as to the number using these accommodations, but it would seem from those which did report that they are usually used by only a small proportion of the employees. Fourteen of the 52 plants report that no fees are charged for the use of the gymnasiums; one establishment, having 15,000 employees, reports a charge of \$5 per year and a membership fee of \$4; another with 1,200 employees charges only \$1; while the remaining establishments did not report on this point.

SOCIAL GATHERINGS.

There are 239 establishments—of which number 236 reported the number employed to be 1,170,382—which report entertainment, either indoor or outdoor or club work among employees, contributed to in some degree by the employer. In 183 of the establishments social gatherings, such as dances, banquets, theatricals, or parties are held on special occasions like Hallowe'en or Christmas. Dances, being the easiest form of entertainment and the one most generally enjoyed, of course predominate.

In the following table the establishments furnishing one or more of these features of recreation or culture for their employees are given by industries:

TABLE 7.—NUMBER OF ESTABLISHMENTS HAVING SOCIAL GATHERINGS, LECTURES, MUSIC, ETC., BY INDUSTRIES.

Industry.	Number of establishments	Number of employees.	Number of establishments having—							Out-ings.	
			Social gatherings.	Lectures.		Mov- ing pic- tures.	Audi- tor- iums.	Music clubs.			
				Safety.	Other.			Bands.	Or- ches- tras.		Glee clubs.
Automobiles.....	5	75,114	4				1	3	1	2	5
Boots and shoes.....	4	21,180	4		2	1		3			2
Chemicals and allied prod- ucts.....	4	9,163	3		1	1					3
Clothing and furnishings.....	9	8,833	9		2	2				3	1
Electrical supplies.....	5	77,733	4		2	1			1	2	2
Fine machines and in- struments.....	5	15,031	4	2	4	1		3	1	2	3
Food products.....	8	13,786	7		2	1		2		2	4
Foundries and machine shops.....	28	82,742	17	7	7	4	9	8	2	1	15
Gas, electric light and power.....	8	¹ 23,268	7		3	1	2	2	2	1	6
Iron and steel.....	9	103,485	4	3	3	2	1	2	2		8
Offices.....	9	13,814	9		5	1	2	2	1	1	5
Paper and paper goods.....	4	6,332	4		1				1		2
Railroads:											
Electric.....	14	54,640	11	4	5		5	5	1		13
Steam.....	7	352,774	7		1	4	6				1
Rubber and composition goods.....	6	35,088	6		1				1		5
Stores.....	28	81,490	26		6	1		4	3	4	18
Telegraph and telephone.....	7	35,083	7		3				1	1	8
Textiles.....	35	38,673	27	5	7		8	15	2	1	16
Other industries.....	44	² 122,203	28	3	15	12	29	7	5	3	24
Total.....	239	³ 1,170,382	188	24	70	32	63	56	22	23	141

¹ Not including employees of 2 establishments, not reported.

² Not including employees of 1 establishment, not reported.

³ Not including employees of 3 establishments, not reported.

In the many cases where the companies have provided clubhouses the club committees, with the clubhouse as a meeting place, naturally assume the leadership in social affairs, and usually the fees for club membership cover the most, if not all, of such activities. Even though there is no clubhouse provided there are many establishments in which there are employees' clubs which promote and manage all gatherings of a social nature among the employees. In many establishments these clubs are purely recreational in character; however, in 22 instances the athletic association or the benefit association has charge of the social affairs, and any surplus gained from them goes to swell the funds of these organizations.

Usually there are large rooms in the plants—either lunch rooms, recreation rooms, or auditoriums—which, with the expenditure of a little labor, can be temporarily converted into a dance hall or may be used for other amusements. Sometimes the use of such a room,

together with heat, light, and janitor service, is all that is given by the company. Frequently when no room large enough is available in the plant the firm hires a hall for the use of the employees for their social affairs. Other firms make a money contribution to the recreation club, and quite a number seek to bring all the employees together in a social way at one large affair during the year, in which case the expenses are usually met wholly or nearly so by the company. One of the street railway companies gives a free theatrical entertainment in the auditorium of its clubhouse each month, except during the summer, and each winter a vaudeville entertainment is given daily for one week in the same place, thus enabling all employees to attend some time during the week. Free tickets are given to all employees and their families and transportation furnished for all who attend. Several dramatic clubs were found which give plays, often several in a season; the minstrel show, also, is popular as a means of entertainment. Two companies presented very elaborate masques, each of which was written especially for the company giving it, dealing largely with the evolution of the particular kind of work in which each of these companies is engaged. Both of these events included many of the employees as participants and were attended by thousands of spectators.

The activities of one of the large insurance companies along these social and educational lines are centered in the athletic association and an entertainment committee. The athletic association each year, under the sanction of the company, conducts an excursion which is attended by the clerks and members of their families and friends. Each year the association gives a concert or opera in the company auditorium, followed by dancing. Aside from the orchestra, all of the participants are members of the company. For these affairs tickets are sold. Once or twice during the winter smokers are held for the men and a nominal admission fee is charged. A season's course of entertainment is arranged by the entertainment committee. These affairs, given entirely at the expense of the company, consist of lectures, concerts, and moving pictures, and are held in the afternoon immediately after the close of office. Noon-day concerts are also given twice a week by local talent in the company auditorium, which has a seating capacity of 1,000. These noon meetings are very popular. The auditorium has a grand piano, a concert phonograph, a stereopticon, and a moving-picture machine. There are various musical clubs among the employees. For the purpose of better acquaintance among employees a dinner is given each year by the company to several hundred of the men, and about 150 of the women are given a luncheon each year for a similar purpose.

AUDITORIUMS FOR THE USE OF EMPLOYEES.

Each of 63 of the companies provides an auditorium either in the plant, clubhouse, or Y. M. C. A. building. In the 14 cases in which the seating capacity was reported, it varied from 300 to 5,500; the majority of these rooms, however, seated between 400 and 800. These auditoriums usually have an adequate stage and in most cases the seats are removable so that the room may be used for dances and other social affairs. One company with about 4,500 employees has two rooms, one seating 1,500 and one 5,500, each equipped with a pipe organ and a piano. The smaller room, in addition, is supplied with a moving-picture outfit. Musicals and illustrated lectures are given from time to time, some of which are free; others are given, however, to supply funds for some charitable purpose. Many of the large department stores use their public auditoriums for gatherings of the employees, but these stores have not been included with the 63 establishments reported, because the rooms are primarily for the use of the public.

LECTURES AND MOVING PICTURES.

Ninety-four establishments report the provision of lectures or talks to employees on various subjects. In some instances the talks are quite informal, being given to the employees during the lunch period or at the close of the working period. In 24 establishments the lectures were on "safety," and were frequently illustrated with stereopticon views. Also, moving pictures were exhibited—other pictures being shown to secure a good attendance—and a short talk on the subject given in connection with the "safety" reels. In 70 cases the lectures dealt with a variety of subjects, such as health, first aid, travel, current events, technical subjects, and plant problems. Two companies report that their lectures are given on the employer's time. One of these has weekly lectures on technical subjects; the other has occasional lectures on safety and health, which are attended usually by about 1,200 persons.

One company reports starting an evening course of lectures, but as the employees were widely scattered it was so difficult to get them together in the evening that it had to be given up. Two southern cotton mills report that lectures were tried, but were discontinued because of lack of response on the part of the employees. On the other hand, most of the establishments report a good attendance, varying, of course, with the interest to the employees of the subjects presented, in some cases the attendance being as high as 1,500 or 2,000 at a single lecture.

Moving pictures are reported in 32 cases. A few of the companies have moving picture machines in the building, but more often

they are installed in the clubhouse or Y. M. C. A. building. Often where the plant is located in a small town, the moving pictures are open to the public, and pictures are shown usually once or twice a week and an admission fee of 5 or 10 cents is charged. About the only advantage resulting to the people is that a better class of pictures are shown than could ordinarily be provided for that fee. When the moving pictures are shown in the plant or clubhouse, however, it is seldom that any fee is charged.

MUSIC CLUBS AMONG EMPLOYEES.

Musical organizations such as bands, or orchestras, and glee clubs are quite numerous. Fifty-six companies report bands which range all the way from 1 of 10 or 12 pieces to organizations with 100 instruments. One company having many foreign-born employees has four bands, one of these being composed exclusively of Slavic and one exclusively of Hungarian players. The companies contribute to the bands in various ways. Many of them contribute instruments and uniforms and hire leaders and most of them provide a place for the band to practice. Those companies which make no contribution other than a place to practice have been excluded from the count, since it is probable that the value of this slight assistance is more than offset by the worth of the band to the company as an advertising feature. Sometimes these bands give concerts at regular intervals, in other cases an occasional concert is given, but usually the band plays at company picnics or outings and at other social affairs. In some cases the company pays for these services. One company having a band with 44 members has noon concerts on the lawns during the warm weather, which are attended by 4,000 of its employees. Another which has a band with 100 members provides a band hall containing a large room for rehearsals, clubrooms for cards, pool, and shuffle board, and a reading room well supplied with periodicals. Still another company has monthly concerts given by its band, to which no admission fee is charged and which are attended by about 3,500 people.

Twenty-two of the companies have orchestras and 23 establishments have choral societies or glee clubs. The companies usually pay the instructor, buy the music, and in several cases, both for bands and orchestras, the members are paid for the time spent in practice. The orchestras range in size from 10 members to 100, the majority having from 25 to 35 members.

There is but one orchestra reported having 100 members. This orchestra started a few years ago with a membership of 12. It has been so successful, under a competent director, that at present it apparently has an influence upon the music life of the city since there

is a series of concerts for the betterment of civic music given by it each year in one of the large concert halls. Concerts also are given for various large organizations in the city. The company pays all of the expenses, buys some of the instruments, and pays each member 50 cents for each rehearsal. This same company has a choral club of over 100 voices. The regular leader is an employee of the company, but a coach from outside is secured to finish preparing for the concerts, at which quite ambitious programs are presented. One large department store has a number of musical organizations. There is a large choral society, a girls' military band of about 40 pieces, a larger band of the same character among the young men, a girls' and a boys' drum and bugle corps of about 30 members each, and an orchestra of about 35 pieces. Concerts are given by these organizations in the store auditorium. One company having about 1,000 employees has them all assemble once a week at noon for chorus singing under the direction of a leader prominent as a conductor of community singing.

CHAPTER VI.—OUTDOOR RECREATION.

The motive actuating many employers who have provided club rooms or houses and the means for athletic recreation for their employees seems to be the belief that since in a large measure the success of the business depends upon the loyalty and efficiency of the employees, they are therefore entitled to recognition of this fact; and that by bringing these opportunities, usually beyond the means of the average worker, within the employees' reach, they are serving the needs which all should feel for healthful and sane recreation.

Many of the out-of-door sports undoubtedly do not make as strong an appeal to the majority of the workers as do other forms of amusement. This is partly due to the fact that at the close of the day's work many do not wish to take exercise or recreation which is physically strenuous, and partly to the fact that most of the more common forms of outdoor recreation, such as baseball, football, tennis, etc., permit of comparatively few taking an active part in the games.

The provision of athletic grounds, country clubs, and parks does serve the greater part of those employed, however, since these recreational features furnish an incentive for people to be out in the open even though not as active participants in the sports.

In a large number of plants the interest in all kinds of amusements is fostered by athletic associations, which usually include the majority of the employees as members and which frequently have the management of all the social and recreational affairs.

The interest in athletics among the employees of many companies is very keen, the various teams often belonging to city or State leagues or organizations. One baseball team is reported as being a member of an interstate league; a soccer team made up of employees of a large steel company was the winner of the world's championship; an aero club held the national championship in balloon flights for three years and secured the international championship in the last race held at Paris before the war, and the rifle club of this same company is affiliated with the National Rifle Association.

COUNTRY CLUBS.

Firms which provide country clubs or camps for their employees do so for the purpose of furnishing either a place where employees may spend their vacations or where they may go for week ends and holidays or daily for golf, tennis, shooting, swimming, etc. These country places are often situated where there are many of the natural

advantages for outdoor recreation, or if not plenty of such facilities are provided.

One company, employing several thousand people, has four clubs, two in the town and two in the country. One of the country clubs is open to others than employees and is not largely used by the factory people, but the one which is maintained for the employees and their families is very popular. Field days, attended by thousands, are held here several times during the summer. In addition to the two clubhouses, one for men and one for women, there are booths, lunch houses, an outdoor stage for evening entertainments, and a dancing pavilion. (See pl. 35.) In the women's clubhouse there is a nursery for the babies and small children.

Another country club, which can easily be reached by train or trolley, has a membership of 1,800, about half the employees of the company. Membership dues for men and women are 10 cents and 5 cents a week, respectively. It is managed entirely by the employees, the company exercising no powers except those of a purely advisory character. In addition to the usual clubhouse equipment there is a large concrete swimming pool. There are two baseball diamonds where teams representing different departments play every week end for the championship. There is a football field, a quarter-mile cinder track, and six tennis courts. This same company also conducts a summer camp for the younger boys and an athletic coach is provided for them, who drills them several times a week throughout the year. Many of the boys spend their vacations and week ends at the camp where they sleep in tents and eat at a central lodge which is in charge of a responsible man. A small charge for board is made in order that the boys may be made to feel independent.

Six of the department stores visited maintain summer camps for employees. One firm which provides a camp for its juvenile employees allows the boys and girls to go to it on alternate weeks at no cost whatever to the young people. Another camp which is much used charges for board on the basis of the employees' pay.

One large department store maintains a summer camp near the ocean for all of its employees. The junior employees, both boys and girls, are obliged to take systematic physical instruction, the boys being organized as a cadet regiment conforming to the United States regulations and fully equipped and uniformed. These cadets as part of their regular store duty are required to spend two weeks at the camp each summer. This camp is under military regulations, the boys sleeping in Army tents and spending much time in drilling and in athletic sports. Attendance at the camp for the girls and adult employees is optional with the employees, but the opportunity is much appreciated, since the management provides all possible means of diversion and entertainment.



PLATE 85.—COUNTRY CLUB FOR EMPLOYEES OF A MACHINE MANUFACTORY. PART OF IMMENSE TRACT OF NATURAL AND IMPROVED LAND THROWN OPEN TO EMPLOYEES AND PUBLIC.

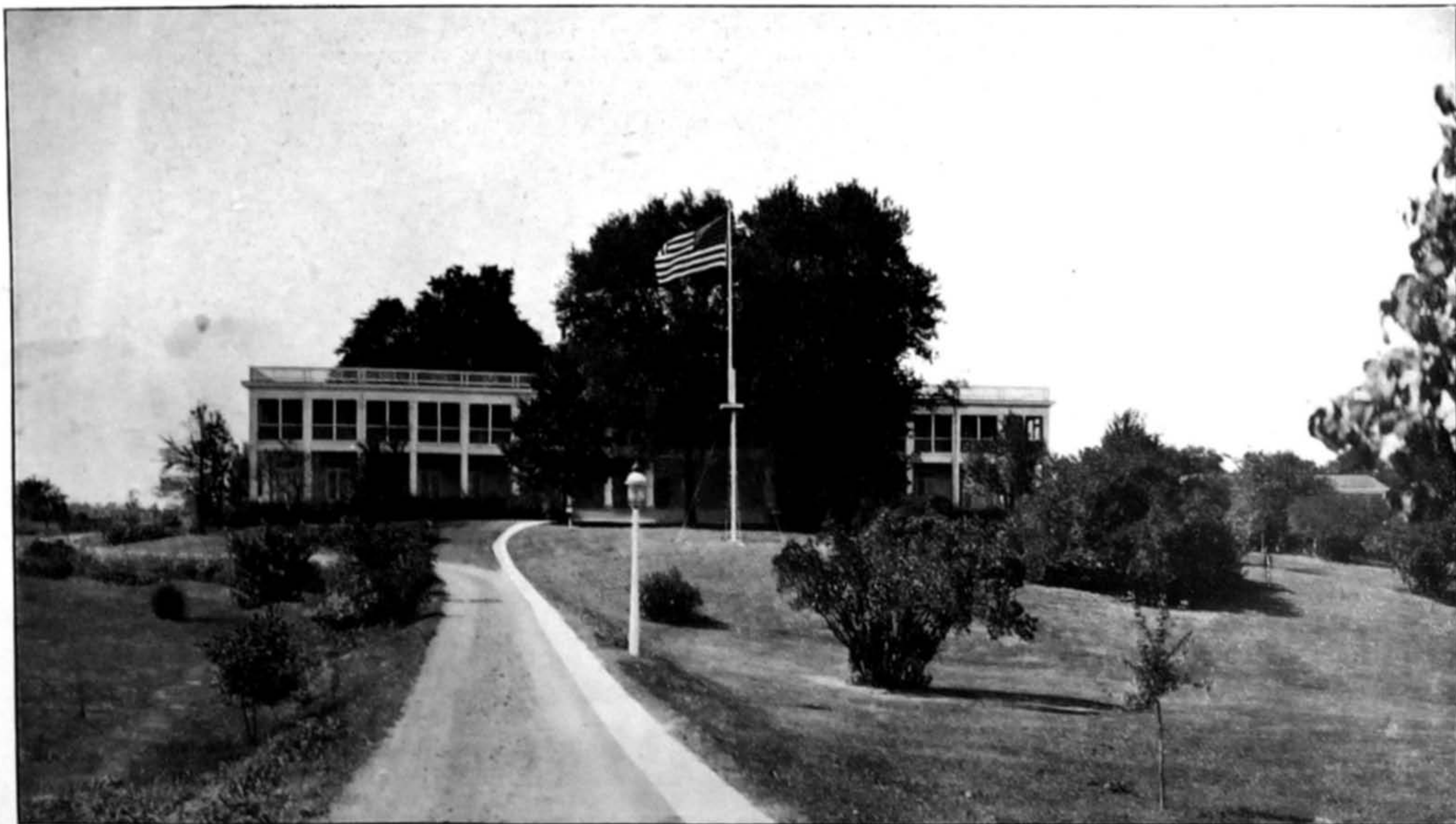


PLATE 36.—COUNTRY CLUB FOR TELEPHONE GIRLS.



PLATE 37.—LIVING ROOM OF TELEPHONE GIRLS' CLUB SHOWN IN PLATE 36.



PLATE 38.—BEDROOM OF TELEPHONE GIRLS' CLUB SHOWN IN PLATE 36.

One company, employing about 1,200 women, has a beautiful country place where the girls may spend their vacations or go to recuperate after illness. (See pls. 36 to 38.) That it is extremely popular is attested by the fact that more than half of the women employees spent their vacations there last year.

RECREATION PARKS.

Several companies provide parks which are intended generally to benefit all of the townspeople and get them together in a social way. Frequently concerts by the company band are given at regular intervals throughout the warm weather and open-air moving pictures are often shown.

A very beautiful park of many hundred acres is provided by one company, not alone for its employees, although they have constant use of it, but also for the general public. For the use of picnic parties there are provided tables and benches enough to accommodate 5,000 persons. There are rest rooms, a children's playground, an athletic field with tennis court, shooting galleries, bowling alleys, restaurants, opportunity for boating, and a concrete swimming pool large enough for 2,000 people to use at one time.

In the following table the number of companies having outings or providing baseball grounds, tennis courts, or athletic fields for employees are given by industries:

TABLE 8.—NUMBER OF ESTABLISHMENTS HAVING OUTDOOR RECREATION FACILITIES AND OUTINGS FOR EMPLOYEES, BY INDUSTRIES.

Industry.	Establishments reporting.		Number of establishments having—			
	Num-ber.	Em-ployees.	Baseball grounds.	Tennis courts.	Ath-letic fields.	Out-ings.
Automobiles.....	5	22,881	4	1	.....	5
Foundries and machine shops.....	20	71,566	20	16	4	15
Gas, electric light and power.....	7	23,503	6	6	1	6
Iron and steel.....	14	109,007	11	8	5	8
Mining, coal.....	7	25,054	7	2	.....	.....
Mining, other than coal.....	6	11,261	3	4	.....	.....
Offices.....	5	11,140	4	2	.....	5
Railroads, electric.....	8	46,451	6	1	1	13
Railroads, steam.....	3	79,033	3	2	.....	.....
Stores.....	15	58,461	12	8	3	12
Textiles.....	30	134,314	25	5	2	16
Other industries.....	67	257,773	50	24	11	54
Total.....	219	1,050,302	152	80	28	140

1 Not including employees of 1 establishment, not reported.
 2 Not including employees of 2 establishments, not reported.
 3 Not including employees of 3 establishments, not reported.

Two hundred and nineteen companies, or practically one-half of the establishments for which schedules were taken, report facilities for outdoor recreation or outings which are held regularly at least once a year.

The branches of athletics provided for in many establishments comprise baseball, football, basket ball, and tennis. Less frequently are found such games as golf, cricket, hockey, and clubs for swimming, boating, and target practice. Ice skating is sometimes provided for by flooding the athletic grounds.

BASEBALL GROUNDS.

When studied as a welfare feature, "the great American game" shows its usual popularity. One hundred and fifty-two establishments, employing 815,535 persons, report having baseball grounds. In the majority of these establishments the company provides the ball grounds only, but in 38 cases the company also provides the equipment or makes cash donations to the teams. Twelve companies provide equipment only, which in most cases includes the uniforms; and half a dozen other establishments report ball teams but make no statement as to where the games are played.

One company has 10 baseball teams in one plant all of which belong to the city league. Other companies have teams in different departments of the plant, playing interdepartmental games and bringing into these games much friendly rivalry in the contests, either for the cup or prizes which the companies offer.

In several cases where companies have a number of plants the employees have formed leagues. One company had 25 teams in its various camps, forming a league, all these teams competing for the championship. For some time this company expended a large sum of money each year on baseball. It was found, however, that the superintendents were putting good ball players on the pay roll who were not good workers, and that the players were losing too much time, so the policy of the company was changed. The company now contributes \$50 annually to each ball team and helps maintain the grounds and stands.

OTHER ATHLETICS.

Tennis, basket ball, golf, cricket, hockey, and such games are patronized chiefly by office workers, although there are many companies which provide facilities for these sports in generous enough measure to be used by others if they wish. Such games as golf are of course somewhat prohibitive in themselves, since the equipment for playing is expensive and the fees for the few clubs reported would indicate that only the higher salaried employees play.

Several gun clubs are reported, for which generally an outdoors rifle range is provided. One club with a membership of about 150 has a special contest arranged about four times a year which is made a social event among the employees.

Clubs for boating are found only rarely. One company has a boat club of nearly 100 members, but this company with its fine clubhouse and 300 acres of land close to the ocean has exceptional opportunities along these lines to offer to its employees.

TENNIS.

There are 89 companies reported which provide the space for tennis courts and which in most cases keep them in good condition for playing. Frequently there are from 4 to 6 well-kept courts and in several instances the number ranges from 10 to 16. A considerable number of establishments report that no charge is made for the use of the courts, while the fees reported by others vary from 50 cents to \$4 per season, the predominating fees being 50 cents and \$1. As in the case of basket ball, when the courts are found in connection with the club no fees other than the club dues are charged for their upkeep.

ATHLETIC FIELDS.

Twenty-eight establishments provide athletic fields for the use of their employees and their families in the enjoyment of outdoor sports. In most cases baseball, football, and tennis are provided for, and several establishments have good track teams. In many cases there is a good grandstand. One company, with about 16,000 employees, has a large athletic field with a house each for the men and women. These houses are equipped with lockers, showers, etc., and have wide porches with chairs. There are 16 tennis courts and 4 baseball diamonds. An instructor in tennis playing is hired by the company, and a court is always reserved for beginners. These courts are open to the public during the hours the plant is in operation. There are eight baseball teams, and on the annual field day, when all the usual track events are scheduled, there is an attendance of about 20,000 persons.

Another large company has a federation of employees' clubs, educational as well as athletic, governed by a "central committee" composed of one representative from each club and one member representing the factory management. The company does not expect to finance these organizations so long as they can succeed by themselves, but if, for good reasons, they need assistance, the company stands ready to furnish it. A fine athletic field is provided for the employees. An unusual club is the aero club, with 40 active members. The company provides the balloon and keeps it in repair, and the running expenses of the club are provided for by dues and fees for flights.

One large steel company has provided a fine athletic field with grandstand seating 3,500 people, which has dressing rooms, lockers,

showers, and gymnasium underneath. The field has baseball diamonds, football field, and 10 tennis courts.

Another company has an athletic field of 12 acres devoted to baseball, football, and tennis. The company gives prizes to the teams and the athletic club furnishes uniforms and equipment.

One athletic association with 900 members has two baseball diamonds, two soccer fields, and a number of tennis courts. The annual membership fee is \$3, which amount the company duplicates.

FIELD DAYS.

"Field day" as used by many of the companies is a somewhat elastic term under which, in addition to the athletic events usually understood to be included, there are many amusements other than field sports which are provided for the entertainment of the employees and their families.

Reports from 19 establishments show that it is the custom to hold an annual field day and at one establishment employing more than 25,000 people this outing is held twice a year. While only eight of these companies reported as to the attendance, the interest manifested in such events is shown by the fact that in the eight plants there were 40,100 employees and the total attendance on the eight field days was 35,650.

ROOF GARDENS.

Roof gardens for the use of employees are provided by 23 companies. The recreational facilities provided here are necessarily mainly in the line of outdoor sports. One large department store has three tennis courts and two basket-ball courts in wire cages, as well as two running tracks; one very large office building has tennis courts; another has an athletic cage on the roof; and still another in addition to seats and walks has two places screened off for handball, one for men and one for women. Many of the roof gardens are very attractively furnished with plants, easy chairs, hammocks, and swings, and with awnings, so that they are very cool and comfortable places to spend the noon hour in summer.

OUTINGS FOR EMPLOYEES.

One hundred and forty firms have outings for employees, to which they make some material contribution. These picnics or excursions are often attended by practically the entire working force and their families as well. Often in very large plants each department of the plant holds its picnic independently. The numbers attending many of these annual outings are very large. Two companies report that about 20,000 attend the company picnic and another has an attendance of 12,000, for which the company pays the transportation

and gives the prizes for the games. One company with about 15,000 employees has abandoned the annual picnic because it had grown to unmanageable proportions, and in place of it closes the plant for one day each summer and gives \$1 to each employee. For a picnic attended by 8,000 persons, one firm pays the transportation; for another attended by about the same number all the expenses are paid by the company, and for one with an attendance of 7,000, refreshments and prizes are furnished. In some cases where amusement parks are used for these outings the companies distribute tickets for the various amusements to each one who attends. One company furnishes transportation and the free use of park amusements to employees and their families, and also prizes, aggregating about \$100 in value, to the children.

A mining company has an annual celebration, attended by about 6,000 people, which is rather unique in that it combines practically the entire community work of the company. The primary purpose of the meet is to give a demonstration of the first-aid and mine rescue work, in which the various teams compete for the Red Cross medal and certificates and for the cup given by the company. In addition to these drills, however, there are parades, an exhibition of the work of the schools, folk dancing in the native costumes of those participating, concerts by the two company bands, baseball games, and athletic contests. Another firm, which has an outing which is largely attended, turns its management over to an association of the employees. The company pays for the grounds, prizes, and transportation, and the control of the amusement concessions is given to the girls' club, which receives the profits for its welfare fund.

Not until there was a practically unanimous desire evidenced by the employees of one steel mill for an outing was the matter taken up by the management, but since then an outing has been had each year. Committees of the shopmen have charge of all the arrangements and the firm ascribes the great success of these annual affairs to this fact. Much of the success of these outings seems to be due to the fact that they are nearly always managed in a democratic way. This, and the fact that the expense attached is usually so slight as to make it possible for all to attend, contribute to make them one of the most popular forms of recreation found among the companies visited.

CHAPTER VII.—EDUCATION.

Systematic attempt is made by many firms to improve the general intellectual condition of their employees as well as to develop the powers of many individuals who, having been obliged to go to work early in life, lost the opportunity to fit themselves for higher places than those they have been thus forced by circumstances to fill. The educational and cultural opportunities offered to employees take the form of libraries and reading rooms, and of classes and lectures.

When it is considered that an army of 1,000,000 14-year-old children leaves school every year and that a large number of them have not completed the work beyond the fifth or sixth grade, it is evident that employers must accept as part of their responsibility the provision for further education, unless these young people with a minimum of education are to become a handicap to the prosperity of the country. While there is evidenced a decided interest in this work on the part of employers as shown in the reports obtained by this bureau and in the list of members of the National Association of Corporation Schools, still when the small percentage who are reached by the classes is considered it is evident that this is a problem which is as yet only partially solved.

COMPANY LIBRARIES.

There are 99 establishments reported which provide the books in the library, the necessary space for them either in the plant or a separate building, and the attendants. Of these 99 establishments, 57, with about 210,000 employees, report the total number of volumes in these libraries to be approximately 190,000.

The following table shows the extent to which these advantages are developed in the different industries:

TABLE 9.—NUMBER OF ESTABLISHMENTS REPORTING NUMBER OF VOLUMES IN THEIR LIBRARIES, BY INDUSTRIES.

Industry.	Number of establishments.	Number of employees.	Volumes in libraries.
Boots and shoes.....	3	16,317	1,300
Clothing and furnishings.....	1	1,052	700
Food products.....	1	1,246	2,900
Foundries and machine shops.....	3	11,405	2,875
Gas, electric light and power.....	4	18,233	11,250
Iron and steel.....	5	30,051	41,530
Mining, coal.....	1	2,500	2,500
Mining, other.....	5	17,012	79,919
Offices.....	3	10,548	6,228
Printing and publishing.....	4	5,611	6,500
Rubber goods.....	2	16,207	1,350
Stores.....	2	15,312	6,500
Textiles.....	12	8,365	10,076
Other industries.....	11	52,030	16,900
Total.....	57	240,803	189,623



PLATE 39.—READING ROOM AND LIBRARY OF BETTER-CLASS SETTLEMENT HOUSE.



PLATE 40.—READING ROOM IN FOREIGNERS' CLUBHOUSE IN A STEEL COMMUNITY.

There is, of course, great variation in the size of the libraries. In some instances they consist only of a few shelves of books, hardly enough to be dignified by the name of library, but generally there are at least several hundred volumes and quite a number of the libraries range in size from 1,000 to 10,000 volumes. There is one library reported with 25,000 and another with 45,000 books, the former having a number of club features—swimming pool, games, etc.—which somewhat reverses the usual order in which the library is a subordinate feature of the clubhouse. In all cases where the library is very large it is open to all the people of the community as well as to the company employees.

The company libraries are housed either in some available space in the plant, or if sufficiently large, in a separate building devoted to library purposes. In those cases where the firm maintains a clubhouse for its employees the library is usually an adjunct of this feature. (See pl. 39.)

In most establishments it is not possible to secure a very accurate estimate of the number using the books, but in those libraries for which the number of books withdrawn in an average month is reported, the figures indicate that many of the employees take advantage of the opportunity afforded them.

There are very few cases where any charge is made for the use of the books and only two cases where a membership fee is charged. In those instances where the libraries are located in the clubhouse part of the regular club fees is used generally to cover a portion of the upkeep of the library. For the books from the public libraries only the usual charge for overdue books is made.

BRANCHES OF PUBLIC LIBRARIES.

Fifteen of the 99 companies which provide a library for their employees also have a branch of the public library in connection with their own. This is quite an advantage, since many of the libraries naturally are not large enough to cater to all the employees in the establishment and all the resources of the public library are thus made readily available for them.

There are 56 companies which, while not furnishing any books of their own, maintain a branch of the public library and furnish the necessary attendants. These books are usually placed in the office, recreation room, or lunch room, and while, in many cases, the rooms are found open for the withdrawal of books during the working hours they are more frequently open only during the luncheon period.

BUSINESS LIBRARIES.

Many firms provide purely technical libraries, which are not considered here because the books are used almost exclusively for reference purposes and are supplied for the benefit of the business rather

than of the individuals using them. However, the system of one company having a technical library is worthy of mention, since it results in its use by practically all of the employees. The library of 1,700 volumes comprises books on technical, commercial, and educational subjects as well as many technical magazines. The librarian makes a list each week of articles in all periodicals along the line of work of the company, showing magazine and page number, and this is sent to all departments. Employees send back the list with articles checked which they wish to see, and the magazines, which can be kept three days, are sent to them. This naturally leads also to the use of the books on these subjects in the library.

READING ROOMS.

Eighty-five of the 155 firms which have either their own or a branch of the public library also provide a reading room for their employees. In 34 of these both periodicals and newspapers are provided; in the other establishments either one or the other is furnished, usually magazines. If a fair sized library is maintained, usually the reading room is in connection with it, but in many cases a section of the recreation room or dining room is used for this purpose. There are 14 establishments having no libraries which furnish reading rooms. In plate 40 is shown a reading room in a foreigner's clubhouse in a steel community.

CLASSES FOR EMPLOYEES.

The opportunities for study cover many different branches, usually following the general lines of the business itself. Thus, iron and steel plants and foundries and machine shops may have courses in engineering, mathematics, physics, chemistry, metallurgy, mechanical drawing, and designing. Companies with many office employees give courses in stenography and typewriting, spelling, accounting, and bookkeeping. Stores give instruction in salesmanship, textiles, and advertising. Firms having many foreign-born employees provide classes in English and urge attendance upon all non-English speaking workers. A number of companies have classes in modern languages, history, elocution, and geography, while many provide domestic science classes—cooking, sewing, embroidery, and millinery—for the women in their employ.

Dramatic clubs and orchestras, glee clubs, and bands, which have been discussed in another chapter, should also be mentioned here, since they develop the ability of the individuals, and the cultural value of learning and producing good music and good plays affects not only those who participate but also those who fill the rôle of listeners.

Seventy-two establishments with about 265,000 employees reported on the number in their various classes. In these establishments there were approximately 14,200 employees enrolled as students, or about 5 per cent of the entire number employed.

TECHNICAL AND VOCATIONAL EDUCATION.

One company with about 14,000 employees maintains, with the cooperation of the local school board, a technical night school for its employees, in which about 1,000 students are enrolled. There are several departments. In the foreign department, classes are held in arithmetic and also in the reading, speaking, and writing of English. The preparatory department has classes in mental arithmetic, shop problems, composition, commercial geography, and mechanical drawing. In the engineering department, instruction is given in theoretical and applied electricity, pattern, foundry and machine shop practice, sciences, higher mathematics, etc. There is also a woman's department, giving a commercial course, domestic science, and music. A moderate tuition fee is charged; the high-school building is used, and the costs above the tuition paid by students is met by the company and the school district, the former paying about three-fourths of the deficit.

A technical school, a commercial school, and an accounting school are maintained by another large company for any employees who wish to attend. A fine laboratory is provided for the use of the students in the technical school. Classes are held on 5 evenings each week during the 25 weeks of the course and in addition classes are held on 2 afternoons for the benefit of the night workers. The lectures are given by men prominent in the various lines of work presented. The first year course is open to all employees, but the second and third year courses are open only to those who have obtained satisfactory ratings in the previous year's work. Prizes are offered to the students having the highest standing in various courses. The educational work is of such character as to receive credit in one of the great universities of the city.

A large steel company at first conducted night schools for its employees under 22 years of age but it was found that since many of the employees lacked the mental discipline which would enable them to hold themselves to their studies when physically tired only those who had reached the point of really desiring an education took advantage of the opportunity. Therefore a day school was started and each young man in the plant was placed in the school one morning or one afternoon each week, during which time he received full pay. Night employees of any age are also allowed the privilege of attending the classes. Several courses are given and four hours a week for four years are required to complete them. Diplomas are awarded the pupils on completion of a course.

The idea that the schools of the country have, in the past, proceeded along too exclusively academic lines and have not sufficiently taken into account the numbers of young men and women who must go into

industrial life, has been growing in recent years with the result that many vocational schools have been established. Following along these lines a combination of the apprentice system and the work of the high schools has been effected in a number of instances, in which the high schools unite with the factories to provide a course for students, whereby the shop takes care of the practical training of the student and the school teaches the theory. This plan is of advantage to the school as well as the factory, since it does away with the need of equipping the high school with expensive machinery. In one instance reported, several manufacturers and the public-school officials entered into an arrangement which is essentially the same as the plans of other establishments using this method of instruction. Under this plan any high-school student may elect this course and is given two months' trial. If, at the end of this time, he chooses to continue, there is a contract drawn up in which he agrees to complete the course and the manufacturer agrees to teach him the various branches of the trade designated in the agreement. The first year of the course is entirely school work; the succeeding three years alternate one week in the shop and one week in the school. The boys are paired—working on alternate weeks—so that the manufacturers have one always at work. Boys receive pay for the weeks they are at work at slightly more than apprentice rates. The high-school curriculum was so changed for these students as to give subjects of the most practical value along the line of work chosen.

Half the employees of a large banking establishment are enrolled in its educational work. The classes for the boys below the age of 18 are compulsory and are held each morning for three-quarters of an hour before the beginning of work. The subjects—penmanship, grammar, arithmetic, etc.—are such as will prepare them to fill better positions. Practical and helpful talks to develop character are also given. Employees above the age of 18 are allowed to take different courses, subject to the approval of the educational committee. Each year a certain number of college men are employed, who are trained for foreign service and are given courses in banking, commercial geography, and languages, the class work in languages being supplemented by conversation with the different language teachers at the lunch hour. While the work is for the sole purpose of training the employees in the banking business, still the large enrollment is evidence of the fact that the employees consider it of very practical benefit.

CONTINUATION SCHOOLS.

Continuation school work, carried beyond the requirements of the law, is found occasionally. One factory, in which the work is entirely piecework, pays even those employees who are above the required

school age their average piece rate for the time spent in class. One large department store gives a course in the common-school branches, together with elementary business, musical, social, physical, and military training. Part of the classes are held during store hours, but the classes for the older boys are held in the evening and a free supper is served to those who remain for them. The instruction to each member averages about seven hours a week. Pupils who satisfactorily complete the work prescribed are awarded diplomas at the closing exercises, which are held in June each year.

The southern cotton mills in many cases have night schools in the common-school branches and also classes in sewing and cooking. These classes usually have a fair attendance.

ENGLISH FOR FOREIGNERS.

Classes in English for foreigners are among the most valuable educational agencies, since this work is often the entering wedge in the Americanization of our foreign-born workers. Instruction in civics is frequently given in connection with these classes and aid is rendered in taking out naturalization papers. Without this instruction these employees often have little opportunity to learn our ways and customs, living as they generally do in communities of their own fellow-countrymen who preserve their native speech and customs. One company reports that members of these classes are paid their regular hourly rates while attending classes, whether these classes are held during the day or at night. Another firm, in order to keep up the interest in the study, has found it necessary to provide occasionally a moving picture or some other form of entertainment.

A number of companies pay the tuition fees of employees who wish to take advantage of the opportunities offered by local schools, usually stipulating that in order to receive this, the students shall either maintain a certain average of attendance or attain a certain grade in their studies.

In still other cases than these already mentioned, the educational work of the Y. M. C. A. and the Y. W. C. A. is utilized by the companies in the endeavor to improve the capabilities of the employees.

CHAPTER VIII.—DISABILITY FUNDS, PENSIONS, AND GROUP INSURANCE.

A study of the costs, management, benefits paid, etc., of establishment and trade-union disability funds was made by the Bureau of Labor Statistics and the results summarized in the Monthly Review for August, 1917.¹

In this chapter only those funds to which the employers make substantial contributions are considered. Many establishment funds were reported in which the only help extended by the firm was the use of a room for meeting purposes, some slight clerical assistance, or the promise of financial aid if a deficit should occur. These associations have been excluded from the report as being practically independent organizations. The details asked for in the study of industrial benefit associations were the percentage of the expenses paid by the different firms, the amount of dues brought to a monthly basis, the amount of the weekly sick and accident benefits, and of death benefits, the number of sick, accident, and death benefits paid, and the amount paid out in benefits in the last fiscal year.

Of the 431 establishments visited, 80 reported benefit associations which come within the foregoing requirement. The number of employees in 78 of these establishments was 673,095; two establishments failed to report the number of employees. Fifty-eight of the establishments, with 617,342 employees, reported on the association membership. In these 58 associations the membership was 550,177, or 89 per cent of the total number of employees. This is a high percentage, since in 15 of these establishments a period varying from 2 weeks to 6 months must elapse, after employment, before the individual is eligible for membership. In 12 plants membership in these societies is made a condition of employment, 16 failed to report, while the remaining 52 report that there is no rule which compels employees to become members of the association. There is no doubt, however, that in some of the establishments, while there may not be a rule to this effect, yet indirectly there is strong pressure brought to bear upon employees to become members. The following table shows, by industries, the number of associations, the membership, the classified dues and benefits, and the percentage of expenses contributed by the companies. The employees of all plants of one company in the telephone and telegraph industry have been

¹ "Operation of establishment and trade-union disability funds," by Boris Emmet, Monthly Review for August, 1917, pp. 17-36.

shown in this table, since the data furnished relates to all and not simply to those places visited, as in other sections of the study.

TABLE 10.—NUMBER OF BENEFIT ASSOCIATIONS, NUMBER OF MEMBERS, CLASSIFIED DUES AND BENEFITS, AND PROPORTION OF EXPENSES PAID BY COMPANIES, SHOWN BY INDUSTRIES.

Industry.	Establishments having benefit associations.		Benefit associations.				Associations reporting dues per month to be—				Different sums, according to wages, etc.
			Establishments reporting.		Members.		Under 25 cents.	25 and under 40 cents.	40 and under 75 cents.	75 cents and over.	
	Number.	Employees.	Number.	Employees.	Number.	Per cent of total employees.					
Flour and grist mill products.....	3	1,539	2	1,360	1,100	81	1	1	1	1	
Foundries and machine shops.....	12	84,370	9	42,180	36,065	86	2	1	9	9	
Gas, electric light, and power.....	7	118,166	4	14,131	12,875	91	1	1	4	4	
Iron and steel.....	5	83,852	5	83,852	52,397	97	1	2	2	2	
Mining, other than coal.....	3	6,549	3	6,549	4,955	75	1	1	2	2	
Railroads, electric.....	9	26,528	8	22,928	20,222	88	2	4	2	2	
Railroads, steam.....	2	171,318	2	171,318	155,410	91	1	1	2	2	
Telegraph and telephone.....	1	179,000	1	179,000	179,000	100	1	1	4	4	
Textiles.....	6	14,214	3	7,351	5,221	71	1	1	1	1	
Other industries.....	32	147,666	21	118,673	82,932	70	4	2	4	13	
Total.....	80	673,095	58	317,342	250,177	86	10	5	13	39	

Industry.	Associations reporting benefits per week to be—				Associations reporting death benefits to be—				Establishments paying toward expense of associations—					
	Under \$5.	\$5 and under \$7.	\$7 and over.	Different sums, according to dues, etc.	Under \$100.	\$100 and under \$300.	\$300 and under \$500.	\$500 and over.	Different sums, according to dues, etc.	Under 50 per cent.	50 and under 100 per cent.	100 per cent.	Definite sums, regardless of proportion.	No fixed sum.
Flour and grist mill products.....	1	1	1	1	1	1	1	1	1	2	1	1	1	1
Foundries and machine shops.....	4	3	2	4	1	1	1	1	2	7	2	1	2	2
Gas, electric light, and power.....	1	3	2	4	1	1	3	1	1	2	2	1	1	1
Iron and steel.....	1	3	1	1	1	3	1	1	1	1	1	2	2	2
Mining, other than coal.....	1	3	1	2	1	1	1	2	2	5	2	2	3	3
Railroads, electric.....	1	3	2	4	2	2	2	2	2	2	2	1	2	2
Railroads, steam.....	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Telegraph and telephone.....	1	1	2	17	5	2	2	2	4	7	9	3	6	7
Textiles.....	1	1	2	17	5	2	2	2	9	7	9	3	6	7
Other industries.....	1	1	2	17	5	2	2	2	9	7	9	3	6	7
Total.....	2	11	10	44	9	16	6	6	25	25	19	8	14	16

1 Not including employees of 2 establishments, not reported.

2 No dues.

3 Including employees of all plants of one company.

4 Including 3 associations in which no dues are charged.

As will be seen, the proportion of the expenses of the associations assumed by the employers varies considerably, although as already stated those companies which contribute only a negligible amount have not been considered. One company, which pays \$12,500 annually, stipulates that an average membership of at least 50 per cent of the employees shall be maintained. Another company, in addition to its contributions to the benefit association, has provided a fund of \$25,000, from the proceeds of which it cares for employees who are not eligible to join the benefit association. Still another company, not included in the count, has a fund of \$1,000,000, the income from which is used in paying accident and sick benefits. This company follows no set plan in making the awards, but considers each case on its own merits, the chief factors in determining the amount awarded being length of service and the necessities of the case.

MANAGEMENT OF ASSOCIATIONS.

The management of the benefit associations is participated in largely by employees. For those companies which reported on this subject there are 34 associations which are managed jointly by the companies and their employees, although in four of these the companies really retain control of the management, since a majority of the association officers are company officials. Fifteen associations are managed by the employees alone, in several of these the company contribution being as much as 50 per cent of the benefit fund. The eight funds which are financed entirely by the companies are, of course, administered and controlled by them. There are six funds to which employees contribute in the management of which they have no voice.

PHYSICAL EXAMINATIONS REQUIRED FOR MEMBERSHIP.

Usually in the large organizations physical examinations are reported as a requisite for membership. A fee of 50 cents or \$1 frequently is charged for this examination. In several instances the company emergency hospitals are managed by the benefit associations, and in some others the regular dues of the association cover a certain amount of medical attention. One mining company has turned over its two hospitals, equipped at a cost of about \$10,000 each, to the association, which furnishes medical attendance to the members and their families. One association has a provision, recently added to its rules, that \$100 in addition to other benefits shall be paid to any member who must undergo an operation.

LENGTH OF MEMBERSHIP REQUIRED BEFORE ELIGIBLE FOR BENEFITS.

The length of time which must elapse after becoming a member before one is eligible for benefits in the various associations is not reported by 37 of the organizations. Thirteen associations pay benefits immediately; 5 have waiting periods of five, fifteen, or twenty-one days; 12 of four weeks; 2 of two months, and 2 of three months, and only 1 has a waiting period of six months. In a few cases there is a longer period of membership required before death benefits are paid than is required for payment of sick and accident benefits. One association in which membership is compulsory has a waiting period of four weeks before one is eligible for sick benefits, and three months before death benefits are paid.

It is generally necessary for the employees of those companies which furnish the entire amount of the disability fund to give a longer period of service before they become eligible for sick benefits and before payment is made for death from sickness than is required in those associations which are partly financed by the employees. Two of the eight companies which maintain such funds did not give any information on this question. One company pays sick benefits after 30 days' service, and death benefits after 1 year, though these benefits do not apply to anyone receiving \$1,800 or more a year. Another of these companies makes employees eligible for sick and accident benefits during the second six months that they are employed, with compensation amounting to full pay for four days and half pay for eight days, the benefits increasing gradually in amount up to 15 years' service when full salary is paid for one month and half salary for six months. Death benefits are paid after six months' service. Three of the companies require one year of continuous service before sick benefits are paid. The one remaining company does not provide in its plan for any benefits for sickness under two years of service, but quite generally the plan has been supplemented by provisions for payment during the first seven days of absence for those employees of two years' service or more, and for payments after the first eight days of disability to employees of less than the required two years' service. These supplemental payments are being gradually systematized. Payments under the disability plan are graded according to length of service. Benefits for death from sickness are not paid to dependents except for five years or more of continuous service. This company, which is a great public utility whose business extends over a large portion of the United States, pays accident benefits from the date of accident even in those States in which there are as yet no compensation laws for workmen.

TIME BETWEEN BEGINNING OF DISABILITY AND PAYMENT OF BENEFITS.

The necessity of guarding against the feigning of sickness or the making of slight illness an excuse to be absent from work is undoubtedly the reason that so large a proportion of the associations do not pay from the beginning of sickness. Many of these associations which do not pay from the first in cases of sickness do, however, pay from the date of injury in accident cases, since the risk of malingering in cases of injury is not so great. Eighteen of the associations do not report the number of days intervening between the beginning of the disability and the payment of benefits. In 9 instances benefits are payable from the first day; 9 pay after three days; 2 each after four, five, and six days; 33 pay after seven days, and 1 each after ten days and fourteen days. One association pays from the first if the sickness lasts more than three weeks, another has a seven-day waiting period unless disablement lasts more than fourteen days when payment is made from the first, and still another pays nothing if disability lasts less than a week, but pays from the first if it lasts longer.

The maximum time for which benefits are paid in any twelve months is reported in all but nine cases. Seventeen associations pay benefits for a period of three months, 14 for six months, and 12 for one year, the remaining associations paying for various fractions of a year. In one association those employees who have been members of the society for ten, fifteen, or twenty years may draw benefits, if necessary, for two, three, or four years, respectively. Several associations pay benefits for a longer period for injury than for illness.

INITIATION FEES.

The majority of the associations do not charge an initiation fee, only 20 of the 78 associations reporting that this is a requirement for membership. These fees vary from 25 cents to \$2, the usual fee being \$1. The entrance fee in four societies varies according to the different classes of dues, and in one depends upon the age of the applicant.

It might be expected that charging a substantial initiation fee, especially if there were a fairly large turnover, would have the effect of reducing the monthly dues or of increasing the benefits paid, but this does not seem to be borne out by the figures as reported. One of the associations, which has a membership of over 15,000 and which charges a fee of \$2, reports the monthly dues to be 50 cents, and the benefits but \$5 a week for a period of 27 weeks. In this association the company pays 20 per cent of the dues. In the other associations which charge a fee of one or two dollars, if there is a reduction in the dues or an increase in the benefits over these figures, it seems to be due to the fact that the company pays a much larger percentage of the expenses of the association.

FORFEITURE OF MEMBERSHIP.

In nearly all cases membership is forfeited upon leaving the employ of the company, but several associations provide that employees upon terminating their connection with the company shall be paid benefits, which they may be receiving at the time, until recovery or until the expiration of the time to which they are entitled to them. In two associations, members on leaving the employ of the company may retain their association membership by vote of the board of directors. In another association, if the person remains a resident of the town and is a member in good standing at the time of leaving, or if he is a pensioner of the company, membership may be retained, while still another allows an employee who has been a member for 10 years and who does not engage in other business or occupation to retain death benefits for himself and wife by paying the regular dues.

The variation in the length of time which elapses between the beginning of the illness and the payment of benefits in the various associations results in a great difference in the proportion of employees receiving benefits and is also an important factor in the cost of the scheme since a waiting period of from 7 to 14 days excludes a large proportion of the cases.

The following table shows the establishments which reported the sick, accident, and death cases and the amount of benefits which were paid during the fiscal year of each association preceding the date of the schedule covering the association:

TABLE 11.—NUMBER OF BENEFIT CASES AND AMOUNT OF BENEFITS PAID BY ASSOCIATIONS, SHOWN BY INDUSTRIES.

[The data for the different associations cover in each case the fiscal year previous to the date the schedule was taken.]

Industry.	Sickness benefits.					Accident benefits.					Death benefits.				
	Associations reporting.		Number of cases.	Total amount of benefits.	Average amount of benefit.	Associations reporting.		Number of cases.	Total amount of benefits.	Average amount of benefit.	Associations reporting.		Number of cases.	Total amount of benefits.	Average amount of benefit.
	Number.	Members.				Number.	Members.				Number.	Members.			
Flour and grist mill products.....	1	1,000	55	\$3,451.50	\$62.75	.....	.....	.....	.....	.....	1	1,000	4	\$900.00	\$225.00
Foundries and machine shops.....	1	2,500	219	5,786.83	26.33	1	2,500	334	\$2,970.60	\$8.89	1	2,500	14	1,400.00	100.00
Gas and electric light and power..	2	2,610	1,480	10,224.27	120.87	2	2,610	349	9,266.99	28.55	2	2,610	17	14,250.00	838.24
Iron and steel.....	3	21,819	1,800	41,247.57	22.92	3	32,172	1,482	24,573.63	16.58	2	82,136	238	48,820.95	205.13
Mining, other than coal.....	3	4,955	2,055	51,948.19	25.28	3	4,955	2,335	25,649.97	12.37	3	4,955	42	42,729.00	1,017.36
Railroads, electric.....	6	18,871	3,442	53,178.51	15.45	4	5,105	403	1,151.74	18.28	5	18,720	109	36,891.50	338.45
Railroads, steam.....	2	155,410	59,209	881,201.51	14.88	2	155,410	21,555	412,111.90	19.12	2	155,410	1,369	714,870.28	522.18
Telegraph and telephone.....	1	179,000	18,760	959,729.00	51.16	1	179,000	10,646	7,979.00	52.41	1	179,000	214	162,961.00	761.50
Textiles.....	1	1,340	152	12,625.01	17.27	2	5,040	74	1,040.41	14.06	1	1,340	2	100.00	50.00
Other industries.....	5	5,516	963	16,198.50	16.82	4	4,706	415	5,326.40	12.83	4	4,991	35	3,150.00	90.00
Total.....	24	393,021	87,148	2,026,570.89	23.24	23	391,498	37,253	1,043,070.84	28.00	23	402,662	2,044	1,026,072.78	501.99

1 Including accidents for 1 association.
 2 Not including accidents for 1 association; included in sickness.
 3 Including accidents for 2 associations.
 4 Not including accidents for 2 associations; included in sickness.

5 Including employees of all plants of 1 company.
 6 Including accidents for 7 associations.
 7 Not including accidents for 7 associations; included in sickness.

The benefit associations have been affected in recent years in many of the States by the enactment of workmen's compensation laws and in the majority of cases the by-laws of these societies have been amended to exclude cases of injury incurred in the course of employment. Since the majority of these laws do not provide for payments for injuries the disability from which lasts less than two weeks, many of the associations provide for payments for this intervening period. In a number of instances, also, where the compensation laws have been less liberal than the provisions of the benefit associations for disability from industrial accidents, the employers have voluntarily assumed the larger payments. A number of companies also which do not contribute to the associations and which have not been included in the statistics, pay a death benefit to the dependents of employees, usually stipulating a certain length of service as prerequisite to the payments.

PENSIONS.

The establishment of a definite pension system has been a comparatively recent manifestation among employers of the belief that the worker has a just claim on those for whom he works for some provision for his declining years. It is probably true, however, that while the majority of the plans state that the pensions are granted for "loyal and efficient" service, still the fact that the provision of these funds tends toward a more stable force, toward keeping the services of the more experienced and skillful workmen who might be able to command higher wages elsewhere, and toward moderating industrial unrest generally, has its weight also in determining firms or corporations to establish such funds.

There are 75 establishments of those visited, with a total of 1,111,500 employees, which maintain pension funds and which have a definite plan which is followed in the granting of old-age allowances. The conviction that it is both desirable and necessary to provide for the many workers who are unable for various reasons to save enough to care for themselves in old age seems to be growing among employers. Of the 66 funds for which the date of the inauguration of the plan was given, 32 were established in the years 1913 to 1917, 20 were established from 1910 to 1913, while only 14 were established previous to 1910.

The following table shows, by industries, the number of establishments having pension funds and the number of employees on pension rolls, and the amount paid out in pensions during the fiscal year preceding the date of the schedule covering the establishment. The employees of all plants of one company in both the iron and steel and the telephone and telegraph industries have been shown in this table since the data furnished relates to all and not simply to those places visited as in other sections of the study.

TABLE 12.—NUMBER OF PENSION FUNDS, NUMBER ON PENSION ROLLS, AND AMOUNT OF PENSIONS, BY INDUSTRIES.

Industry.	Establishments having pension funds.		Establishments reporting employees on pension rolls.				
	Number.	Employees.	Number.	Total employees.	Number of employees pensioned.	Total amount of pensions.	Average amount of pension per year.
Foundries and machine shops.....	12	49,132	10	45,608	265	\$126,427.00	\$473.31
Gas, electric light and power.....	6	25,705	4	13,670	201	96,300.00	479.10
Iron and steel.....	2	257,978	1	1,250,000	667	174,389.40	250.20
Offices.....	7	* 8,946	3	3,493	14	10,369.00	740.64
Ore reduction and smelting.....	3	* 8,315	2	1,200	156	49,275.00	315.87
Railroads, electric.....	9	46,775	6	32,421	148	68,305.55	461.82
Railroads, steam.....	7	381,595	4	307,407	4,163	1,321,297.32	317.39
Telegraph and telephons.....	2	* 179,000	1	1,179,000	284	153,360.00	540.00
Other industries.....	27	159,054	16	71,763	631	288,384.73	457.08
Total.....	75	* 1,111,500	47	* 903,562	6,559	2,287,108.00	348.70

¹ Including employees of all plants of 1 company.

² Not including employees of 1 establishment, not reported.

³ Not including employees of 3 establishments, not reported.

CLASSES OF EMPLOYEES ELIGIBLE FOR PENSIONS.

In general the pension plans apply to all grades of employees, but there are four which exclude officials and directors, four which exclude salaried employees whose yearly earnings exceed amounts varying from \$1,500 to \$5,000, and only one which does not include the factory force. This company has about 11,000 employees, and since the plan covers only those in the office it necessarily debar from participation in its benefits many of those employees who most need such assistance. This seems to be true in a measure of all industrial pension plans since the lower paid and more unskilled class of workmen are less likely to give the continuous service necessary to the granting of a pension, and, if they do, in those cases where no minimum is established the amount is so small as to be of little practical help to the recipient. A case in point is that of one company which has on its pension rolls men receiving as little as \$3 per month.

EMPLOYEES' CONTRIBUTIONS TO FUNDS.

The majority of the funds are supported and managed exclusively by the companies. Only four of them require contributions from employees. Three of these assess the employees 3 per cent of their annual pay, and one assesses them 2 per cent, the amount contributed being returned without interest if the employee leaves the service of the company, although one firm pays 4 per cent interest if the em-

ployee is dismissed. The amount, exclusive of the initial fund, set aside by the companies each year for the maintenance of these funds, is usually a certain per cent, most frequently 1 per cent, of the total annual pay roll, or it may be a sum aggregating the amount of the pension allowances or the interest from trusts or other funds which may have been provided.

GENERAL RULES AND REQUIREMENTS.

There is a very decided similarity in many of the regulations governing the payment of pensions. The acceptance of a pension in nearly all cases does not debar the one receiving it from engaging in other work which is not prejudicial to the interests of the company. Usually a temporary absence due to illness or a reduction of the force is not counted in computing the length of service unless it exceeds six consecutive months, and most of the companies allow a break of one or, in most cases, two years in the continuity of service. Assignment of pension allowances is never permitted nor are the pensions subject to attachment for debts of the beneficiaries. Pensions are forfeited usually because of misconduct on the part of the pensioner or at the discretion of the pension board. The maximum employment age in most cases, for those reporting, is 45 years, but sometimes for inexperienced workers this limit is placed at 35 years.

The usual ages at which male employees are retired are 60, 65, and 70, by far the largest number of companies fixing this age at 65 years. For women the average retirement age is about five years less than that of men, although there are several cases where they do not become eligible for pensions before reaching the age of 70. The usual number of years of continuous service requisite for the allowance of a pension is 20, although the requirements in this regard range from 10 to 40 years. Many of the companies have several classes of service requirements, those employees with the longest required period of service to their credit being retired at an earlier age. Pensions for cases of total disability are given at the discretion of the company in many cases; in others a service period varying from 10 to 30 years is a requirement of the pension rules.

A minimum pension allowance is fixed by about half of the companies. In two cases this amount is as low as \$5 a month, but the greater number fix the lowest amount paid at \$18 or \$20 a month. The method of determining the amount of the pension is much the same in the majority of cases, the most usual method being to compute the pension on the basis of the earnings for a certain period of years. The required number of years of service and the percentage of the earnings are fairly uniform in the different establishments.

SPECIAL ALLOWANCES.

There are 53 firms which reported that while they have no pension fund or system of caring for aged employees, still provision is made for deserving cases. In several instances quite a number of persons are thus cared for, but while this may be a liberal arrangement on the part of the firm, there can be no certainty on the part of the employee that it will be continued and there is also the feeling that it is a gratuity instead of the "deferred wages" to which the employee may feel himself entitled because of his long and faithful service.

The chief objection to industrial pensions as now administered is not in the amount of pensions allowed, which in most cases is fairly liberal, but in the element of uncertainty which results from the fact that the firms universally stipulate that the establishment of such a fund does not form a contract, and that the right to discharge an employee is not affected by the length and character of the service he has rendered. There also can be no assurance to the employee that the firm may not be dissolved and that the assistance which he has confidently expected in his old age may thus be denied him.

GROUP INSURANCE.

One of the most recent evidences of the interest employers are taking in their relations with their employees is found in the growth of the group insurance idea. As in the case of the pension plan, it undoubtedly works toward more harmonious relations and toward the reduction of the labor turnover since it offers a strong inducement to employees to remain with the firm. Individual life insurance is too expensive to be within the reach of most workmen. The guaranty that, in the event of death, a sum will be paid which will be adequate to care for the family during the adjustment to the changed conditions and responsibilities must appeal strongly to that class of workmen who are unable to save anything toward the future and to those also who have reached an age where the rates would be greatly increased or who would be unable to pass the necessary physical examination.

CONDITIONS UNDER WHICH GROUP INSURANCE CAN BE PROVIDED.

The group plan can be offered to firms by the life insurance companies at greatly reduced rates since it does away with the medical examination and much of the usual expense incidental to the selling of life insurance. In order to secure a satisfactory rate from the insurance company, the employer must offer conditions of employment which measure up to a certain standard. The occupations must not be extrahazardous, sanitary conditions generally must be good, and good drinking water must be supplied. This does not offer an

obstacle in the case of most firms, for the ones most likely to wish to introduce such a plan are these which have already progressed far toward safeguarding the plant and providing good working conditions. It is evident, too, that the elimination of medical examinations is made possible through the physical examination on entrance which many companies require and through the work of the emergency hospital departments in caring for the health of employees, which results in lowering the number with serious diseases and maintaining the general health of the force at a high standard.

METHOD OF INSURANCE.

The method of insuring is to issue to the company a blanket policy which covers the entire group to be insured. The insurance company has a list of the employees included, with the age of each and the amount for which each is insured. A certificate is given to each individual which names the beneficiary, the amount of insurance, and also gives the conditions under which it will remain effective. Naturally the employee's eligibility to the plan ceases upon leaving the employ of the company, but several of the plans allow the employee to continue his insurance at the regular rates, about the only advantage being that he does not have to take the medical examination, with perhaps the consequent increase in the premium.

COST AND SCOPE OF INSURANCE PLANS.

There are 32 firms, with a total of 136,318 employees, which report that a part or all of their employees have been insured under the group plan. The largest number of these plans cover all employees, but some limit the plan to include those with a stated length of service to their credit. This service is for periods varying from 30 days to 2 years. One large company had insured only its day laborers of one year or more of service, although it was planned to extend the insurance to other groups as fast as possible. Three companies make eligibility for life insurance contingent upon membership in the relief association, and still another company insures all below a salary of \$4,000. One company, which insures only foremen and clerks, has an endowment feature which takes effect upon the employees reaching the age of 65.

Most of the companies pay the entire cost of the insurance scheme, but two of the companies pay 50 per cent, and another pays all after five years' service, while those in the employ of the firm from one to five years are assessed according to their length of service. This has not worked out very satisfactorily, as those to whom it is free are ready to avail themselves of it, but comparatively few of the others have done so. One company which pays half of the costs has insured under the "term" plan. This differs from the ordinary

group plan in the respect that the policy is renewed each year and that the premium increases from year to year as the employee grows older. The plan of this company, as well as of several of the others, carries a disability clause, agreeing to pay for total disability incurred before the ages of 60 or 65 are reached. Only one company is reported as making a rule that joining a labor union or participating in a strike invalidates the claim for insurance benefits.

The plans in force vary somewhat in the extent of the provisions. Probably the most equitable and most satisfactory in its working out is one where the equivalent of one year's salary or wages, with, of course, a maximum limit, is paid in installments. This takes into consideration automatically any change in the employee's wages and provides for the family a year's income on the same basis to which they have been accustomed. This plan has been adopted by a number of the companies. Several of the plans provide for the payment of a fixed sum, these sums varying in the different establishments from \$200 to \$1,000, and still others for the payment of sums varying with the years of service until the maximum is reached, which is \$1,000 in most cases, but which is as high as \$2,500 in several instances.

CHAPTER IX.—ENCOURAGEMENT OF THRIFT.

A variety of methods are made use of by employers in the endeavor to inculcate in their employees habits of economy and thrift. These plans include savings and loan funds, building funds, cooperative buying, vacation and Christmas savings funds, discounts on purchases, legal aid, and advice as to investments and expenditures. Profit sharing and stock ownership were not considered, since they had been covered in a recent investigation by this bureau.

One hundred and eighty-eight firms are reported as aiding the employees in one or more of the ways mentioned. Only a small proportion of the firms reported on the number reached, since records of some of these methods of assisting employees are not in all cases kept, and if kept are not always readily available. There were 90 savings and loan funds reported; in a few cases as many as 40 or 50 per cent of the employees were depositors. In one case the number represented 65 per cent. The companies do not always invest the funds, sometimes merely acting as agents of a bank for the convenience of the employees, who frequently might not take the trouble to deposit the money if it were not made so easy for them to do so. When the company acts for the bank, only the local rate of interest is paid; but when the company is sufficiently interested in the encouragement of saving to invest the money itself the interest, as reported in different cases, varies from 4 to 8 per cent. In only one case does it go higher, and here from 9 to 10 per cent is paid. At the end of each fiscal year this company returns the deposits, with interest, to the employees, who may, if they desire, deposit them in the permanent fund, which pays 5 per cent and is similarly guaranteed by the company. This fund has about 30 per cent of the employees as depositors.

Another company, which deposits the funds with a trust company, supplements the 3 per cent interest paid by the bank with an additional 3 per cent. Most establishments did not report the amount of deposits, but there were three reported which had deposits annually of about \$40,000 and one of nearly \$80,000. The others were of smaller amounts.

One company after five years' service by an employee pays 5 per cent of the employee's earnings for the year to his credit at the bank as a reserve fund. This fund can not be drawn upon for six years, and if then drawn out two years must elapse before accumulation begins again. In case of discharge all the amount credited the employee is paid; but if an employee leaves of his own accord the company has the option of paying all or only half of it. In case of

disability the employee may draw upon the bank account, and in case of death the full amount is paid to his legal representatives.

Another company presents a bank book with a deposit of \$25 at Christmas to each employee who has been in the factory six months or more. The following November the employees present the books and the company adds one-half of the additional amount shown to have been saved.

Deposits in the savings fund to the credit of the individual depositors, equal to one-half the deposits made during the year, are made by another company in the case of all employees except those retired during that time for incapacity. The employees' deposits may be withdrawn, but those of the company must remain in for 20 years.

VACATION AND CHRISTMAS SAVINGS FUNDS.

It is sometimes easier to interest employees in saving for a definite object, such as a vacation or Christmas giving than to rouse their interest toward saving for less specific needs. Such funds may serve, however, as an incentive, once an employee has formed the habit of putting something by at stated intervals, toward joining the regular savings fund and saving in larger amounts.

There were 14 vacation and 5 Christmas savings funds reported. The majority of the vacation savings funds are branches of the Vacation Association (Inc.), and as such receive little active assistance from the firm except, perhaps, the services of a clerk to take charge of the collections. Considerable sums, however, are saved. About 1,350 employees of one company saved nearly \$18,000 in one year, and the company reports that this fund acts also as an encouragement to the clerks to join the general savings fund.

BUILDING AND LOAN FUNDS.

Part of the 65 loan funds reported were established for the purpose of assisting employees in either building or buying homes, and quite a number also are maintained in order to help employees through the temporary financial difficulties which are so likely to occur either because of illness or from other unavoidable causes.

The "loan shark" evil is frequently the cause of a great deal of trouble to the employer through the garnishment of men's wages as well as to the employees themselves who are so unfortunate as to fall into the hands of money lenders charging exorbitant rates of interest. Very often when loans are made for the purpose of protecting employees no interest is charged, but the employees usually sign an agreement to have the amount taken out of their pay in regular installments. On the other hand, some companies charge a high rate of interest in order to discourage as much as possible the employees coming to them for loans.

One savings and loan department which has been most successful is conducted by the employees, the officers being elected each year by the depositors, with no interference whatever by the company. The firm assists, however, by allowing the managers of the fund to attend to the business during the working hours, without which privilege they could hardly carry on the work successfully, and also by advancing temporarily the amount which is out in loans at the close of each six months' series. This allows the paying off of depositors at the regular withdrawal dates without having to call in outstanding loans. Deposits of 25 cents or more weekly may be made, and a fine is imposed for failure to deposit each week. A charge is made if deposit is withdrawn before the end of the period of saving, which is six months. While deposits of any amount are accepted, interest is paid only on weekly savings of \$1 or less. Profits are derived from fines, charges for loans, and withdrawal fees. The charge for loans varies from 2 per cent a month to 6 per cent per annum. The maximum loan to any depositor is \$200, and the amount on deposit bears no relation to the sum that may be borrowed. Loans up to \$25 are made with no guaranty, but above that sum a second signature, usually that of a trusted employee, is required. The savings and loan department has grown in popularity since the beginning, and, contrary to predictions, though practically unsecured loans have been made, there has resulted a loss so small as to be negligible.

Three hundred thousand dollars in one year was loaned without interest by one company to its employees. These loans were returned in small payments, and out of this sum only \$150 was not repaid.

Several companies, in order to encourage employees in owning their homes, loan money to them on easy terms, in some instances no interest at all being charged.

About 800 employees of one company own shares in the company's building and loan association, and each year from 40 to 50 homes are purchased through this medium. The company keeps up about 4,000 shares in the association for the benefit of the employees. These shares are assigned to them in lots of 5, 10, or more, and the employee can use such shares in the purchase of a home, the company paying the dues and the employee the interest on the money borrowed.

LEGAL AID.

Forty-eight companies report that their employees have the privilege of coming to them for free legal advice. Very frequently the attorney for the firm gives a certain amount of time to this work or it may be some member of the firm who is qualified to render such aid.

One large automobile company puts its legal department at the service of its employees. Advice is given to foreign employees as to

the quickest and easiest manner of securing naturalization papers and assistance is given in all legal difficulties and entanglements. The department does not care to examine abstracts for property which is being bought for purely speculative purposes, but in all cases of home buying the company urges employees to ask for advice before paying any money on the contract as an examination will be made of the abstract, contract, and deed to the property, and even, if desired, an appraisal of the property will be made.

Another company retains the services of an attorney of wide experience two afternoons a week, who gives free and confidential advice to any employee desiring it. This service is much appreciated by the men. It results in domestic and personal entanglements being straightened out expeditiously at a saving to the men and often to the company, and has done much toward fostering the good will of the workmen.

COOPERATIVE BUYING, AND DISCOUNTS.

In 54 establishments reporting here some form of cooperative buying is in force or discounts are allowed to employees on company goods. There are several stores which are run by the companies and at which goods are sold at cost plus the overhead charges. One store paid, for the year reported, an 8 per cent cash rebate on purchases. In a number of cases staples such as flour and potatoes are purchased in quantities and sold at cost. Several companies sell coal and wood at very decided reductions to their employees. Other establishments sell their own products at a discount, and several sell goggles, work tools, etc., at less than cost. Department stores generally allow a special discount to employees with stated times at which they may make their purchases and sometimes arrange special sales for them.

The members of the force of one large insurance company have a cooperative retail store which is maintained by the employees, but toward which the company contributes a share of the rent and the services of one clerk. The goods are sold at very nearly cost price since there are few overhead charges. The store is largely patronized by the employees.

A cooperative store in connection with its restaurant is operated by a large steel company. This was started through requests of the men that they should be allowed to buy their home supplies at prices as near cost as possible. Permission was finally granted the commissary department to sell their supplies at only a sufficient advance over the wholesale price to cover the cost of handling. Meats and canned goods were sold from the kitchen at first, but the business soon grew so large as to need special room, so that a large section adjoining the lunch room was taken. In this department men can purchase meats, groceries, vegetables, overalls, etc. All purchases

are for cash or coupons, 5-cent coupons being sold in books of \$1, \$2, and \$5. These books can be purchased at the timekeeper's office and charged against the accrued wages so that a man starting to work in the morning without a cent can purchase a coupon book by noon and immediately get on a self-supporting basis with regard to food supplies to take home.

One of the most conspicuous examples of a successful store managed by employees is one doing a business of about \$10,000 a month and requiring a force of 16 to run it. The company furnishes the light, heat, and the store building, and the goods are sold to the employees at cost plus the expense of handling. A bakeshop is run in connection with the store, in which all the bread and pastry for the store as well as all that which is used in the plant restaurant is baked. The ovens have a capacity of 3,000 loaves of bread a day. The company also roasts its own coffee, makes sausage, and renders lard. Goods are bought by the carload and the products of two farms supply the store and restaurant. The store has two wagons and two trucks, and, contrary to the usual custom of cooperative stores, purchases are delivered.

ADVICE AS TO INVESTMENTS AND EXPENDITURES.

Only 14 companies report that any attempt is made to advise employees in the use of their money. Advice as to investments is usually given by the legal department; advice as to expenditures is more frequently given by the welfare secretary, and while it is a matter requiring tact, if the secretary is on friendly terms with the employees, there is frequently opportunity to keep them from going into debt unnecessarily.

The distribution of thrift literature is another method of educating employees to the desirability of planning in time for the inevitable rainy day, and various companies use the services of visiting nurses or housekeepers to give practical demonstrations in economics as related to workmen's incomes.

CHAPTER X.—ADMINISTRATION OF WELFARE WORK.

This chapter treats of the methods of carrying on the industrial betterment work described in this report, the costs to the employer, and the effect of the work on the efficiency and stability of the force in the various establishments visited.

COST TO THE EMPLOYERS OF BETTERMENT ACTIVITIES.

In this particular phase of the welfare study it is difficult to get very exact information, either as to costs or as to a comparison of the present conditions with those prevailing before service work for the employees began. It is surprising to find that few firms have definite knowledge of what the work is costing them. In the majority of cases, even with a fairly well organized department, no separate record of the expenditures is kept, and in those establishments which are able to give the amounts expended, there is so much diversity in the forms of welfare work for which the figures are given that it is difficult to make a comparison or arrive at very definite conclusions as to the outlay which might be considered to be a reasonable one. The costs, as given, vary from a fraction of 1 per cent to 5 per cent of the total annual pay roll. In those cases where the allowance is as high as 4 and 5 per cent, the costs of the pension or group insurance plans and the contribution to the benefit associations or the maintenance of an expensive clubhouse form a large part of the expense. It seems, taking into consideration the scope of the work in relation to the costs, as reported by the different companies, that excluding unusual contributions to these features a fairly comprehensive program can be maintained for about 2 per cent of the annual pay roll.

Another element to be taken into consideration in this matter of costs is the degree of participation of the employees. Those examples of welfare which cost the firms the most have not necessarily the greatest success, since advantages are appreciated by most people in measure as they give to them, both of money and effort. The company which, while encouraging and aiding such work, still leaves to the employee a share in both the management and the expense is probably nearer to harmonious plant relations than the employer who gives lavishly but administers the work in a more or less paternalistic spirit.

The following table shows, by industries, the number of establishments scheduled and their employees, the administration of the welfare work, and its effect in regard to the time lost and the stability of the labor force.

TABLE 13.—ADMINISTRATION OF WELFARE WORK AND ITS EFFECT UPON TIME LOST AND STABILITY OF THE FORCE, BY INDUSTRIES.

Industry.	Number of establishments.	Number of employees.	Welfare work administered by—		Establishments having—		Establishments reporting as to effect of welfare work upon—			
			Employer alone.	Employer and employees jointly.	Outside agencies operating.	Welfare secretary employed.	Time lost.		Stability of force.	
							Improvement.	No change.	Improvement.	No change.
Automobiles.....	9	95,683	6	3	3	3	5	1	3	2
Boots and shoes.....	5	23,930	1	4	1	1	3	.....	3	.....
Chemicals and allied products.....	7	13,530	2	5	3	3	4	1	3	1
Clothing and furnishings.....	12	19,496	3	10	3	10	6	.....	6	.....
Electrical supplies.....	2	51,040	1	4	2	1	2	1	1	2
Explosives.....	2	30,980	2	3	4	4	2	.....	2	.....
Fine machines and instruments.....	8	35,326	2	6	2	2	3	.....	3	.....
Food products.....	15	17,638	12	3	6	3	3	.....	5	1
Foundries and machine shops.....	60	143,893	28	21	13	16	18	6	18	3
Gas and electric light and power.....	10	27,102	1	9	1	2	2	2	2	1
Iron and steel.....	40	313,143	23	7	13	9	15	2	9	4
Mining, coal.....	12	24,807	7	5	4	1	6	3	3	6
Mining, other than coal.....	12	26,448	5	7	3	2	6	.....	7	.....
Offices.....	9	42,814	3	7	.....	3	2	1	1	1
Paper and paper goods.....	7	9,174	3	4	3	2	6	.....	3	1
Printing and publishing.....	10	12,769	3	5	3	4	4	.....	4	.....
Railroads, electric.....	17	60,642	6	11	3	4	6	2	5	2
Railroads, steam.....	10	292,583	4	6	6	1	2	1	2	1
Rubber and composition goods.....	9	42,847	3	4	2	6	4	1	3	.....
Stores.....	47	125,148	17	30	20	30	12	2	10	3
Telegraph and telephone.....	15	166,447	14	1	2	3	2	.....	3	.....
Textiles.....	60	71,221	41	19	31	16	21	2	22	2
Other industries.....	57	138,795	31	26	18	10	15	4	19	3
Total.....	431	1,961,804	231	300	154	141	160	29	136	33

1 Not including employees of 1 establishment, not reported.
 2 Not including employees of 2 establishments, not reported.
 3 Individual plants of 1 corporation have been counted as separate establishments.
 4 Not including employees of 7 establishments, not reported.

COMPARISON OF PRESENT CONDITIONS WITH THOSE PREVAILING BEFORE WELFARE WORK BEGAN.

The date of the beginning of welfare work as reported by many of the firms is somewhat misleading. Many firms had an employees' benefit association long before any other kinds of work were even thought of, and to accept the dates given by these firms would give an entirely erroneous idea of the length of time over which the movement has extended. It is safe to say that, with the exception of a comparatively few of these establishments, the major part of the progress along these lines would extend over only the last 10 or 12 years. The emergency hospital work, for example, has been introduced or extended in many of the hazardous industries since the passage of the various State workmen's compensation laws. The work along the lines of safety and sanitation also has been much influenced by

these laws and has grown with amazing rapidity in the last few years. The increase in the number of firms providing a pension system for their employees has been very marked in the last seven years, and group insurance has developed entirely since 1911.

In spite of the fact that so much of this work is comparatively recent, it will readily be seen that, owing to the abnormal labor conditions of the past three years, it was very difficult to obtain from the companies a comparison of present conditions with those prevailing before welfare work was undertaken. The extent to which the output is affected by the welfare work is difficult to determine, both because of the present unusual labor conditions and the fact that few companies have made any study of this point. A few firms, however, give it as their opinion that the output has been increased by it, although several of these state that this improvement is only in part due to the welfare work. Quite a number state that their increased output is due to a reduction in the working hours, a form of welfare which has not been given special consideration in this report.

The stability of the force also has been much affected in many plants by present labor conditions. One hundred and thirty-six of the establishments scheduled report an improvement in this regard, due in whole or in part to the betterment activities. In many cases this is more than a mere expression of opinion, since many employers have, of late, been impressed with the fact that a large turnover is a very important item in the cost of production, and have been seeking to reduce this turnover by more scientific management of the employment departments and by the introduction of welfare features. One firm which has compiled statistics in regard to the reduction in the turnover had an increase of 13.4 per cent of employees of more than two years' service in 1916 over a similar group for 1914, due entirely, so the management states, to the welfare work.

One hundred and sixty of the establishments report an improvement in the time lost. There are probably two reasons for this: One is the work of the emergency hospitals, which care for the general health of the employees and do much preventive work, as well as sort out those most undesirable physically through their examination on entrance; the other is the installation of safety devices and the education through safety lectures and literature which have resulted in a large reduction in the time lost through industrial accidents.

Even though only a small proportion of the companies report on this subject, still enough have done so to prove that welfare work does have an appreciable effect upon the work and health of the employees. It would be reasonable to suppose, even without the confirmation of the reports, that all service work which is carried on in such a spirit that it results in a more contented force, as well as a healthier one, must have the effect of making the employees more stable and more

efficient. Proof of this is found also in the attitude toward welfare work even of those employers who are least in sympathy with it, for there is an apparent realization among them that much of this work is becoming necessary in order to get and retain a desirable class of employees.

ADMINISTRATION OF WELFARE WORK.

It will be found that in slightly more than one-half the cases the administration of this work is by employers alone. This may give a somewhat wrong impression, since there are necessarily many firms reported which do comparatively little along these lines. The companies which do the least are those most likely to control entirely such features as they have, partly because the kinds of work first introduced are usually those which naturally remain under the immediate direction of the firm, and partly because it usually takes some experience to realize the desirability of giving the employees an active part in the conduct of the welfare activities.

It is natural that the employer should direct the work of the emergency hospital, although there are a number of cases where this has been given over to the benefit association; similarly several firms allow their employees to manage the lunch room, either on a cooperative basis or using the profits for the benefit or athletic association. The employees quite frequently have a voice in the management of the club rooms or houses, in several instances being given entire control of the clubhouse. In the matter of athletics and recreation more often the employer plays a passive part, assisting financially and providing rooms for meeting purposes, gymnasiums, and athletic fields. The work among families, except what is done in connection with the benefit association, is entirely under the direction of the companies through the medium of the welfare secretary or visiting nurse. The administration of the benefit association is in most cases either mutual or in the hands of the employees. Pension and group insurance funds, generally being provided by the firms, are administered by them, as is much of the educational work, although frequently members of the force assist in teaching, especially in the classes in English for foreigners.

Mention must be made of one conspicuous and well-known example of cooperative management by the firm and its employees of both the business and the welfare organization. It has been the policy of this company in increasing degree through the past quarter of a century to give the employees a share in the management. An association of the employees is maintained, to which all of them belong. The affairs of this organization are conducted by a group elected by the employees, and this executive body has the power to make, change, or amend any rule that affects the discipline or work-

ing conditions of the employees. This can be carried even over the veto of the management by a two-thirds vote of all the employees. This association is also represented by 4 members on the board of 11 directors of the corporation. All the parts of the welfare organization have been carefully built up and are controlled and managed by the council of the association through committees. The firm contributes club and business rooms, certain salaries, and any other assistance necessary. The fundamental principle followed by the club in the management, however, is that these activities shall be in the main self-supporting and that financial or other assistance rendered by the firm shall receive a direct return from the employees in increased efficiency. There is no doubt that in this particular instance the generous and broad-minded policy of the firm is reflected in the very unusual personal interest in the business which is evidenced by the employees as a whole.

COOPERATION WITH OUTSIDE AGENCIES.

The practice exists in a number of industrial towns, including some of the oldest in the United States, of leaving all welfare work to outside agencies, such agencies being, however, largely financed by the corporations. In some cases contributions are entirely voluntary, in others the budget is apportioned among the firms according to the numbers of their employees. Charity organizations, district nurses, church missions, Y. M. C. A., and Y. W. C. A., women's and girl's clubs—any workers for civic betterment—may lend a hand in the actual service provided the necessary funds are guaranteed. It is the belief of some managers, as a result of experience, that this system is better than direct provision by the employer. In more than one case reported, even the financial connection is kept secret, since the employers consider that the working force would view it with suspicion.

Where an establishment is so situated that the community or other agency already provides lunch rooms, libraries, recreation, and other advantages, it manifestly would be superfluous for the employer to embark upon these enterprises, and he confines his efforts to improving the actual place of work, with perhaps an occasional entertainment, contributions to the benefit association, and active interest in the ball team or other group. In cities the exclusive use of municipal gymnasiums, swimming pools, or other special equipment ordinarily may be secured at stated times by establishments guaranteeing classes of a certain size.

In the North and West the continuation school work often is carried on beyond the requirements of the law, and several companies also cooperate with the public schools in their apprenticeship courses.

The Y. M. C. A. and the Y. W. C. A. serve as the medium through which a number of employers carry on the club work for employees. Most railroad companies use the Y. M. C. A., since it is so well organized and seems particularly to fill their needs. In a few other instances firms have established their own branches of these organizations or pay membership fees for junior employees in the city branch. In many cases meetings for employees in the plant are conducted by one or both of these associations with the sanction of the company.

EMPLOYMENT OF WELFARE SECRETARY.

The employment of a welfare secretary is reported in 141 cases. Very often the secretary's sole duties are supervising the various welfare activities; in other cases the employment and welfare departments are merged into one, part of the time of the manager being given to each, and in still other instances the doctor or head nurse assumes these duties in addition to the hospital work.

In quite a number of instances the welfare department employs a corps of trained workers. One large department store has, in addition to its medical department and welfare secretary, a number of college women engaged in educational work, physical culture, and dancing, as well as supervising the library and the girls' clubhouse. A company which does much community work has, in addition to the head worker, seven others, teachers, librarian, and a visiting nurse, who have kindergarten, manual training, and other classes, many clubs among both young and old, and much general supervision of the townspeople, of whom many are foreigners.

The duties of a welfare secretary are many and varied. In certain cases she must interview all female applicants for employment, oversee the work of the emergency hospital, see that the food served in the lunch room is kept up to the standard and that the kitchens are kept in a sanitary condition, and look after many other details of sanitation; she has charge of the library unless it is sufficiently large to require one or more special attendants; her office is so placed that she has a view of the rest and recreation rooms and, in some plants, of the cloakrooms. Often, in cases of special need, she visits the homes, and a number of instances are found where the firm has placed a sum of money at her disposal, to be used at her discretion, in special cases of illness or distress among the employees or their families.

In the larger cities there is a great deal of cooperation among those serving different firms in this capacity, in the way of exchange of ideas, and the visiting nurses' association often is utilized to help out in cases of illness in families.

In one large city the State factory inspectors suggested to certain establishments which had not yet taken up any work of this sort, that they should allow an experienced woman to start the work for them. This woman, feeling that the city was well equipped to do the necessary educational and recreational work, did not include such work in her program, but confined herself to the installation of rest rooms, emergency rooms, and lunch rooms. Even when little space was available she utilized it until such time as the firm could provide more. Two or three months were spent in each plant getting the work under way, when it was turned over to a competent woman, and the same thing begun in another establishment. This particular welfare worker was able to interest the employers because she believed strongly that production is increased and labor turnover decreased by the introduction of this work.

One might conclude from the wording of the foregoing that all welfare secretaries are women. In the majority of cases women are employed, but in a number of instances this department, especially in those industries employing only men, is conducted by a man. In either case the opportunity which is presented for a broad and helpful service to employer and employees is very great. It is a difficult position to fill, since, if the policy pursued is not a liberal and broadminded one, the employees may feel that the position is being used to their disadvantage, but if the one who holds it is gifted with sympathy and tact, the possibilities for help and encouragement of all kinds are almost unlimited.

CHAPTER XI.—SOCIAL BETTERMENT AMONG EMPLOYEES' FAMILIES.

It must be evident to the most casual observer of industrial conditions that social betterment work in more or less isolated communities becomes a matter of the employee's family and not of himself as a part of the actual working force. Steel mills and coal mines have their wash and change houses for the workers, and their first-aid and hospital provisions; but their clubhouses and libraries, their recreation grounds and social gatherings, their nurses and welfare workers generally are for the benefit of the community and not alone for the men within the plant. No other industry studied in the recent investigation approaches the two mentioned in the amount of work done among families, with the exception of cotton manufacturing in the South. Examples of conspicuously good family work are found, of course, in many other industries, notably foundries and machine shops and explosives. There are great differences in the amount and excellence of the work done by various establishments, depending to some extent on the nature of the working force and the isolation of the plant but far more on the character and ideas of the employer.

Of the 431 establishments for which schedules were secured, 158, with a total of about 838,000 employees, were found to be doing more or less social betterment work among their employees' families, generally along the following lines:

(1) Improving the dwellings and the streets, installing sewerage, lighting, and water systems, and assisting in gardening.

(2) Providing educational and recreational facilities.

(3) Introducing into the community a nurse or other capable visitor to advise in the care of the sick and the children, to instruct in American methods of home making, to develop the community spirit by organizing and fostering clubs, and to be the sympathetic friend in time of trouble.

Work of this kind has transformed squalid towns into clean and attractive places and has much improved the standard of living.

The extent to which certain branches of betterment work are carried on by the companies reported in the present study is shown in the following statement:

Per cent of the 158 establishments doing each kind of work.

Visiting nurse.....	53.80
Playground.....	39.87
Domestic-science classes.....	27.22
Welfare worker.....	26.58
Charitable relief.....	26.58
Settlement house.....	19.62
Kindergarten.....	18.35
Land for gardens.....	17.10
Christmas presents to others than needy.....	14.56
Classes other than domestic science.....	13.29
Prizes for gardens.....	11.40
Doctor.....	8.23
Day nursery.....	5.70
Clinic.....	5.06
Christmas gifts to needy.....	3.80

LIVING CONDITIONS.

Many of the four and six room houses recently constructed have porches, pantries, and clothes closets, and are neatly fenced. In some industrial towns practically every house has running water and sewer connection, and electric lighting is becoming general. The best houses have bathtubs; employers who complain that the bathtubs installed are used as coal bins, or not used at all, probably overlook the fact that in many cases water must be heated and carried to the tub in the old-fashioned way and that bathrooms built on porches are likely to be cold. The community bathhouse, with separate compartments or buildings for the women and children, exists in several places. These bathhouses may be inexpensively installed and maintained and are considered by at least one mill manager in the South the most satisfactory of the various forms of welfare work attempted.

Streets are graded, walks laid out, and young trees planted. In certain cases landscape gardeners are employed to supervise the town planning and instruct in gardening. Employers are finding that fences, unless of wire or metal, are an expensive feature; they fall rapidly into disrepair and sometimes are willfully destroyed for firewood. In a number of cases all fences have been removed and company land at a distance is allotted for gardens and stock, the maintenance of unfenced gardens being difficult or impossible. In other cases a fence of metal posts and wire is used.

In some instances gardens are plowed free of cost by the company or the plow and team are lent to the householder, and the free distribution of seeds and cuttings is not uncommon. In a large proportion of cases, however, the householders are able to finance their garden plots and the employer contributes only supervision and prizes. "City-beautiful" contests, with generous prizes for the best

lawns, flower gardens, vegetable gardens, and porch or window boxes, and for general appearance, stimulate the householders' interest in a new community.

Children's gardens on company land are reported by 27 of the 158 companies doing work among families and 18 companies give prizes or otherwise encourage home gardening. In the towns of one company alone there have been as many as 7,000 gardens, or 95 per cent of the total number that could be planted, the average value of the vegetables grown being over \$20 per garden. Where gardening is undertaken on a considerable scale the work is in charge of a paid instructor, under whose supervision the children must work in the gardens for a certain number of hours a day. In one notable case the company provides for each of 80 boys a plot 53 by 11 feet, and there is a cooperative plot which all must help to work. It gives the whole time of an instructor, the seeds and plants, overhead-sprinkler system, tools, wheelbarrows, express wagons, diaries, books and papers, club rooms, and prizes. The course lasts two years. The boys are incorporated as a stock company under the laws of the State and elect their own officers.

PROTECTION OF HEALTH.

The health of the industrial community is recognized as of such importance that measures for its protection form the largest single department of betterment work as reported in this study. Sanitary measures in operation in a number of industrial towns are as follows: Draining or filling in of pools and lowlands, or their treatment with crude petroleum, to exterminate the mosquito; screening of houses, at cost or without charge, and the distribution of circulars explaining in a simple way the dangers of the house fly; provision and care of garbage cans; bacteriological analysis of the water used for drinking; regulation of the milk supply.

Of the 158 companies under consideration, 85 report that they have a visiting nurse, or some one acting in that capacity, who, in addition to actual care of the sick, instructs the women of the community in nursing and in the preparation of food, and teaches the value and necessity of cleanliness and the benefit of fresh air and sunshine. Quite often the nurse's headquarters are the community house or model cottage described in a later section of this chapter (p. 131). It is not unusual for her employer to give her the use of an automobile. Usually this nurse is under the direction of the company physician or plant manager, though she may be connected with the district nurse association where such an organization exists. It has been found that where a visiting nurse has been installed in a community, and her services have been announced as free to employees'

families, men in whose homes there is sickness work more regularly and with easier minds than formerly, to the great benefit of the shop.

The following statement of family visits made by two nurses in one summer month may be regarded as typical of the better class of work done:

Object of visit.	Visits in District A.	Visits in District B.
Domestic science.....	37	60
Sanitation hygienics.....	28	52
Dinner buckets.....		41
Care of babies.....	106	36
Care of mothers.....		35
Care of sick.....	107	40
Employment sought.....	6	31
Employment found.....	18	31
In regard to circumstances.....	51	54
Placed persons in sanitariums.....	5	2
Sent persons to hospitals.....	4	5
At request of schools.....		23
Total.....	359	416

Several companies in the South report that medical treatment of the families is supplied at little or no cost to them. This is, of course, exclusive of the arrangement whereby the employees' fees cover treatment also of their families, and excludes the practice in some villages of limiting the fees which may be charged by private practitioners.

Free clinics, or clinics charging for medicines only, are conducted in eight of all cases reporting; three of these give dental and one gives optical treatment. In one case toothbrushes have been provided free to school children by the employing company, free dental treatment is furnished children in the first and second grades, and lectures on the care of the teeth are given before adults and the children of the higher grades. The optical work comprises tests, prescriptions, and the provision of glasses at cost.

At least one company has a first-class milk clinic, dispensing certified milk at less than cost to the public and without charge to the destitute, and prescribing for infants through a corps of nurses and a doctor; another company sells milk below cost; four companies do antituberculosis work; two or more vaccinate against typhoid; and three have fresh-air camps to which invalids may be sent. In one town a 2-cent lunch is served to the school children and in another the experiment is being made of serving school lunches free. One company has a fund for crippled children and many make a practice of paying for hospital and surgical treatment in necessitous cases.

Day nurseries for the small children of mothers employed outside of the home are reported by 9 companies, the majority being in the South. Children between 4 months and 8 years of age are received in the nurseries, and the usual charge is 5 cents a day. A higher

charge may be made if the father is employed, and one nursery reports that a slight increase is asked in midsummer to cover the cost of ice. The greater number of the children are occupied for several hours in the kindergarten, the babies and very little tots comprising perhaps 10 out of a total of 75 children. Nursing mothers are allowed by the employers to leave their work two or three times a day. On the subject of working mothers may be mentioned, in passing, the case of a mill in the South where several sets of looms are operated each by three shifts of married women, which enables the women to add to the family income without being away from home all day.

RECREATION AND EDUCATION.

Of recreational facilities the most common are the baseball field and the children's playground. These are found almost invariably where community work of any magnitude has been undertaken, and vary all the way from "a piece of land where the men play ball" to a large and extensively improved field, with high fence, box office, grand stand, dressing rooms, moving-picture apparatus, and refreshment stand; and from an unfenced plot with a swing or two and a seesaw to an elaborately equipped inclosure that would put to shame many a city playground. Sixty-three companies, or 40 per cent of all reporting family work, have playgrounds of one sort or another. As in all the other activities described, this of course excludes places where the welfare measure in question is provided by the community or other agency so that it is unnecessary for the employer to undertake it.

The equipment of one playground, which has an attendance of between 200 and 300 children at a time, is as follows: 1 shelter house, 2 toilet houses, 2 bathhouses, 1 swimming pool, 1 wading pool, 2 drinking fountains, 2 sand boxes, 1 jump pit, 2 volley-ball courts, 1 baseball ground, 6 box swings, 12 rope swings, 6 seesaws, 1 giant stride, 1 large slide, 1 small slide, 4 flying rings, 4 climbing poles, and 3 horizontal bars.

Unless the children are few and the equipment is of the simplest there is generally a competent person in charge of the playground, and sometimes there are several such persons, including volunteers. In some cases sewing, carpentry, basketry, and other handwork are taught, and folk dancing is general. Almost invariably the behavior of the children improves rapidly, playground work being one of the most satisfactory of welfare undertakings.

For the older members of the community there are athletic fields, soccer and tennis courts, and basket-ball grounds, the equipment for which is provided by the players or lent to them by the caretaker of the grounds. In the South the question of parks for the people

has for a long time been receiving attention; 14 of the companies reporting have parks of some sort and 3 others have immediate plans therefor. Here again the variety of standards is very great. A "park" may be merely an unimproved piece of woodland which the employer has decided to leave in its natural state as a pleasure place for the people, either with no equipment at all or with benches and perhaps a band stand; or it may rival the most beautiful small parks in existence, with club facilities, dancing, skating, games, and music, in an exquisite setting of trees, grass, flowers, and running water.

Indoor recreation is commonly provided by means of a club or settlement house, managed by the employees themselves, by paid social secretaries, by churches, or by the Young Men's or the Young Women's Christian Association. The church mission is active in the South, and among the 8 reported in the present study there are good and bad examples of its occupancy of the field. Ordinarily the mill not only provides the cottages used in the work, but assumes no inconsiderable part of the financial burden of maintenance. The missions do work similar to that of secular institutions in recreation, education, nursing, sanitary supervision, etc., with the addition of religious services on Sunday. Where two or more mill villages are a short distance apart, one mission may extend its activities, devoting certain days and evenings to each village.

The industrial department of the Y. M. C. A. has been in operation in the South for many years, and 3 of the companies here reporting state that their educational and recreational work is done with success under these auspices.

In a notable group of western mining camps the betterment work has been undertaken by the Y. M. C. A. upon vote of the employees. The company provides the buildings and equipment and the Y. M. C. A. assumes full responsibility for the methods and policy of operation. Clubhouses which are models of their kind—representing an expenditure of from \$15,000 to \$25,000 each—are being erected in the various camps, and some 20 secretaries and 10 trained women workers already are employed. The families of the men attend the moving-picture shows and on certain days and evenings are allowed to use the bowling alleys and pool room, gymnasium and baths, library and reading room. In at least one case where assimilation is difficult, foreigners of one nationality are given the exclusive use of the building for a few hours each week, since in no other way can they be induced to visit it.

Fees for games, like minor furnishings, classes, refreshments sold, and other unimportant details, vary from camp to camp, but the members' dues—50 cents a month or \$5 a year for men and 15 cents a month or \$1.50 a year for boys under 16—are uniform. On Sun-

days the games are free to members, who alone may play, and they may be indulged in all day except during the hours of religious service. This is but partial evidence of the commendable breadth of view with which the work is being conducted. In order that membership fees may be kept within the reach of all, the company makes a monthly appropriation toward operating expenses, besides paying for heat, light, water, and repairs. Some branches are so successful that the company's cash contribution has been materially reduced, if not entirely suspended. The receipts of the soft-drinks counter, where ice cream, candy, cigars, tobacco, and perhaps sandwiches, are also sold, amount sometimes to several hundred dollars a month.

There are communities where the betterment work is successful only when carried on by the Y. M. C. A. or other outside agency, largely financed by the employer but without other participation by him and without the employees knowing that any relation at all exists. Where wages permit, the work may be done to no small extent by the employees themselves, the company usually furnishing the initiative and providing the buildings and in many cases the heat, light, and equipment. A conspicuous example of employees' management is a textile mill having between 15,000 and 20,000 operatives where an employees' organization of more than 1,600 members, with annual dues of \$2 each and a fund raised by entertainments, conducts the excellent clubs and classes and much of the recreational work. The company houses and otherwise assists the organization, and provides visiting nurses, dental clinic, and recreation grounds for adults and children.

The settlement house—or community house of the South—ordinarily is a more humble affair than the club buildings mentioned, though there are notable exceptions to this rule. Thirty-one, or 20 per cent of the companies reporting, conduct their welfare activities through this medium. The accommodations vary from one of the workers' dwellings or a disused official residence to suitable buildings put up and equipped for the purpose. Where the house is small it may be the model home of the community, furnished and operated in a manner such as the other householders would do well to imitate. Cooking classes meet in the tiny kitchen; housekeeping classes make the beds and sweep and dust. A few shelves of books and a dozen magazines constitute the library; chess, checkers, and pinochle, the games. Though probably it may be said with truth that so simple an endeavor as this makes little appeal to anyone but the children of the community, it is a fact that the children are of the greatest importance unless we except the older girls who will become housekeepers within a few years. If the worker in charge is a mature, capable, and tactful woman who succeeds in gaining the confidence

of the women of the community by friendly visiting and nursing, her influence is strongly felt.

Where the house and equipment are more elaborate, accommodating considerable numbers of persons in the various rooms and having many activities, the settlement more nearly resembles a clubhouse, and accordingly meets with the response deserved by such outlay. Some half dozen of the cases recorded belong to this class.

In the West is a children's community cottage the walls and floors of whose four rooms were tinted and stained by the boys of the school, while the girls made bed and table linen, towels, curtains, and dresser scarfs. The simple furniture was bought by the children, who raised a fund by giving entertainments. Here the girls are taught housekeeping, and the mothers, of various nationalities, are entertained at luncheons or afternoon parties. In this community school credits are given for work done by the children in the homes, either in duties about the house or in teaching English or other subjects to the parents.

If domestic-science instruction can be said to be of greater importance in any one community than in another, it is probably where the dominant industry absorbs the energy of only the male population and there is no industry into which the girls can go. In such cases, sometimes only a short distance from a large city, training for domestic service may meet with gratifying success. A report received in the course of the present investigation may be quoted, as follows:

An unusually large percentage of the girls go out to housework. These girls are mostly Polish, and for some reason which we have been unable to fathom get absolutely no domestic training at home. We place these girls through an employment agency, and we find the demand for trained girls much larger than the demand for the untrained ones. Moreover, the wages paid trained girls is more than twice that paid the untrained, and the work is no harder and in many cases it is easier. * * * What ——— needs is not a school of domestic science, where the children would be taught the number of calories of heat in rice and potatoes, but a school where the equipment will permit of actual practical work and experience; a school where much thought is given to practice and little to theory, and where the 14-year-old girl, getting ready to help eke out the family income, is not discouraged by a course that is too long for the time that she has to give. There are none of these girls who could not make good, practical housekeepers with a year's real training.

It seems best to run the library in a community or settlement house on lines similar to those of the usual public library, with simple rules and fines for their infraction. In a number of cases magazines may not be taken from the reading room, but in others their circulation is a valuable feature. A cotton mill reports that a certain woman constantly borrows the magazines, her explanation being, "My man doesn't spend so much time in the pool room if I have one of them around the house." In another mill the men subscribe

jointly to a considerable number of periodicals of the highest class; these are read in the homes during the week, but must be in the library Sunday for use and redistribution. To start the library at one village, the management announced that it would duplicate whatever amount should be raised by the people. Within a short time the women's club and the children, by means of a tag day, had collected \$60.

The head worker of a very successful settlement house recommends that social work in an industrial community should invariably begin through such an agency. First, it can and should begin in a small way, developing as the needs of the community become apparent; second, it should begin with educational work for the children, preferably through a kindergarten, since the workers are thus brought into contact with the homes; third, its policy should be flexible, without distinction as to sex, race, or creed; and, fourth, it should be undertaken in a spirit of willingness to meet the demands for increased equipment and enlarged quarters as the work grows.

Social affairs may be arranged by the welfare workers at no cost to the community, but the indications are that the most popular affairs are at least partly managed and financed by the people. In a large number of cases the most important day of the year, to the families as well as to the employees, is the field day or other outing in which practically every one participates. In the mining and steel communities the occasion is elaborately celebrated, with parades, first-aid contests, races, and other competitive events, penny scrambles for the children, and varied entertainment. Visitors attend from miles around, and the affair receives considerable notice from the press.

In the southern cotton-mill villages the churches generally manage the annual outing, assisted financially by the mills. As a rule, several mills combine, and Independence Day is chosen for the festivity, which is not unlike a big Sunday-school picnic. Of the 42 cotton mills reporting, 15 have an annual gathering of this character.

Christmas celebrations are reported in 29 cases. These range from the giving of baskets of provisions to needy families only, to the presenting of a ham, turkey, cake, basket of fruit, or \$5 bill to each family in the village, and the setting up of a community Christmas tree, with instrumental music and singing and the distribution of candy, apples, and small gifts to the children. One company reporting has given to each of 4,000 children a pound of candy, an orange, and two apples.

WELFARE WORKERS.

The character of the person charged with such welfare work as requires family visiting or other intimacy is of the utmost importance. Health, balance, courage, patience, sympathy, and infinite

tact are essential. The wisdom of this worker's having a time and place on which no one may intrude, and occasional leave of absence for refreshing and stimulating contact with other social workers and with the outside world, is undoubted. There may be great harm in work done half-heartedly or in a haphazard way; consequently it is of first concern that the workers keep fit.

The experienced welfare worker or nurse may be intrusted with a small relief fund not too closely scrutinized, and frequently may be consulted with advantage regarding proposed dismissals or other harsh measures. Where the labor turnover is considerable, she may, by her census of families, keep the management informed on many things of significance. Even when supported largely by outside agencies, such as a church mission, the worker should cooperate as closely as possible with the management of the industry. A tactful visitor to the homes may, through her knowledge of wages and income, suggest a wiser expenditure, more careful housekeeping, or—conversely—the retention in school of a child of legal working age, or the return to home work of an employed mother. She may interest the families in cooperative buying; stores conducted under this system exist in several of the industrial communities reported and cooperative buying of one or more articles of large consumption is practiced in many others.

Work of great value is being done in teaching the nursing of the sick, the care of babies, the wholesome preparation of food, the economical making and repair of clothing, the cleaning and ventilating of the home. The first and second named are universal needs, while ignorance of good cooking is especially prevalent among certain classes. According to the schedules, sewing is more generally taught than is cooking, perhaps because the latter requires a more elaborate equipment and frequently forms part of the public-school work. A wider use of the sewing machine should be encouraged as more practical than handwork after the rudiments have been acquired, and young people can thus be interested in making simple clothing.

ORGANIZING OF CLUBS.

The clubs organized by welfare workers in the communities studied vary in character from the toothbrush brigade or the Blue Birds (girls too young for the Camp Fire) to civic organizations of no mean standing. One of the latter class is transforming a foreign colony in the Middle West which has had anything but a favorable reputation into a respected and self-respecting community. Married women's clubs, though in successful operation in 20 cases among the southern cotton mills reported, are not easily managed. It is difficult to get busy mothers out, and some of them object to being

supervised by a woman perhaps their junior, probably unmarried, and almost certainly of another class than their own.

Boys' clubs are a problem everywhere. One Y. M. C. A. clubhouse with three paid workers has temporarily abandoned its boys' room because the supervisors can not prevent rowdyism. The Boy Scout organization has hundreds of branches in industrial communities and these are a success in practically all cases. Manual training is always an outlet for youthful energy; first-aid teams are excellent, as is the work in gardens, described in an earlier part of this chapter.

For girls, the field of sewing, fancy work, weaving, basketry, cooking, home making, nursing, child care, first aid, and surgical dressings is almost limitless. There are many branches of the Camp Fire organization, and gardening and canning clubs are numerous. One mill village in the South has recently opened a beautiful clubhouse for its girls, the management here evidently believing, as a superintendent elsewhere is quoted as saying, "Raise up a generation of fine girls and the question of the men will take care of itself."

INDEX.

	Page.
A.	
Administration of welfare work.....	118-124
Athletics and field days.....	90-92
Auditoriums for use of employees.....	84
B.	
Baseball grounds.....	90
Betterment activities, cost of, to the employers.....	118, 119
Bowling alleys and game rooms.....	79, 80
Building and loan funds.....	114, 115
Business libraries.....	95, 96
C.	
Cafeterias. (See Lunch rooms and restaurants.)	
Classes for instruction of employees.....	96
Clubhouses, different types of, examples of.....	74-79
Clubhouse hours.....	79
Clubrooms or clubhouses.....	72
Clubs, organizing of.....	134, 135
Continuation schools.....	98, 99
Cooking utensils. (See Lunch rooms and restaurants.)	
Cooperation with outside agencies, in welfare work.....	122, 123
Cooperative buying and discounts.....	116, 117
Country clubs.....	87-89
D.	
Dental and other special medical work, for employees.....	26
Disability funds, pensions, and group insurance.....	100-112
Drinking-water systems.....	39-41
Drying apparatus.....	49
E.	
Education.....	94-99
Emergency hospital. (See Medical, hospital, and surgical treatment.)	
English, classes in, for foreigners.....	99
F.	
Field days and athletics.....	90-92
First-aid crews, training of.....	16
First-aid equipment.....	17, 18
First-aid equipment, number of establishments having, with number of employees, by industries.....	15
Funds, benefit or disability:	
Establishments reporting, number of, with dues per month, etc.....	101
Initiation fees.....	104
Management of.....	102
Membership in, forfeiture of.....	105-107
Membership in, physical examination required for.....	102
Membership in, required length of, before eligible to benefits.....	103
Payment of benefit, and beginning of disability, time between.....	104
Sick, accident, and death benefits paid, by industries.....	106
Funds. (See also Pensions; Group Insurance.)	
G.	
Group insurance:	
Conditions under which provided.....	110, 111
Cost and scope of insurance plans.....	111, 112
Method of insurance.....	111
Gymnasiums.....	80, 81
H.	
Health measures for employees.....	14-36, 127-129
Hospitals. (See Medical, hospital, and surgical treatment.)	
I.	
Indoor recreation.....	95-98
Insurance. (See Group Insurance.)	
K.	
Kitchens. (See Lunch rooms and restaurants.)	

	Page.
Lectures and moving pictures.....	84, 85
Legal aid.....	115, 116
Libraries, company.....	94, 95
Living conditions, social betterment as to.....	126, 127
Locker and washing-up facilities.....	42-52
Lockers and cloakrooms.....	46-48
Lunch rooms and restaurants.....	53-67
Attendants required, number of.....	57
Cooking utensils, list of.....	63, 64
Construction and general equipment.....	61
Equipment.....	62-67
Establishments having, number of, by industries.....	54
Financial results.....	57, 58
Free meals.....	58, 59
General requirements.....	60
Kind of service.....	55
Kitchens.....	61, 62
Management of.....	56
Menus.....	62
Methods of payment.....	60
Milk stations.....	60
Prices, average, charged for food.....	60
Serving of lunches in workrooms, undesirability of.....	59

M.

Medical, hospital, and surgical treatment:	
Absentees, systems of following up.....	20
Cases treated, average number of.....	20, 21
Company hospitals.....	28, 29
Cost of treatment to employees.....	29, 30
Dental and other special work.....	26
Emergency hospital, standard, construction and equipment of.....	21-26
Emergency hospitals, scope of work of.....	18-20
Fatiguing and monotonous occupations, relief in.....	35, 36
First-aid crews, training of.....	16
First-aid equipment.....	17, 18
Medical fees.....	32
Physical examinations of new employees.....	27, 28
Physical examinations, periodic.....	27, 28
Public hospitals, employees sent to, at company expense.....	32
Rest periods.....	32-35
Sick leave with pay.....	36
Tubercular employees, treatment for.....	31
Vacations and sick leave.....	36
Vacations, length of.....	37, 38
Vacations without pay.....	38
Vacations with pay.....	36, 37
Menna. (See Lunch rooms and restaurants.)	
Milk stations. (See Lunch rooms and restaurants.)	
Music clubs among employees.....	85, 86

N.

Nurses, trained, employment of.....	19
Nurses, visiting, object of, and number of visits.....	126

O.

Outdoor recreation.....	87-93
Outdoor recreation facilities, number of establishments having, by industries.....	89
Outings for employees.....	92, 93

P.

Pensioners:	
Classes of employees eligible for.....	105
Employees' contributions to fund.....	108, 109
Establishments reporting, number of.....	105
Rules and requirements, general.....	109
Special allowances.....	110
Physical examinations:	
Membership in disability funds.....	102
New employees.....	27
Periodic.....	27, 28
Protection of health.....	127-129
Public hospitals, employees sent to, at company expense.....	32
Public libraries, branches of.....	95

R.

Reading rooms.....	96
Recreation and education.....	129-133
Recreation parks.....	80, 90
Rest and recreation rooms.....	86-73
Rest and recreation rooms, number of establishments having, with number of employees, by industries.....	79
Restaurants and lunch rooms. (See Lunch rooms and restaurants.)	
Rest periods.....	33-35
Roof gardens.....	92

INDEX.

139

S.	Page.
Sanitary measures.....	127-129
Sick leave with pay.....	38
Social betterment among employees' families.....	125-135
Social gatherings.....	81-83
Surgical treatment. (See Medical, hospital, and surgical treatment.)	
Swimming pools.....	80
T.	
Technical and vocational education.....	97, 98
Tennis.....	91
Thrift, encouragement of.....	113-117
Tubercular employees, treatment for.....	31
U.	
Uniforms or other clothing, provision of.....	48, 49
V.	
Vacations:	
Christmas savings funds, and.....	114
Length of.....	37, 38
Sick leave, and.....	38
Without pay.....	38
With pay.....	36, 37
Vocational and technical schools.....	97, 98
W.	
Washing-up and locker facilities.....	42-52
Welfare secretary, employment of.....	123, 124
Welfare work, number of establishments reporting, and number of employees.....	119
Welfare work, present conditions under, compared with prior conditions.....	119-121
Welfare workers, character of.....	133, 134

ADDITIONAL COPIES
OF THIS PUBLICATION MAY BE PROCURED FROM
THE SUPERINTENDENT OF DOCUMENTS
GOVERNMENT PRINTING OFFICE
WASHINGTON, D. C.
AT
35 CENTS PER COPY



U. S. DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS

ROYAL MEEKER, Commissioner

BULLETIN OF THE UNITED STATES } . . . { WHOLE NUMBER 229
BUREAU OF LABOR STATISTICS }

LABOR LAWS OF THE UNITED STATES SERIES: No. 12

WAGE-PAYMENT LEGISLATION
IN THE UNITED STATES

BY

3

ROBERT GILDERSLEEVE PATERSON



DECEMBER, 1917

WASHINGTON
GOVERNMENT PRINTING OFFICE
1918

**ADDITIONAL COPIES
OF THIS PUBLICATION MAY BE PROCURED FROM
THE SUPERINTENDENT OF DOCUMENTS
GOVERNMENT PRINTING OFFICE
WASHINGTON, D. C.
AT
20 CENTS PER COPY**

BULLETIN OF THE U. S. BUREAU OF LABOR STATISTICS.

WHOLE NO. 229.

WASHINGTON.

DECEMBER, 1917.

WAGE-PAYMENT LEGISLATION IN THE UNITED STATES.¹

BY ROBERT GILDERSLEEVE PATERSON, SOMETIME HARRISON
FELLOW OF THE UNIVERSITY OF PENNSYLVANIA; ASSISTANT
PROFESSOR OF PUBLIC HEALTH, OHIO STATE UNIVERSITY.

CHAPTER I.—THE LABOR CONTRACT IN ENGLISH AND AMERICAN LAW.

The right of a man to sell his labor upon such terms as are acceptable to himself has been repeatedly declared and judicially affirmed in America. This right is so well established, so eminently respectable, that to many authorities it is an axiom of justice and a fundamental idea of constitutional government. Superficially considered, from the point of view not of communities or governments but of the individual, the right is inherent. Broadly and economically considered, from the point of view of the social organism, other factors enter into the proposition, and the right of a man to use his labor as a commodity may be denied. The individual man and his needs is only one of a congeries of men and their needs that make up the organism called society. The question raised is whether the "inherent" rights of the individual shall be subordinated to the equally fundamental rights of society. Where do "inherent" rights of the individual end, and where may society safely begin to assume sovereignty without transgressing those rights?²

Without arrogance, it may be said that no such abstract individual right beyond the power of abridgment and limitation by governmental authority is recognized by American legislatures and the better decisions of the American courts. Nor is this right recognized in the legal practice of European countries, or by the European writers on jurisprudence.

It becomes increasingly evident that "free contract" is a fiction or an appealing phrase in a society such as ours, where economic and social conditions make it practically impossible for the employer

¹ I wish to acknowledge the valuable assistance rendered by Chester Lloyd Jones, professor of political science, University of Wisconsin, in the preparation of the manuscript.—E. G. P.

² Edward A. Adler: Labor, capital and business at common law, in *Harvard Law Review*, January, 1916, Vol. 30, No. 2, pp. 261-276.

and employee to meet on terms of perfect equality. Theoretically, rights are equal. But the strongly contrasting conditions presented by society itself disproves the theory and emphasizes the irony of the phrase "free" contract. "Much of the discussion about 'equal rights,'" asserts a leading sociologist, "is utterly hollow. All the ado made over the system of contract is surcharged with fallacy."¹ Prof. Ely gives the point of view of the economist in his assertion, "For one who really understands the facts and forces involved, it is mere juggling with words and empty legal phrases."²

Earlier writers on law both in Europe and America spoke of no unlimited, inherent, or inalienable freedom of contract.³ Bentham argued for no such right.⁴ Ahrens in 1837 declared there was no natural right of free contract, but natural restraint upon its free exercise.⁵

The problem of the early writers on jurisprudence was not to guarantee the right to enter into any contract, but to guarantee that contracts once entered into should be fulfilled. The later meaning attached to "free contract" came as an outgrowth, or corollary, of the doctrine of *laissez faire* of Adam Smith. Imported to this country, the theory has undergone a remarkable metamorphosis. Beginning as a protest against governmental interference with individual liberty, the very forces which protested were not many generations in discovering that "freedom of contract" was used to defeat the very ends that were originally designed to be safeguarded.⁶

"Free contract" was the basis of defense used to protect the professional contractor and his individual interests; to protect him in his cheap labor contracts, and to protect cheap labor in underbidding the "current wage." So it has become an obstacle to the guaranty of real freedom before the law.

English legal history furnished no basis for generalizing upon free contract as one of the fundamental rights of Englishmen. American practice recognized it only as an accepted principle to the protection of which the courts might be called—and then rather indefinitely—when the cases arose under the fourteenth amendment.

A review of the development of the "freedom of contract" in English and American legal history will serve to show its present status in the systems of law of the two countries.

¹ L. F. Ward: *Applied Sociology*, Boston, 1906, p. 281.

² Richard T. Ely: *Economic Theory and Labor Legislation*, in *Proceedings, American Association for Labor Legislation*, 1st annual meeting, Madison, Wis., 1906, p. 18.

³ Grotius spoke of freedom of contract as a fundamental natural right, but not in the sense under discussion. Roscoe Pound: *Liberty of contract*, in *Yale Law Journal*, May 1909, Vol. 19, p. 455. (The two references preceding and several of those which follow are taken from this article in support of the argument in the pages immediately following.)

⁴ Jeremy Bentham: *Theory of Legislation*, Boston, 1840, Vol. 1, p. 95.

⁵ Heinrich Ahrens: *Cours de Droit Naturel; ou, The Philosophie du Droit*. Bruxelles, 1860, bk. 2, sec. 83.

⁶ John Stuart Mill: *Liberty*, New York, 1882, ch. 4, pp. 133-165.

EARLY ENGLISH LAW.

FIRST STAGES OF LAW ON CONTRACT.

Preceding the Norman conquest we find almost no traces of contract law. Such provisions as do appear relate to limitations of the right to contract. Thus there are, for example, provisions requiring those who purchase cattle to buy them in the open market and before good witnesses. The purpose of these rules was to protect the honest buyer against the possible claim of a third person that the beasts were stolen. In our modern laws concerning purchase in the open market, we find suggestions of these ancient rules; but, in general, the society of pre-Norman times was only vaguely familiar with contract and credit relations.¹

In the period following the Norman conquest there is no branch of the common law which shows so tenuously as that on contract. A general conception of contractual obligation was an evolution of the common law in comparatively recent times. Bracton, followed by other writers, finding the English law on contracts vague and unsatisfactory, did not scruple to borrow from the Roman law sources with which he was familiar. He forgot to acknowledge the debt and was willing to permit the borrowed theory to pass as a product indigenous to English soil. His failure to do so is not the only testimony extant that the product was alien.² The first important native act upon the subject of contract was the Statute of Westminster II (13 Edw. I, Stat. 1. c. 24) of 1285, which laid the foundations of modern English contract law.

In a period when even the theory of contract was almost absent, or present only by adoption, from a system that recognized no limitation on the lawmaking power, it is needless to say that there was no idea of a freedom of contract—a right to enter into agreements which should be protected against legal or other limitations.

But there were already developing in English law concepts which were the basis of the principle of "freedom of contract," namely, the right of undisturbed personal liberty. It was the liberty that had been put into words in the Magna Charta of 1215. At that time the content of the guaranty of "liberty" was far from what we now understand by the term. The liberty for which the early Englishmen strove was, in the main, personal security. But in the five and a half centuries which elapsed between the granting of Magna Charta and the American Revolution, "liberty" and the "due process of law" which was to guarantee it came to have a broader meaning—one

¹ Frederic Pollock and F. W. Maitland: *History of English Law before the time of Edward I*, Boston, 1898, vol. 2, pp. 183-186.

² *Ibidem*, vol. 2, pp. 192-194.

J. W. Salmond: *History of Contract*, in *Law Quarterly Review*, April, 1887, vol. 2, pp. 166-176.

Carl Gutberlet: *Bracton and His Relation to the Roman Law*, Philadelphia, 1894, pp. 137-140.

which made it correspond to the changes taking place in the national life. As the centuries passed by, successive confirmations of Magna Charta broadened its terms and gave those terms a modern rather than a feudal meaning. As the Supreme Court of the United States¹ says:

Owing to the progressive development of legal ideas and institutions in England, the words of Magna Charta stood for very different things at the time of the separation of the American colonies from what they represented originally.

THE "STATUTES OF LABORERS."

The gradual development from the old to the new standard in England is explained by the steadily increasing and broadening social needs and the efforts made to secure their expression into law. The privilege or right of a man to sell his labor was neither guaranteed nor known during the Middle Ages. Industrial development was not equal to cope with, much less to make headway against, the conditions that dominated rural England. The system of forced labor employed in agriculture, due to the power of the lords of the soil to enforce their commands against the weaker part of the community, gradually, it is true, broke down, and by the time of Edward III a body of laborers in county and town had become to a large extent free. But their rights were not to develop directly so as to include freedom of contract. A temporary check was given by the great plague—the black death—which swept over England in 1348-49, carrying off two and a half millions of the population.² "While the plague was by no means confined to the laboring classes, the consensus of opinion is that the death rate was highest among the poor."³ The scarcity of labor thus occasioned and "the exorbitant wages demanded by the laborers fortunate enough to survive," brought about at the request of the landed proprietors the first "Statute of Laborers."

Historically this was a famous proceeding (1349). Not only was the substance of the ordinance itself remarkable, but the manner of its enactment was unusual and dangerously menacing to the liberties of the people. It was called a statute, and, like other statutes, has been included with the statutes at large, as though it were an act of Parliament. Yet Edward modestly declares: "We * * * have upon deliberation and treaty with the prelates and the nobles and learned men assisting us, of their mutual counsel, ordained," etc.

¹ *Hurtado v. California*, 110 U. S. 529, Mar. 3, 1884.

² William Cunningham: *Growth of English Industry and Commerce*, Cambridge, 1885, p. 180. Contains a note that Mr. Seebohm argues (*Fortnightly Review*, vol. II, p. 149; vol. IV, p. 87) that the population of England was about 5,000,000 before the plague.

George Howell: *Labour Legislation, Labour Movements, Labour Leaders*, London, 1907.

W. Hasbach: *History of the English Agricultural Laborer*, London, 1908.

³ B. H. Putnam: *The enforcement of the statute of laborers, 1349-1350*, in *Columbia University Publications*, 1908, p. 1 ff.

The excuse was the necessities of the landed proprietors and the fact that Parliament was prorogued on account of the plague. The ordinance not only made a definite legal recognition for the first time of the presence of a wage-earning class, but gave sanction to the forcing of labor by declaring "that every man and woman * * * of England * * * free or bond, able in body and within the age of threescore years * * * not exercising craft nor having of his own whereof he may live, nor land to till, nor serving any other, should be bound to serve such person as should require him at the wages heretofore accustomed to be given in places where he oweth to serve * * *." Heavy penalties were imposed upon the laborer if he refused to serve and upon the master if he paid more than the rate of wages previously given. The laborer was compelled to work for anyone who might require his services. There was manifestly no freedom of contract, as we understand it, for him.

To secure the confirmation of the statute by Parliament, a supplementary statute² was passed in 1350, which begins with a recital showing the contempt with which the previous statute had been treated. This also was called the "Statute of Laborers."³ A further confirmatory act⁴ was passed in 1360. Laborers who refused to work were to be imprisoned, and punishment was to be visited upon those caught departing to another country.

Under Richard II a statute⁵ fixed the wages of agricultural servants and laborers at specified rates for specified employment. The justices of the counties were required to make proclamation, according to the dearth of victuals, how much every craftsman, workman, or other day laborer was to receive. In both cases infraction of the laws by laborer or employer was punished by severe penalties. The principle of interference was now in full swing, and in the reigns of Henry VI⁶ and Henry VII⁷ the wages of both laborers and artificers were fixed with great minuteness. The rates of wages so fixed were, for the time, binding on master and servant alike, but in the reign of Henry VIII⁸ the penalties for not paying the wages authorized by the statute of Richard II were repealed so far as they related to the masters. This prohibited the workman demanding more than the standard, but permitted the master to pay less.

The suppression of the monasteries by Henry VIII led to a large number of unemployed persons wandering about the country, and

¹ The Statute of Laborers, Pickering, 1762, 25 Edw. III, cap. 1-6 (1350), vol. 2, pp. 26-29.

² A Statute of Laborers, Pickering, 1762, 25 Edw. III, stat. 1, cap. 1-7 (1350), vol. 2, pp. 21-25.

³ E. M. Smith: *Master and Servant*, London, 1894, introduction, pp. 27, 28.

⁴ Statutes at Large: Pickering, 1762, 24 Edw. III, cap. 9-11 (1360), vol. 2, pp. 130-141.

⁵ Statutes at Large: Pickering, 1762, 12-13 Rich. II, cap. 4 (1383), vol. 2, p. 301; cap. 5 (1383), pp. 312-313.

⁶ Statutes at Large: 6 Hen. VI, cap. 5 (1427), vol. 2, p. 102; 8 Hen. VI, cap. 5 (1428), p. 121; 28 Hen. VI, cap. 12 (1444), pp. 276-278.

⁷ Statutes at Large: Pickering, 1762, 11 Hen. VII, cap. 22 (1486), vol. 4, p. 72.

⁸ Statutes at Large: Pickering, 1762, 4 Hen. VIII, cap. 5 (1512), vol. 4, p. 122.

further legislation was the result. The well-known Statute of Elizabeth, sometimes called "The Great Statute of Laborers," was passed. All former acts regulating wages were repealed—chiefly for that the wages and allowances limited and rated in many of the said statutes are in divers places too small and not answerable to this time, respecting the advancement of prices of all things belonging to the said servants and laborers; the said laws can not conveniently, without the great grief and burden of the poor laborer and hired man, be put in good and due execution.

Among the many provisions found in this "labor code" were numerous restrictions imposed on the freedom of contract, but the attempt to fix wages by specifying them in the act was abandoned. The justices of the peace in session were empowered to fix wages at a reasonable price. No power was conferred upon the justices to order payment of wages, but this power was assumed by them and by construction of law held to be legal. No person was to be hired for less than a year, and no one could leave or be discharged before a year's time, except on order of a justice of the peace. No one could leave his city or town without a testimonial.

By a later act² the power of the justices to fix the rate of wages was extended. These local justices of the peace were either employers themselves or drawn from the same station in life, and the power over the laborer thus given into their hands was jealously guarded. This law continued on the statute books for more than two centuries, but it fell into disuse soon after its enactment. The next period, therefore, is not marked by any important enactments beyond those repealing specific provisions of the law from time to time. An act³ in the reign of George III repealed the provision empowering justices of the peace and magistrates of cities and boroughs to fix prices of work for artificers, laborers, and craftsmen.

In 1824 we have the first positive statement⁴ of what had long been recognized in a negative way, that nothing contained in the act should authorize justices to establish a rate of wages without the mutual consent of both master and servant. The trend in England in the last century has continued to be toward increased regulation of wages, but the development broadened so as to include the regulation of wages in the interest of the employee.

The right of free contract and how that right is held by the English legislature is shown by its laws to establish minimum wages for various industries.⁵ These laws practically abridge the freedom of wage contract.

¹ Statutes at Large: Pickering, 1763, 5 Eds., cap. 4 (1562), vol. 6, pp. 159-175.

² Statutes at Large: Pickering, 1766, 20 Geo. II, cap. 19 (1747), vol. 19, pp. 48-50; 29 Geo. II, cap. 23 (1756), vol. 21, pp. 478-480.

³ 53 Geo. III, cap. 40 (1813), vol. 53, p. 191, London, 1813. Other repealing acts were 6 Geo. IV, cap. 129 (1825), vol. 65, pp. 1066-1078, London, 1825; 30-31 Vict., cap. 59 (1867), vol. 2, p. 720, London, 1867; 36-37 Vict., cap. 96 (1873), vol. 8, pp. 569, 576, London, 1873.

⁴ 5 Geo. IV, cap. 96 (1824), vol. 64, p. 521, London, 1824.

⁵ See p. 36.

FREEDOM OF CONTRACT IN AMERICA.

The growth and development of the doctrine of freedom of contract in the United States is of interest in order to show how widely different the standards are.

The principles of the common law¹ and the Statute of Elizabeth were brought to America by the colonists and they set about at once fixing the rates of wages to be paid in the various handicrafts. In 1633 a measure was enacted in the Massachusetts Bay Colony, providing that carpenters, sawyers, masons, and other master workmen were not to receive more than 2 shillings per day. The constable with two others associated with him were to fix the rates of pay of inferior workmen in the same occupations. Whenever an employer paid wages beyond the amounts established by law, or whenever a workman received extra pay, heavy penalties were to be meted out. No sooner did this statute fail to prove effective than it was repealed and another one enacted; a proceeding often and vainly repeated. Other settlements followed the example of Massachusetts, and the colonial period is full of laws restricting the amount of wages and imposing fines for exceeding the established rates.

The history of these attempts is one of continual failure. Backed by the knowledge of free land near at hand, and suffering from the injury of apparent rights disregarded or denied, the master workmen and the better class of common laborers were in constant protest and rebellion against the wages thus arbitrarily decreed. The consequence was that they preferred to live on their own land where they could be free from the petty interferences of legislatures.²

When our National Constitution was formed, conditions on both sides of the Atlantic had changed. England in the period preceding the American Revolution had abandoned the minute, paternalistic regulations of the contract which had characterized the later Middle Ages. Governmental interference had been decried as despotic and a positive obstacle to individual initiative. Industrial development demanded free markets and free conditions for manufacture. The old limitations fell into disuse, and gradually, through the efforts of many parliaments and after the passing of centuries, most of the restrictive laws affecting contracts and the wages of labor were repealed.

This was generations prior to the forms of restrictive legislation of recent times. At the end of the eighteenth century the example of the home country, to which the colonists owed their legal system, was strongly opposed to the regulation of contract

¹ P. S. Reinsch: *English Common Law in the Early American Colonies*, Madison, Wis., 1898, University of Wisconsin Bul. No. 31.

² W. B. Weedon: *The Economic and Social History of New England, 1620-1730*, Boston, 1895, 2 vols. See index, "Wages."

relations. American conditions accentuated the aversion of its citizens to governmental interference. The spirit of independence was not alone a growth and dissemination of theoretical democracy. The struggles in the settlement of the wilderness, against the aggressions of the officers of the Crown, and against the Crown itself in its schemes of imperial control proposed in the latter half of the eighteenth century, created a spirit bold and self-reliant, a caution that was more nearly suspicion, an awakened sense of rights and privileges, that protested against the interference not only of governments abroad, but of governments at home, and viewed liberty as designed also for others besides kings, aristocracies, and their servile agents.

Personal liberty was so "fundamental" that it uniformly found a place in the acts declaring opposition to the British Crown. In the nonimportation agreement of the Continental Congress of October 14, 1774, the delegates proclaimed that they—

* * * do, in the first place, as Englishmen, their ancestors, in like cases have usually done, for affecting and vindicating their rights and liberties, declare that the inhabitants of the English colonies in North America, by the immutable laws of nature, the principles of the English constitution, and the several charters or compacts, have the following rights:

Resolved, N. C. D., That they are entitled to life, liberty, and property, and they have never ceded to any sovereign power whatever a right to dispose of either without their consent.¹

The Declaration of Independence asserted that all men are "endowed by their Creator with certain inalienable rights," including "life, liberty, and the pursuit of happiness." The State constitutions of the revolutionary periods were written in the same tenor, and the Northwest Ordinance of 1787 proclaimed the same belief. Even in the Territories these "inalienable" rights were recognized. One of the first objections raised to the Federal Constitution, too, was that it contained no bill of rights, expressly protecting the liberty of the subject. It was found impossible to secure the adoption of the Constitution by several States, except in connection with the recommendation of amendments comprising a bill of rights to be submitted by Congress for ratification.

So strongly individualistic was American political philosophy that it was even asserted that independently of the Constitution there are certain rights no constitution or laws could contravene. Above the written instrument there is an "unwritten constitution,"² and if there are implied powers existing in the government, so there are implied reservations upon legislative power growing out of the nature of free government.³

¹ Journals of the American Congress from 1774 to 1788, Washington, 1823, vol. 1, p. 20.

² See an argument to this effect in *State v. Addington*, 12 Mo. Ap. 221, May 16, 1882.

³ See Mr. Justice Miller in *Loan Amo. v. Topeka*, 37 U. S. Sup. Ct. (20 Wall.) 665-670, October, 1874.

The courts have not, it is unnecessary to say, relied on these abstract concepts in their decisions. The Federal Supreme Court, though it uses the "natural rights" philosophy in dicta, has never decided a case by arguments drawn from that source alone. The State courts have followed a similar course with a few ill-considered exceptions. The commonly accepted doctrine of the courts has been that a right must be claimable under some clause of the National or State Constitution. The Federal Constitution contains the grants and limitations of the powers of Congress, and the Federal and State Constitutions together outline the limits of the powers of the State legislatures. Any exercise of power either within the constitutional grant or within the constitutional limitation can not be overthrown by pleading the natural law.

At this point a contrast must be shown between the idea of liberty of contract as it was declared in England and in the United States. From the time of Magna Charta on, the branch of government from which limitation of liberties was feared in England was the administrative, not the legislative. The English guaranties were aimed at the king, not the representatives of the people. From the legal point of view there can be no doubt that there was no right Parliament was bound to respect. As the commentator De Lolme declared, the legislature could legally do anything but make a man out of a woman or a woman out of a man.

The constitutional rights of the people can never be abrogated in the United States, due to the power of the courts to pass on the constitutionality of legislation. The restricted power of the legislature is now a principle in both State and Federal practice.

The desire to have private rights protected against both the legislature and the administration is shown in the correspondence of Jefferson and Madison. The former urged a bill of rights as necessary to guard against the legislature. Madison in a letter to Jefferson voiced the same fear:

Wherever the real power in a government lies there is danger of oppression. In our Government the real power lies in the majority of the community and the invasion of private rights is chiefly to be apprehended not from acts of the Government contrary to the sense of the constituents but from acts in which the Government is a mere instrument of the major number of constituents. * * * Where there is an interest and a power to do wrong, wrong will generally be done and not the less readily by a powerful and interested party than by a powerful and interested prince.

In strong contrast with the similar guaranties of Great Britain to its English subjects, these American provisions for the protection of individual rights, whether originating in State or Federal Constitutions, are limitations on legislative power. They are not only directory limitations, but, owing to the position held by the

courts, mandatory rules, which the legislature must recognize and follow. As the Supreme Court has declared:¹

In this country written constitutions were deemed essential to protect the rights and liberties of the people against the encroachments of power delegated to their governments, and the provisions of Magna Charta were incorporated into bills of rights. They were limitations upon all the powers of government, legislative as well as executive and judicial.

It necessarily happened, therefore, that as these broad and general maxims of liberty and justice held in our system a different place and performed a different function from their position and office in English constitutional history and law, they would receive and justify a corresponding and more comprehensive interpretation. Applied in England only as guards against executive usurpation and tyranny, here they have become bulwarks also against arbitrary legislation; but in that application, as it would be incongruous to measure and restrict them by the ancient customary English law, they must be held to guarantee not particular forms of procedure, but the very substance of individual rights to life, liberty, and property.

COURT TESTS OF FREEDOM OF CONTRACT.

Though the guaranties of individual rights were present in our constitutions from the beginning, the effectiveness of the guaranty, as far as the central government was concerned, was not tested for almost a century after the adoption of the Federal Constitution and in the individual States the issue was seldom raised. There are two reasons for this delay.

The intense individualism of the revolutionary period, though it suffered a setback in the early years of the constitutional government, continued to be the dominant force in public opinion. As a result, the people and their representatives looked askance at governmental interference. The legislature rarely encroached upon ground where the question of infringement upon private rights might be raised. The influence of the frontier continued. Industrial development was not marked. Large combinations of capital and unions of laborers were not yet an important factor of national life, necessitating the adjustment by law of clashing interests. It was still possible for one who felt dissatisfied with his surroundings to "go west," wrestle with the land and fashion out his own destiny. The spirit of the times kept vigilant watch over the acts of the legislatures and the still formative character of the prevailing social conditions insured the continuance of popular enthusiasm for the laissez faire theory of government. Under these circumstances no exigency arose for testing the private right of contract.²

The second reason why liberty of contract remained an unimportant factor is found in our constitutional development. There were few appeals to the fifth amendment, since its guaranty against laws de-

¹ Mr. Justice Mathews in *Hurtado v. California*, 110 U. S. 531, 532, Mar. 2, 1884.

² For a discussion of this subject referring to English conditions, see A. V. Dicey: *Relation between Law and Public Opinion in England during the Nineteenth Century*, London, 1906, pp. 146-150.

prising the citizen of "life, liberty, and property" was only aimed at the Federal Congress. With its restricted field of action, affecting only in exceptional cases the individual directly, it was not surprising that the amendment remained in a somnolent state. Up to 1866, the time of the adoption of the fourteenth amendment, even where cases of this description did arise, they were almost always of local importance only, and incapable of being carried into the Federal courts. Though they might involve liberty of contract, it was only in that class of cases where the obligation of a contract already entered into was impaired that suit could be taken to the Federal courts. What was "due process of law" and the degree to which a man was protected against the legislature in his "life, liberty, and property" were still matters of State law.

But the case was far different after the passage of the fourteenth amendment. A restraint upon the power of the States brought the possibility of conflict with the laws passed by the States nominally under the undefined but all pervading "police power." The Federal courts were empowered to declare the State act void if it denied "due process of law." As a result of this increase in its power the Supreme Court of the United States complained as early as 1877 that the new clause had already crowded the docket of the court.¹ The two principles (State action alleged to be taken under the police power, and Federal supervision to guarantee due process) have been productive of an amount of litigation equaled by few other elements of our constitutional law. The guaranty that the citizen shall not be deprived of property without due process of law has been held to include the guaranty of liberty of contract. Liberty of contract, as a property right to be guarded by the courts, has been the chief bulwark opposed to the voluminous legislation passed with the avowed object of increasing the sum of the liberties of the citizens by limiting the liberty of certain citizens.

The extent to which the guaranties of private property rights, including liberty of contract, were to be given Federal protection against laws passed ostensibly under the police power,² was first brought into general discussion in the group of cases decided in 1876, commonly known as the Granger cases. It was decided in these cases that the State could regulate the contracts of businesses that affect "the public interest." The discussion was rendered more important by the fact that the decision³ was not confined to railroads, which from the character of their public franchises are monopolies and as such clearly must be subject to a certain degree of public

¹ Mr. Justice Miller in *Davidson v. New Orleans*, 96 U. S. 104, October, 1877.

² W. F. Dodd: *The growth of judicial power*, in *Political Science Quarterly*, 1909, vol. 24, No. 2, pp. 193-307.

F. J. Goodnow: *Social Reform and the Constitution*, New York, 1911, ch. 6, pp. 343-353.

³ *Munn v. Illinois*, 94 U. S. 134, October, 1876.

regulation, but extended to warehouses for storing grain, the location of which did not necessarily involve a monopoly element or public franchise, but which the court nevertheless held to affect "public interest" and justified the regulation of their charges by the legislature.

Later decisions have seriously modified some of the contentions in the Granger cases. It was originally held that the determination of proper rates was a legislative privilege, but in March, 1890, in the case¹ of the Chicago, Milwaukee & St. Paul Railway Co. v. Minnesota, the court reversed its decisions on this point to the extent of holding that the reasonableness of a railway company's charge was a judicial question and that a statute giving a commission the power to make rates without any opportunity for judicial review was a denial of due process of law and was contrary to the Constitution. But the right is still unaffected reasonably to regulate the conditions under which any business that affects the public interest may be carried on, and this is true even though the regulation may involve a limitation of the freedom of contract formerly enjoyed.

What is a business that affects public interest? It apparently is not necessary for a business to involve a public franchise, nor does its location alone give it a monopolistic character, though if these limitations are overstepped, there seems no limit to the activities in which the public is not concerned. This seems to be a deduction justified by the early decisions of the court. In the decision of the *Munn v. Illinois* case the court cited with approval an early Alabama case in which the court held that the business of a baker affected a public interest, justifying a provision in a municipal charter to regulate the weight and price of bread by city ordinance. If this class of business comes under legal regulation, there appears to be no reason why the same regulation should not be extended to the grocer, the dry goods merchant, the farmer, in fact to every means of livelihood, and the conditions of all contracts would be subject to legislative regulation; but the trend of opinion has not been toward this radical position.

A standard by which legislative power may be delimited is ostensibly offered by the police power. Yet the police power is so undefined as to make the limit of regulation shift with the shifting opinions of the judges; that is, if the judges, rather than the legislature, are to determine what is reasonable and what is unreasonable. Such an elastic standard would have its advantages. It might be essential to allow the easy readjustment of our ideas of what is a public interest. If the standard is to be elastic, however, it is illogical to put it in the control of that branch of government which is least elastic.

¹ C., M. & St. P. Ry. Co. v. Minn., 134 U. S. 418, Mar. 24, 1890.

LIMITATIONS BY THE COURTS.

Limitations on the freedom of contract are even now, however, finding their way increasingly into our law, and this is true not only of the acts of the legislature, but of the rules developed by the courts themselves. In spite of the acceptance of the principles "Every man is the master of the contract he may choose to make" and "It is of the highest importance that every contract should be construed according to the intention of the contracting parties," we find at least two classes of cases in which the courts have modified contracts, holding that the agreement did not accomplish what its terms stated.

(a) In a bilateral contract to convey land for a price, the only promise of one party is to convey land. But a case in equity may compel the vendor to convey even though there be some element which makes it impossible for the contract to be carried out in all its details. In the specific performance the vendor will also be forced to pay a sum of money sufficient to compensate the vendee for the defect. This is not the enforcement of the original contract. The contract into which he freely entered he can not perform, but he is held to perform one he never made.

(b) Courts also alter contracts to suit their ideas of justice in certain cases where express conditions are inserted in the contract, but eliminated by the courts. Thus, in building contracts, the promise to pay may be made contingent upon a certificate of approval of the building by an expert architect in whom the promisor has confidence. But the courts will hold that if the certificate is unreasonably withheld, plaintiff may recover without it. The right to contract to have the proper completion of the building contract determined by an expert, for which the promisor stipulated, the court has read out of the contract. The promisor's obligations are increased and he is held to a promise which he never made. The logic of the case is thus stated by Chief Justice Beasley, in *Chism v. Schipper*.¹ "Can the defendant cheat the plaintiff by due course of law! * * * The only known reply is, that the plaintiff has covenanted to that effect." The courts conclude that this would be unjust and modify the contract freely entered into, although in England the contrary is the practice. It is not contended that these instances raise the same points at issue in the discussion of laws aiming to alter the old standard of freedom of contract. They are parallel, however, in that, like those laws, they deny a man the right to enter into a contract otherwise unobjectionable, and thus, by judicial legislation, create a limitation on the freedom of contract.²

¹ *Chism v. Schipper*, 51 N. J. L. 11, November, 1883.

² See discussion on this subject, including several of the cases cited in the pages immediately following, from which the classification here used is adopted, by C. D. Ashley: Should there be freedom of contract in Columbia Law Review, vol. 4, 1904, p. 422.

LIMITATIONS BY THE LEGISLATURES.

(a) Prohibitions of usurious contracts are technically a limitation of individual freedom, but rest upon so long a history, antedating even the constitutions, that public opinion makes futile any question of their legality.

(b) Laws regulating the liquor traffic, both those passed by the Federal and State governments, limit the right to contract in the field to which they apply. The Supreme Court has held that a State prohibition law is not in conflict with the fourteenth amendment and that since the general use of alcoholic drinks might endanger the public health, it is within the power of the legislature under the police power to determine the remedy.¹

(c) Insurance contracts have been regulated. The insurance business does not involve a public franchise and, except that practically without exception it is now carried on by corporations, it is not monopolistic in character. Its contracts are essentially of a private character and are made with persons of full legal ability, but the opportunities for fraud are so great that legislative regulation of the contracts has been sustained. Thus laws have been passed making illegal any agreements made by the insured to accept the actual value of the goods at the time destroyed by fire instead of the amount written into the policy.² Laws have been passed prescribing official forms of policies which must be used in all contracts of fire insurance. A similar denial of freedom of contract has been made in the case of life insurance companies.³

The great majority of insurance contracts are, of course, written by companies organized in other States than that in which the contract is made. If it is to be followed as a general rule that foreign corporations can be regulated by the various States, not only as to the general conditions under which they may do business, but also as to the terms of the contracts into which they may enter with private individuals, serious inroads may be made upon the liberty of contract by the prescribing of official forms of contract by the legislatures.

(d) Freedom of contract has been limited by acts intended to protect certain business interests against competition. The best example of this legislation is furnished by the laws against the manufacture of oleomargarine. Though nominally passed for the prevention of fraud, the statutes went further than was necessary for this purpose, and in several States made the manufacture of the article in any form a criminal offense, though the manufacturers

¹ *Mugler v. Kansas*, 123 U. S. 623-630, Dec. 5, 1887.

² Sustained in *Reilly et al. v. Franklin Insurance Co. of St. Louis*, 43 Wis. 449-458, August, 1877; *Queen Insurance Co. v. Leslie*, 47 Ohio St. 409-422, June 17, 1890.

³ *Equitable Life Assurance Society v. Clements*, 140 U. S. 226-234, May 11, 1891.

offered to prove the article clean and wholesome.¹ A case² arising in Pennsylvania was carried to the Supreme Court of the United States and sustained.

(e) Antitrust laws, both State and Federal, are limitations on the right to enter into contracts, justified in the States by the police power, in the Federal Government under the commerce clause.

(f) Finally, the immense amount of labor legislation, one phase of which is treated in this discussion, is to a large extent legislation attempted under the police power, with the object of limiting the freedom of contract for the individual's own interest.

The examples presented serve to show that the boundary line of the police power in the regulation of freedom of contract is nowhere clearly defined. Although we admit that the constitutional guaranties of private rights were aimed in America against the legislature as well as against the other branches of government, it does not appear that either the legislature or the courts are estopped from all interference with the agreements into which the individual may enter. The process of judicial inclusion and exclusion has not as yet made a clear line, up to which the legislature may feel certain that its acts are constitutional.

At least the following negative standards, however, as to the power of the legislature may be deduced from the cases above cited.

1. It is not a determining factor that the contract involves persons *sui juris*, for usurious contracts are prohibited, and insurance contracts regulated.

2. The fact that Congress recognizes the contract as involving a legitimate object of interstate trade is not important, for State prohibition laws are upheld.

3. The legal right to regulate the contract is not limited to the exercise of sufficient power to prevent fraud, or to protect the public health, as is shown by the insurance and oleomargarine cases.

4. The fact that the manufactured article is harmless and that it might be used only outside the State does not give a right to contract freely for its production, as is shown again by the oleomargarine cases.

5. The fact that the contract does not aim toward a complete monopoly is immaterial. In fact, the element of monopoly may be entirely absent, as in the case of the regulation of rates to be charged by warehouses having no exclusive advantage of location.

¹ *State v. Addington*, 77 Mo. 110-112, October, 1882. *Dutler v. Chambers*, 26 Minn. 69-75, Nov. 12, 1858. *Pennsylvania v. Powell*, 114 Pa. 365-369, June 2, 1886.

² *Powell v. Pennsylvania*, 127 U. S. 678-699, Apr. 6, 1888. A similar statute was annulled by the New York Court of Appeals as a violation of liberty of contract: *People of N. Y. v. Aronsberg*, 106 N. Y. App. 128-134, Mar. 22, 1887.

CHAPTER II.—THE COURTS AND PUBLIC OPINION.¹

It is a trite saying that the law at no time represents the will of the present but always that of a past generation. No more clear-cut example of this fact can be cited than the attitude of our judges and the legal profession generally toward the rights of the individual in regard to contracts. Public opinion has moved on past the theories which still obtain acceptance in the courts, and has concerned itself more closely with the actual facts and needs of modern conditions.

The individualism of the eighteenth century was in accord with American conditions; so, during the Revolution the opportunity seemed ripe to transcribe into words the thoughts, ideas, and emotions that formed the political philosophy current at the time. Leaflets and pamphlets were printed and distributed broadcast, and Thomas Paine's "Common Sense" was read with such avidity that it kept the crude presses of those days busy for months to meet the public demand. Washington himself acknowledged that the country owed a debt of gratitude to Paine. In one of the darkest hours of the new Republic, it was again this new political doctrine, as expounded by Paine in *The Crisis*, that helped turn the tide of desertion from the army to enlistment and loyal support, and despair to general hopefulness.² These writings were the inspiration of the Declaration of Independence, and inflamed the minds of men, just as the "times that try men's souls" had inflamed their author. Later, the makers of the Constitution represented a conservative reaction against the enthusiasm of the "rights of man." Still they wove into the new frame of government, partly because of the insistence of the growing radical party, compromises that were to be guaranties of individual liberty—clauses that should preserve that freedom and equality which the people enjoyed.

THE ABANDONMENT OF LAISSEZ FAIRE.

But by one of the paradoxes found so frequently in political and social development, these very phrases, in a changed form of society, threaten to become the impediment to social growth, and the basis for the denial by legal means of the guaranty of the very liberty and equality which it was their object to protect. For two generations following the Constitution, as already indicated, the conditions of American life were in consonance with the philosophy of individ-

¹ L. D. Clark: *The Law of the Employment of Labor*, New York, 1911, pp. 1-44.

J. R. Commons and J. B. Andrews: *Principles of Labor Legislation*, New York, 1916, pp. 1-28.

² J. B. McMaster: *History of the People of the United States*, New York, 1902, vol. 1, pp. 153, 154.

ualism of the Revolutionary period. But after the Civil War industry rapidly gained in importance over agriculture. The conditions under which the individual could seek employment changed. The employee no longer worked for an employer whose equal in skill he might some day aspire to be; his work became specialized. The artisan no longer learned the whole trade. His freedom to abandon industrial employment disappeared with the vanishing frontier. The free land that remained to be taken up did not offer that equality of opportunity, because of its remoteness and inaccessibility, that had made independent the life and character of his grandfathers.

The country had not yet reached the century mark when men began to observe that opportunities were no longer equal. This conviction found expression in speeches and writings of a greater radicalism than any of the Revolutionary period. It was a period of national unrest. Gradually there developed an element in politics, composed of business men and their representatives, that was impressed with the necessity of greater governmental activity. Those men claimed that the Government could restore the good times when opportunities were equal. In order to keep up the standard of living of the American workingman, and to furnish him with an "equal opportunity," they argued, industries must be given governmental aid to a greater extent than ever before. This resulted in strengthening protectionism.

Government aid must be given to railroads also, so as to make more accessible the new lands and to give to their products a value they otherwise could not have. Then followed immense grants of land to railroads, State canal enterprises, and the like. Government activity must be relied upon also to guard the people from exploitation by these very agencies which made their lands valuable, and thus came the Granger legislation.

From this viewpoint the Granger legislation seemed only an extension in another line of the governmental activity for the popular welfare with which the people were already familiar. But from the legal standpoint it started a new sort of legislation. Governmental activity, so far as its ends were economic, had been used heretofore chiefly for the purpose of encouraging individual enterprise engaged directly or indirectly in the exploitation of the resources of the country. The Granger legislation involved a policy of restriction. Rights of certain persons were to be limited that the rights of the many might be increased.

The people had outrun the courts in their appreciation of changed conditions and the necessity of new rules to preserve equality before the law. The more severely restrictive of the Granger laws passed away by repeal or annulment. The courts modified in important respects their original conclusions as to what power of control over

"business that affects a public interest" lay in the hands of the legislature. A lull or reaction in social legislation occurred, which continued almost to the early nineties, and the formerly dominating note of individualism was only occasionally broken.

Individualism has continued to color the decisions of the courts, though public opinion and legislatures have felt the need of a broad program of legislation for social betterment.¹ Thus a West Virginia² court, discussing legislation on company stores, declares:

It is a species of sumptuary legislation which has been universally condemned as an attempt to degrade the intelligence, virtue, and manhood of the American laborer, and foist upon the people a paternal government of the most objectionable character, because it assumes that the employer is a knave and the laborer an imbecile.

In another case,³ the court criticizes a law prohibiting persons and corporations engaged in mining and manufacturing from selling goods to their employees at a greater per cent of profit than they sell to others as an unjust interference with private contracts and business.

The remedy is in the hands of the employee. He is not compelled to buy from his employer. * * * This act is * * * an unjust interference with the rights, privileges, and property of both employer and employee and places upon both the badge of slavery. * * *

If such legislation is maintained, the Maryland court⁴ warns us—

* * * "We will not be far away in practical statesmanship from those ages when governmental prefects supervised the building of houses, the rearing of cattle, the sowing of seed, and the reaping of grain. * * *

These cases breathe the distrust of governmental action which was typical of public opinion after the abandonment of the mercantile system. The point of view is thus summarized by a recent case:⁵

The right of a person to sell his labor upon such terms as he deems proper is, in its essence, the same as the right of the purchaser of labor to prescribe the conditions upon which he will accept such labor from the person offering to sell it. * * * In all such particulars the employer and employee have equality of right, and any legislation that disturbs that equality is an arbitrary interference with the liberty of contract which no government can legally justify in a free land.

Only recently has the conflict between individualism and social legislation been brought to a clear issue. It is only within the past two decades that the "freedom of contract" guaranteed by the Constitution has been extensively pleaded in connection with social legislation.

¹ H. R. Seager: The attitude of American courts toward restrictive labor legislation, in *Political Science Quarterly*, 1904, vol. 19, pp. 589-611.

² *State v. Goodwill*, 33 W. Va. 186, Nov. 18, 1899. See also *Fraser et al. v. People*, 141 Ill. 171-188, June 15, 1892; *Godcharles & Co. v. Wigeman*, 113 Pa. St. 431-437, Oct. 4, 1886.

³ *State v. Fire Creek Coal & Coke Co.*, 33 W. Va. 190, 191, Nov. 18, 1899.

⁴ *Luman v. Hitchens Bros. Co.*, 60 Md. 29, Nov. 23, 1899. In re *Jacobs*, 98 N. Y. 114, Jan. 20, 1865.

⁵ *Adair v. United States*, 208 U. S. 174, 175, Jan. 27, 1908.

INDIVIDUAL RIGHTS AND FREEDOM OF CONTRACT.

The courts developed the idea of free contract from the constitutional protections to individual rights. They have held freedom of contract to be a property right included in the category of individual liberty.¹ Though a reasonable deduction from the natural-law philosophy of the eighteenth century, freedom of contract was not a part of that philosophy. The problem of the natural-law philosophers was to break from contracts the formalities that had adhered to them under the Roman law.

The important thing was that contracts should be free—free from the technicalities that surrounded them—and that thus they should be easily enforced. The enforcement of the contract legally entered into was the specific thing the philosophers wished to make certain. There was no general insistence in the philosophy of natural law that the right to enter into any contract was a natural right. That was a later development that came only when the principle for which the natural-law jurists had contended had become a matter of course.

The "natural" right freely to enter into contracts began as a doctrine with Adam Smith, and was advocated by John Stuart Mill as a "utilitarian principle of politics and legislation,"² and as long as individualism was the dominant note of government it seemed to be a beneficent doctrine. Natural rights became one of the leading tenets of those who would reduce government to a policing agency. As a means of destroying an outgrown social order, and the antiquated rules that sustained it, the natural-law philosophy performed an invaluable service. The philosophy that could elevate the thought and politics of a new people to renounce one government, and sustained them to patriotic action in building a new experimental government, had performed an incalculably great service. Under changed social conditions the same philosophy might become, not only inadequate, but generally obstructive to social growth and social welfare.

This may prove to be the case with the theory of the freedom of contract. Originally accepted and applied as a means of destroying

¹ Massachusetts Acts of 1914, ch. 778, pp. 904, 906, declared the legality of agreements or associations of workmen for the betterment of conditions and forbade the issue of injunctions in cases of labor disputes, unless to prevent irreparable injury to property or a property right of the applicant, for which no adequate remedy at law exists. The Supreme Court of Massachusetts held that the provision of the law declaring that the right to make contracts for labor is not property was a violation of the fourteenth amendment to the Federal Constitution. In effect, the court held that the right of personal liberty and the right of property guaranteed by the Constitution include the right to make contracts for the purchase and sale of labor and that the right to exchange labor and services for money is one of the chief rights of personal liberty and private property. *Bogni v. Perotti*, 224 Mass. 153-159, May 19, 1916.

See laws to same effect: United States Acts of 1914, ch. 339, p. 730, "The labor of a human being is not a commodity or article of commerce." Kansas Acts of 1913, ch. 333, pp. 413, 414.

See "Is legislative abolition of the injunctive remedy in labor disputes unconstitutional?" in *Harvard Law Review*, November, 1916, vol. 30, No. 1, pp. 75-77.

² See *Toscoe Pound*, in *Yale Law Journal*, May, 1909, vol. 18, pp. 454-487, for a more detailed exposition of this argument.

24 WAGE-PAYMENT LEGISLATION IN THE UNITED STATES.

outgrown customs and laws, it may become an obstacle to constructive legislation. We have used it as a means; we are in danger of making it an end. Retaining the freedom of contract idea, useful in the extreme individualism of two generations ago, the courts and legislatures may create a serious obstacle to the constructive laws of the modern State, because the old theory of equality under which "free contract" was usefully applied has disappeared with the subtle social changes of less than fifty years.¹

¹ Simon N. Patten: *The New Jurisprudence*, in *University of Pennsylvania Law Review*, November, 1913, vol. 62, No. 1, pp. 1-16.

CHAPTER III.—THE COURTS AND THEIR ATTITUDE TOWARD FREEDOM OF CONTRACT.

BACKWARDNESS OF AMERICAN SOCIAL LEGISLATION.

Any advance in social, or, as some writers prefer to call it, paternal legislation,¹ is necessarily slow, because education of the masses is slow.

In democracies like England and the United States, legislatures will rarely act to ameliorate the conditions of labor until there is wide demand for legislation. This is readily explained and is not necessarily to the prejudice of legislatures. Social legislation receives the prompt, almost involuntary opposition of powerful economic interests. They employ the best legal talent to expound their point of view. Opposed to this array are the laborers without means, often without even the power that combination might give, their strongest appeal arising rather from the circumstance of their need than anything they may attempt to say. They can not compete on equal terms with the representatives of capital, either to promote or to sustain legislation for social betterment.

But the United States are ten, twenty, and in some instances, forty years behind foreign countries in social legislation. There are at least three reasons for the slow advance.

The new country, the vast unutilized areas that only awaited the application of labor, have removed or made less insistent the need for social legislation. These areas are now practically all appropriated or held beyond the reach of the moneyless.

The legislatures, sometimes unrepresentative of popular opinion, have refused to pass the acts the people demanded. Sometimes, on the other hand, the legislatures have been overenthusiastic and have set standards plainly contradicting the rules of the constitutions.

Finally, an important influence retarding social legislation has been the traditional conservatism of the courts, the department of government least responsive to changes in public opinion.

ORGANIZATION OF THE COURTS.

Any discussion of the attitude of the American courts toward the freedom of contract must keep constantly in the foreground the organization of our courts. There is in America no clear-cut sequence which all cases will follow, giving a decision in the highest national court which will set a binding standard for all State court

¹ A. L. Lowell: *Government of England*, New York, 1884, vol. 2, p. 528.

decisions on the same subject. The peculiar system of judicial organization in the United States is an important factor contributing toward diversity of law; and in no branch of law has this been more marked than in the so-called social legislation of the various States.

Cases in which the constitutionality of a State law is sustained by the State court though it is alleged to contravene the Federal Constitution can be carried to the Federal Supreme Court. Cases in which a State law is declared unconstitutional under the Federal Constitution by the supreme court of a State can not be carried to the Federal courts under the present laws. Doubtless provision could be made by law to allow appeal in such cases.¹ Whenever a point of law has already been interpreted by the Supreme Court of the United States that interpretation, so far as it applies to the Federal Constitution, is binding on the State courts. Cases in which the State supreme court denies the constitutionality of a State statute, alleged to be an infringement of a provision of the State constitution, can in no case be appealed to the Federal courts. This is equally true when the provision of the State constitution, alleged to be infringed, is the same as a provision of the Federal Constitution which the highest Federal court has held not to be violated by a law identical with that before the State court.²

The effect of this judicial organization upon progress in social legislation is clear. There is no uniform standard of what is constitutional, or what is unconstitutional, even under the Federal Constitution. Each State supreme court, by relying on the possible conflict with the State constitution, has complete power to annul a law, the principle of which may have been sustained by the Federal courts as not in violation of the Federal Constitution. It is unnecessary to say that each State supreme court is final judge of whether a law violates any provision of the State constitution.

A law to be of unquestionable constitutionality must receive the approval of both Federal and State supreme courts. The confirmation of the validity of a law by the supreme court of a Commonwealth and of the Federal Supreme Court is definitive only in so far as that Commonwealth is concerned. The law is of no effect and the decisions are only persuasive evidence in other States.

The lack of some method by which to standardize the State decisions leaves our courts extremely conservative. The arguments of the printed reports have less influence than the local precedents and the points of view which training and life experience have given the judges. Notwithstanding the lack of a standard for State deci-

¹ United States, Acts of 1914, 38 Stat. p. 790, authorizes review by the Supreme Court of the United States of cases decided by State courts where there is a decision against the validity of a State statute claimed to be repugnant to the Constitution or laws of the United States.

² As an example see *State v. Missouri Tie & Timber Co.*, 181 Mo. 536-563, May 11, 1904.

sions, we still should expect American advance in social legislation to be without that uniformity and that definite character found in countries where there is a closer judicial hierarchy, and where, indeed, the work of the judiciary is the interpretation of the law only, not the determination of its constitutionality.

REASONING OF THE COURTS.

But there are other circumstances which accentuate our disadvantages. Chief among these are (1) continuance in our courts of the eighteenth century natural-law philosophy with its enthusiasm for individualism; (2) the survival of a formalism—devotion to certain legal “first principles,” no matter how much at variance with current fact; (3) as a corollary of this formalism, the exaggeration of the principle of *stare decisis*, which holds us to legal concepts arrived at in a period of pronounced individualism; (4) the inflexibility of our law, which sharply divides the field of law and fact, and, by confining the judge to the consideration of the law, makes it difficult to adopt any but general, and hence often artificial standards in deciding the particular case.

PERSISTENCE OF NATURAL-LAW PHILOSOPHY.

The continued predominance of natural-law philosophy in our courts is hard to realize at a time when, in other directions, advance has been so strongly marked; in politics and economics, for illustration. We lose sight of the fact that our philosophy of law was crystallized in the writings of the eighteenth century; that our constitutions, bills of rights, and early cases involving both took form in a period of unprecedented individualism. Political and economic practice and theory, as expounded elsewhere than in the courts, adjusted themselves in a great degree to the changed conditions of society; but our judges have been trained in a legal philosophy that only slowly changes.

The nineteenth century lawyer was a product of the economics of Adam Smith and of the jurisprudence of Blackstone. Like his teachers he came to regard the “fundamentals” of the individualistic philosophy as the unchanging basis of society. In legal relations the lawyer broke from the standards only long after he had discarded part, at least, of the *laissez faire* doctrine in economics. In fact, the extreme of individualist legal thought came as an afterglow, long after it had ceased to be an adequate explanation of fact. Only now are the courts beginning to recognize the impossibility of using Blackstone as a measure for modern legislation.

Let us look at some of the consequences of the natural-law philosophy. It opposed restraint. Every individual was to allow his talents free play. Trade was to be free, industry free, the acquisi-

tion of property and its use were to be subject to the minimum of State control. In our law this came to mean, it was asserted by Mr. Joseph H. Choate in the Income Tax cases,¹ that one of the fundamental objects of government "was the preservation of the rights of private property." The Wisconsin Supreme Court² declared that the right to inherit by will does not depend on legislation; it is absolute and inherent. The right to liberty is an inherent right, according to the philosophy of individualism; and, as it involves the idea of property, it follows that the liberty of the individual is one of the most vital objects which the Government has to defend. As Blackstone³ declares:

* * * Public good is in nothing more essentially interested than in the protection of every individual's private rights * * *

A corollary from these statements sets a limit to what can be done by legislation. If the protection of rights is the limit of public action, the individual can not be restrained in his liberty of contract merely because he would harm himself. There must be some danger to the public health, safety or morals to justify interference.

A further result of the emphasis on general demand as a necessary element for the justification of a law is that the judiciary and the legal profession are prejudiced against new legislation.⁴

Natural law means the expression of principles universally applicable. But principles of universal application are few. Hence, legislation must be limited in amount. Class legislation, too, will be looked upon with severity. There can be no easy adaptation of the law to particular cases, if law must apply impersonally to all. Its very generality, in such cases, would make it an instrument of injustice.

SURVIVAL OF FORMALISM.

The second cause of the present attitude of our courts toward freedom of contract is a tendency to follow the logical development of a legal concept, no matter what its relation to facts. We need an infusion of pragmatism into our legal thinking. Examples are hardly necessary, so well known is it that the decisions of our courts on freedom of contract are the product of formalistic, artificial reasoning, incapable of more than superficial analysis.

Some courts refuse to inquire into the motives or facts lying back of legislation, even though the number of laws passed on the subject can not be left without comment. One court⁵ declared "theoretically there is among our citizens no inferior class," and refrains from

¹ Pollock v. Farmers' Loan & Trust Co., 157 U. S. 534, Apr. 8, 1895; and to the same effect see Wynhamer v. People, 13 N. Y. 386, Mar., 1856.

² Nunnemacher, Trustee, v. State, 129 Wis. 197-224, June 21, 1903.

³ Sir William Blackstone: Commentaries on the Laws of England, Chicago, 1890, vol. 1, pp. 128, 130.

⁴ People of State of New York ex rel. Rodgers v. Coler, 166 N. Y. 14, Feb. 26, 1901.

⁵ Frorer et al. v. People, 141 Ill. 171, 186, June 16, 1892.

considering whether or not the theory is borne out by facts. A decision,¹ now reversed, but which for years retarded social legislation in Illinois, held that grown men and women, being both *sui juris*, had the same rights, hence the hours of labor of women could not be restricted by law, because to do so violated their freedom of contract. The legislature can not take into consideration in the making of laws the subserviency of one class to another in the matter of labor contracts in specified industries, but must respect the legal, theoretical equality of all.² Employer and employee are equal before the law in the power of the making of contracts, whether the employer is a great railroad company, or an employee one whose only commodity is his labor.³

The courts, in denying the constitutionality of that type of legislation designed to restore to the laborer some measure of equality which new economic conditions have destroyed, have pronounced against its motive as "insulting," and that the legislature must have worked on the assumption "that the employer is a knave and the laborer an imbecile." It places upon both employer and employee the badge of slavery.⁴ It is insulting to the employee's manhood,⁵ degrading,⁶ creates a class of statutory laborers,⁷ and puts him under guardianship.⁸

Arguments of this sort heard out of a court room are hollow, a travesty on the uses of logic, rather than an illustration of its value. Only recently has there appeared any modification of their use. The courts have clung to principles in jurisprudence which are admittedly outgrown and cast aside in every other field. The freedom of initiative is denied in economic affairs, as is illustrated, to cite a single example, by our antitrust acts. The people are giving party organizations increasing legal rights and duties and refusing them the privilege of being independent of the laws. Yet in the legal interpretation of the very laws intended to carry us away from the conditions brought about by *laissez faire* philosophy, we cling close to the theory we seek elsewhere to abandon.

LEGALISM.

Along with devotion to certain theories of the philosophy of natural law, and one of the main supports, goes the rigid insistence of the application of the principle of *stare decisis et non quieta movere*. As parliamentary legislation has to a large degree removed the early

¹ *Ritchie v. People*, 155 Ill. 111, Mar. 14, 1895.

² *State of Kansas v. Haun*, 61 Kans. 162, Dec. 9, 1899.

³ *Adair v. U. S.*, 201 U. S. 175, Jan. 27, 1903.

⁴ *State v. F. C. Coal & Coke Co.*, 33 W. Va. 100, 101, Nov. 15, 1899.

⁵ *Godcharles & Co. v. Wigeman*, 113 Pa. St. 437, Oct. 4, 1896.

⁶ *State v. Goodwill*, 33 W. Va. 186, Nov. 13, 1899.

⁷ *People ex rel. Warren v. Beck*, 144 N. Y. 225-228, October, 1894.

⁸ *Braceville Coal Co. v. People*, 147 Ill. 63, 74, Oct. 26, 1893. *State v. Haun*, 61 Kans. 162, Dec. 9, 1899.

freedom of the courts in expanding the intent of the law resulting in judicial lawmaking, there is now less occasion for a revision of opinion of former decisions given under conditions that may have been outgrown. In countries where legislation has no legal bounds, as in Great Britain, such a development has no serious consequences, since the abuse, being called to the attention of the legislature, can be remedied by a new law. But where the principle of stare decisis is joined with constitutional guaranties the result may be far different.

If the constitution is difficult to change, or for practical purposes unchangeable, as is the case with our Federal Constitution, the rigid application of the principle with reference to the constitutional guaranties may not only encumber the advance of the law but make of the constitution a positive check on needed legislation. Even under such conditions, it is true, judicial decisions will gradually be modified or reversed under the influence of public opinion. Witness the vacillation of judicial opinion shown in the cases on regulation of public utilities and the income tax. The process is tedious, and in the meantime wrongs of long duration may continue unrelieved. Precedent on precedent piling up to strengthen an opinion, which originally may have been given by a much divided court, builds a wall around the decision that imparts to it a strength not its own. The law becomes a set of formulas without relation to the changing conditions of actual life, and, like the bony skeleton of the coral plant, continues with the life of which it no longer forms a part.

It was not the object of those who framed the constitutions and bills of rights of the United States to create such a condition. They aimed to guarantee practical, not theoretical, liberty. The framers sought to protect the individual against the infringement of his rights by any arbitrary action on the part of the Government and thereby to increase his real liberty. They could not foresee, in their most extravagant imaginings, the wonderful growth of the New World, the congested cities, the great industries, the marvelous commercial enterprises. They could not know that want would make bitter the competition for work; that in time it would be necessary to create laws to restrain the laborer, or individual, from voluntarily, or under economic pressure, surrendering his liberties for the privilege to work.

ILLOGICAL SEPARATION OF LAW AND FACT.

A fourth characteristic of our law which, especially in legislation involving freedom of contract, tends to make our advance slow, is our rigid separation of law and fact. This sustains the superficiality of the viewpoint discussed under preceding paragraphs.

The use of the jury has necessitated at least a rough division of questions into those of law and those of fact. The division is by no

means logical, and the court is often called upon to decide involved questions that are really questions of fact. In passing on questions of fact in relation to cases involving labor legislation, the tendency has been for the judge to approach the problem from the same point of view which he would adopt in differentiating law and fact in a jury case. He adopts an artificial measure. The question he puts to himself is, What is the legal rule by which the fact is to be determined? The natural law—common law—attitude obliges him to adopt an artificial standard. He looks at the facts, not as he would if they were presented to him as circumstances of every day life, but with the desire to square them with a general rule of law—some unchangeable principle, the same yesterday, to-day, and that will be the same forever. This point of view is especially unfortunate when constitutional questions are involved. It discourages new classes of legislation, for it tends to the conclusion that if a law is constitutional to-day it must always be so; if it was not constitutional at the time of the making of the constitution it can never be so. Yet in fact a restraint which might be justifiable to-day might have been a serious inroad on liberty 50 years ago under simpler conditions of life, and a restraint unjustifiable now may become an imperative need a generation hence.

An example may be taken from recent laws providing for the regulation of the rates of public utilities. It is evident that a regulation that will not be confiscatory depends upon the return to capital in other sorts of investments. A fixing of rates, for example, which would be confiscatory regulation during a time of commercial depression may be accepted as reasonable at another and prosperous time, when investments may provide very profitable returns. Whether or not, in any particular case, the regulation is confiscatory may depend purely on a question of fact. That is, facts alone may determine a question of constitutionality. But the courts must decide whether the regulation is "reasonable." Technically, it is not a question of fact, and, as the courts have no organization for purposes of investigation, they must apply some general rule of universal application. They have, in the ordinary case, no administrative bureaus, no commissions, no committee hearings and experts, upon whom they may rely for investigation, as is the case with the legislature. Under such conditions the court must apply its artificial rule, or assume that the legislature has done its duty and allow the law to stand.¹

No other factor has contributed more to overthrow social legislation than this ignorance of the situation that the law was intended to remedy, and the inability or unwillingness of the court to accept

¹ See discussion and review of cases on power of State industrial commissions to issue orders, by Lindsay D. Clark, U. S. Bureau of Labor Statistics Monthly Review, July, 1904, Vol. III, No. 1, pp. 130-147.

evidence as to what were the facts on what was technically a question of law.¹ Cases such as those involved in rate making (especially where a rate commission has made a preliminary investigation as to what is reasonable) may bring the conditions so clearly before the courts as to induce a change of viewpoint in regard to other legislation. The facts in a case are familiar to those in certain public and semipublic positions, but usually are not easily accessible to the courts. When the "reasonableness" of a law depends upon the proper authoritative knowledge of fact, and the constitutionality depends upon the reasonableness of a law, the importance of facts is made manifest. Subjected to whatever explanation of their theories on social legislation, the theories of many of the courts do not meet the facts of modern life. The declaration of the court that contracts with laborers can not be prohibited or interfered with without violating the Federal Constitution² is one which is not tenable, one which is already subject to important exceptions, and one which may be so modified as to allow an indefinite but wide degree of regulation. Regulation may succeed contract as contract succeeded status.

Protest against the usual attitude of the judiciary has not been confined to laymen. After a long service in the Supreme Court of Massachusetts, Justice Oliver Wendell Holmes, later of the Supreme Court of the United States, declared:³

I think that the judges themselves have failed adequately to recognize their duty of weighing considerations of social advantage * * * I can not but believe that if the training of lawyers led them habitually to consider more definitely and explicitly the social advantage on which the rule they lay down must be justified, they sometimes would hesitate where now they are confident, and see that really they were taking sides upon debatable and often burning questions. * * * For the rational study of the law the black-letter man may be the man of the present, but the man of the future is the man of statistics and the master of economics. It is revolting to have no better reason for a rule of law than that so it was laid down in the time of Henry IV. It is still more revolting if the grounds upon which it was laid down have vanished long since and the rule simply persists from blind imitation of the past. * * * We have too little theory in the law rather than too much, especially on this final branch of study.

¹ "How can the Supreme Court at Washington have conclusive judicial knowledge of the conditions affecting bakeries in New York? If it has not such knowledge as a matter of fact, can it be a matter of law that no conditions can reasonably be supposed to exist which would make such an enactment, not necessarily wise or expedient (for no one attributes to any court, State or Federal, a general jurisdiction to review legislation on the merits) but constitutional?" Frederick Pollock: *New York Labor Law and the fourteenth amendment*, in *Law Quarterly Review*, July, 1905, vol. 21, p. 212.

² See *New York v. Lochner*, 177 N. Y. 145, Jan. 12, 1904.

³ O. W. Holmes: *Path of the law*, in *Harvard Law Review*, March, 1897, vol. 10, No. 3, pp. 467-469, 476.

See also, Felix Frankfurter: *Constitutional opinions of Justice Holmes*, in *Harvard Law Review*, April, 1916, vol. 29, No. 6, pp. 632-609.

CHAPTER IV.—RATES OF WAGES.

IN PRIVATE EMPLOYMENTS.

In no department of legislation in the United States has there been such a rapid and radical divergence from accepted legal standards as that under the designation of labor legislation. This radical departure is clearly shown in the bills that have been introduced in the State legislatures, and in the laws that have had their initiative in the past five years, fixing a minimum wage in private employments.

For 200 years it had been a fixed principle of law that the legislature could not regulate the compensation of employees in private employments. To do so would be to infringe on the constitutional liberty of the employer and employee to enter into contracts not violative of positive law or against public policy.¹ The State of Louisiana even incorporated an express provision in her fundamental law that "no law shall be passed fixing the price of manual labor."²

State intervention in the matter of contracts and wages is no novelty, however. It has already been shown that governments early assumed the power to regulate wages in private employments and this statement is only an apparent contradiction of what was said in the opening paragraph. Governments, it is true, did regulate wages, but the regulation was in favor of the employer.³ It was clearly demonstrated, as we have shown, that legislatures were not wanting in the higher instinct of social welfare to benefit the employee by legislation, but the insurmountable obstruction to the legal application of such laws, the courts declared with pious iteration and reiteration, was the sacred, inviolate, inflexible, immutable constitution. It would be considered reactionary now, and would meet with great disfavor, to fix a wage above which no employer might pay his employees a maximum rate of wages under penalty of fine or imprisonment, or both. Nor has the attempt previously been made in the United States to invalidate or prohibit contracts between employer and his male employee providing for the payment of a larger or smaller wage.⁴

¹ C. G. Tredeman: *State and Federal Control of Persons and Property*, St. Louis, 1900, vol. 1, pp. 316-612; vol. 2, pp. 613-942. T. M. Cooley: *Constitutional Limitations*, Boston, 1908, pp. 196-198. Ernst Freund: *Police Power, Public Policy and Constitutional Rights*, Chicago, 1904, sec. 315, pp. 303-304. C. B. Labatt: *Law of Master and Servant*, Rochester, 1913, vol. 2, *Wages—Hours of Labor*.

² Louisiana Constitution, 1808, title 1, art. 11; 1878, art. 66; 1898, art. 51.

³ M. Lavasseur: *La Population Française: Histoire des classes ouvrières avant 1789 et démographie de la France comparée à celle des autres nations au 19^e siècle*, Paris, 1899-1902.

⁴ E. M. Benjamin: *Power of State legislatures to fix the minimum amount of wages to coal miners*, 61 Albany Law Journal, October, 1902, pp. 249-254.

An exception to this rule arose in connection with a case ¹ decided in 1895 by the Supreme Court of the United States. Congress made it a misdemeanor for any person prosecuting a claim for a pension to receive a larger fee than \$10 for his services. This act was held to interfere with no liberty of contract, because Congress, having the power to grant or withhold certain privileges, could specify all the conditions under which any claims or applications for pensions should be prosecuted. The court, through Mr. Justice Brewer, said:

It is within the undoubted power of government to restrain some individuals from all contracts as well as all individuals from some contracts. It may deny to all the right to contract for the purchase or sale of lottery tickets; to the minor the right to assume any obligations except for the necessities of existence; to the common carrier the power to make any contract releasing himself from negligence, and, indeed, may restrain all engaged in any employment from any contract in the course of that employment which is against public policy. The possession of this power by government in no manner conflicts with the proposition that, generally speaking, every citizen has a right freely to contract for the price of his labor, services, or property.²

LEGAL MINIMUM WAGES.³

Within the past two decades a world-wide movement has been set in motion to counteract the antisocial effects of the laissez faire doctrine as respects the wage conditions of the labor contract. Fixing a general minimum wage by legislation, and the gradual abandonment of the entire principle of wage competition in industry, are not the objects of this spontaneous world-wide movement. The legislation prevents labor from forcing the income below a living wage, as labor would do if it were privileged to bid against itself. Obviously, legislation of this character is a protection against suicidal wage competition. For it is self-evident that under these laws there is a point below which labor as a commodity may not bid, but above which there may be legitimate competition.

This restriction of labor competition reciprocally affects the industries that employ labor. For it logically follows that that industry which is unable to pay a living wage to its employees, but forces them to become public charges because of their meager, inadequate

¹ *Frisbie v. U. S.*, 157 U. S. 190; 15 Sup. Ct. 586-589, Mar. 18, 1895. See also *Wolcott v. Frisell*, 124 Mass. 1-4, Jan. 3, 1883; Regulation of attorney's fees for the prosecution of claims against the United States, in *Harvard Law Review*, 1916, vol. 29, No. 3, pp. 328-330.

² *Frisbie v. United States*, 157 U. S. 165-166, Mar. 18, 1895.

³ J. A. Ryan: *A Living Wage, Its Ethical and Economic Aspects*, New York, 1906.

Social Standards for Industry, platform by the committee on standards of living and labor, National Conference of Charities and Correction, proceedings 1912, pp. 388-395.

I. O. Andrews: *Minimum Wage Legislation*, New York Factory Investigating Commission, third report, appendix 3, reprint, Albany, 1914.

J. B. Kaiser: *Law, Legislative, and Municipal Reference Libraries*, Boston, 1914, pp. 200-207.

American Labor Legislation Review, December, 1916, vol. 8, No. 4, pp. 343-369.

J. R. Commons and J. B. Andrews: *Principles of Labor Legislation*, New York, 1916, pp. 167-196.

Arthur N. Holcombe: *Legal minimum wage in the United States*, in *American Economic Review*, March, 1912, Vol. II, No. 1, pp. 21-37.

remuneration, is itself an industrial pauper of the worst type, because not so easily identified. The public is unjustly taxed to sustain such industries, and their elimination is a social beneficence.

The effect of this economic movement has a broader, deeper meaning than is apparent on the surface. Laws affecting wages are immediate in their operation. But laws affecting the workingman, the working woman, the working child, are themselves evidences of a new social effort to widen the scope of labor legislation. These laws are new attempts to extend those ancient common rules, established to protect public interest, to the wage item of a labor contract, in order that the parties entering into labor contracts may do so more nearly on the basis of equality.¹

Rev. E. V. O'Hara, chairman of the Oregon Industrial Welfare Commission, thus states the social philosophy underlying these laws:²

* * * The principle involved is that any industry which does not pay its employees a living wage is parasitic in character. * * * It is self-evident that the sum total of industries must support the whole body of workers. Any industry which does not do so is a burden upon the industrial system. The demand is that a living wage be made a first cost on industry. An employer does not begin to count his profit until he has paid his rent and interest on borrowed capital. Why should the wages which keep the laborer from starvation be accounted lower than the rents of the landowner or the interest of the money lender?

MINIMUM WAGES IN FOREIGN COUNTRIES.³

*New Zealand.*⁴—The beginning of minimum-wage legislation had its rise in New Zealand in 1894.⁵ Primarily the laws had for their purpose the settlement of trade disputes involving strikes, lockouts or questions concerning hours of labor, rates of wages or conditions

¹ S. M. Lindsay: Minimum wage as a legislative proposal in the United States, in *Annals American Academy of Political and Social Science*, July, 1913, vol. 48, pp. 45-53.

² Quoted by Florence Kelley: The minimum wage law in Oregon under fire. *Survey*, Mar. 14, 1914, vol. 31, pp. 740, 741.

³ U. S. Bureau of Labor Statistics Bul. No. 167, April, 1913. See also Bureau of Labor Statistics *Monthly Review*, Vol. I, July, 1913, to date, index, "Minimum wages."

⁴ G. H. Schlieffeld: *New Zealand in Evolution*, New York, 1909, pp. 205-219.

Mary Chamberlain: *Settling labor disputes in Australia*, *Survey*, Aug. 1, 1914, vol. 32, pp. 455-458.

Matthew B. Hammond: *Judicial interpretation of the minimum wage in Australia*. *American Economic Review*, June, 1913, Vol. III, pp. 239-240.

Paul S. Collier: *Minimum-wage legislation in Australasia*, fourth report, *New York State Factory Investigating Commission*, Albany, 1915, appendix 3, pp. 1845-2363.

Henry B. Higgins: *A new province for law and order: Industrial peace through minimum wage and arbitration*, in *Harvard Law Review*, November, 1913, vol. 29, No. 1, pp. 13-32. Reprinted U. S. Bureau of Labor Statistics *Monthly Review*, Washington, D. C., February, 1916, Vol. II, No. 2, pp. 1-22.

M. T. Rankin: *Arbitration and Conciliation in Australasia*, London, 1916.

⁵ *New Zealand*.—38 Vict. 22, Aug. 31, 1894; 39 Vict. 105, Oct. 18, 1895; 40 Vict. 129, Oct. 17, 1896; 41 Vict. 232, Nov. 5, 1898; 42 Vict. 11, Aug. 16, 1900; 43 Vict. 407, Oct. 20, 1900; 1 Edw. VII, 71, Nov. 7, 1901; 2 Edw. VII, 394, Oct. 3, 1902; 3 Edw. VII, 26, Sept. 4, 1903; 3 Edw. VII, 31, Sept. 24, 1903; 3 Edw. VII, 256, Nov. 20, 1903; 4 Edw. VII, 294, Nov. 8, 1904; 5 Edw. VII, 199, Oct. 27, 1905; 5 Edw. VII, 285, Oct. 31, 1905; 6 Edw. VII, 114, Oct. 29, 1906; 6 Edw. VII, 2, Aug. 4, 1906; 6 Edw. VII, 125, Oct. 19, 1906; 1 Geo. V, 364, Dec. 3, 1910; 2 Geo. V, 174, Oct. 25, 1911; 4 Geo. V, 37, Oct. 3, 1913.

of work. Several of the other Australian States have followed this type of legislation.¹

Victoria.—The legislation enacted in Victoria² in 1896 was based upon an entirely different reason. The Victorian wages board law was directed against the evils of sweating, particularly among home workers. This type of legislation has also been copied by several of the Australian States.³

Canada.—The Canadian Industrial Disputes Investigation Act⁴ follows in general the principles of the New Zealand legislation up to the establishment of the arbitration court, but the compulsory feature is lacking. The board of investigation and conciliation may publish its findings only when no agreement is reached.

England.—After a careful investigation and report⁵ had been made on the results of the practical application of the Australian legislation, Parliament passed the Trade Boards Act.⁶ Under this act, wage or trade boards may be established in England for *all employees*

¹ New South Wales.—60 Vict. 152, Nov. 16, 1896. This act was amended Dec. 29, 1909, as the Factories and Shops Act. Short title: This act may be cited as the "Factories and Shops (Amendment) Act, 1909," and shall be construed with the Factories and Shops Act of 1896, hereinafter referred to as the Principal Act. 8 Edw. VII, 1, Apr. 24, 1908; 8 Edw. VII, 118, Dec. 21, 1908; 9 Edw. VII, 149, Dec. 20, 1909; 1 Geo. V, 12, Aug. 9, 1910; 1 Geo. V, 63, Sept. 6, 1910 (Clerical Workers' Act); 2 Geo. V, 158, Apr. 15, 1912. 3 Geo. V, 370, Nov. 26, 1912. Factories and Shops (No. 2): An act to consolidate the enactments relating to the making provision for a minimum wage for certain persons and for the payment of overtime and tea money.

Western Australia.—2 Edw. VII, 533, Feb. 19, 1902; 9 Edw. VII, 141, Dec. 21, 1909; 3 Geo. V, 203, Dec. 21, 1912; An act, in effect Jan. 1, 1913, to amend and consolidate the law relating to the settlement of industrial disputes by arbitration.

Australian Commonwealth.—4 Edw. VII, 15, Dec. 15, 1904; 9 Edw. VII, 126, Dec. 13, 1909, amended, short title: "The principal act, as amended by this act, may be cited as the Commonwealth Conciliation and Arbitration Act, 1904-1909." 1 Geo. V, 5, Aug. 29, 1910. Amended Commonwealth Conciliation and Arbitration Act, 1904-1910; 2 Geo. V, 11, November, 1911, amended, known as Commonwealth and Conciliation and Arbitration Act, 1904-1911.

² Victoria.—60 Vict. 3, July 28, 1896, amended and repealed act of 1893; 60 Vict. 161, Dec. 24, 1896; 61 Vict. 357, Sept. 27, 1897; 62 Vict. 211, Dec. 20, 1898; 63 Vict. 417, Feb. 20, 1900; 2 Edw. VII, 47, Dec. 5, 1902; 3 Edw. VII, 21, Oct. 30, 1903; 4 Edw. VII, 219, Nov. 30, 1904; 5 Edw. VII, 45, Oct. 6, 1905; 5 Edw. VII, 289, Dec. 12, 1905; 7 Edw. VII, 469, Dec. 23, 1907; 9 Edw. VII, 275, Mar. 2, 1909; 9 Edw. VII, 565, Jan. 4, 1910; 1 Geo. V, 437, Jan. 4, 1911; 1 Geo. V, 689, Jan. 4, 1911; 3 Geo. V, 117, Dec. 7, 1912; 3 Geo. V, 751, Dec. 31, 1912; 5 Geo. V, 219, Nov. 2, 1914.

³ South Australia.—Factories Act, Dec. 5, 1900; 7 Edw. VII, 945, Dec. 21, 1907; 8 Edw. VII, 961, Dec. 23, 1908; 1 Geo. V, 1020, Dec. 7, 1910; 3 Geo. V, 1110, Dec. 19, 1912, known as the Industrial Arbitration Act of 1912.

Queensland.—64 Viet. 28, Dec. 28, 1900, 9 Statutes, 7216; 8 Edw. VII, 4, Apr. 15, 1908, Statutes 9244; 8 Edw. VII, 8, Apr. 15, 1908, Statutes 9261. Wages Boards Act of 1908, cited with Factories and Shops Acts, 1900 to 1908.

Tasmania.—1 Geo. V, 511, Jan. 13, 1911; Wages Boards Act, 1910; 1 Geo. V, 467, Jan. 13, 1911. Factories Act 1910, pt. 8, Minimum wage, 4 s. (97.3 cents) a week the first year, 7 s. (\$1.70) a week the second year, an increase of 3 s. (73 cents) until 20 s. (\$4.87) a week is reached and thereafter not less than 20 s. (\$4.87) a week. 2 Geo. V, 597, Sept. 14, 1911. Amended Wages Boards Act; 3 Geo. V, 367, Jan. 10, 1912; 4 Geo. V, 819, Dec. 24, 1913.

⁴ Canada.—6-7 Edw. VII, ch. 1, p. 285, Mar. 22, 1907; 9-10 Edw. VII, ch. 1, p. 243, May 4, 1910.

⁵ Report to the Secretary of State for the Home Department on the Wages Boards and Industrial Conciliation and Arbitration Acts of Australia and New Zealand, London, 1908.

Constance Smith: Working of the Trade Boards Act in Great Britain and Ireland, Journal Political Economy vol. 22, July 1914, pp. 605-629.

⁶ England.—9 Edw. VII, ch. 22, p. 91, Oct. 30, 1909, Trade Boards Act, in effect Jan. 1, 1910. Act extended and confirmed 3-4 Geo. V, ch. 182, p. 220, Aug. 15, 1912.

in any industry by order of the board of trade subject to ratification by Parliament. The act at first applied to the four trades of tailoring, box making, lace making, and chain making. It has since been extended to cover many other industries.

In 1912 the Coal Mines Act¹ was passed applying the principles of the minimum wage to all workmen employed underground in coal mines in England.

Germany.—Germany passed a Home Work Act² in 1911, which sets up trade committees whose duties, while not directly touching the question of wage regulation, may very easily be extended to include it.

France.—France adopted the principle of the minimum wage by the enactment of a law³ which provides for special boards to fix such a wage for women employed in home work in the clothing industry.

MINIMUM WAGES IN THE UNITED STATES.

It was not until the legislation in England had been successfully tried and studied that a movement was begun for similar legislation in the United States.⁴ However, there exists an early Virginia statute which provided that a reasonable sum shall be paid for services in salvage, and in case of the failure of the parties interested to agree, a board shall be selected to determine the rate.⁵

Massachusetts.—The Legislature of Massachusetts in 1911 authorized the creation of a minimum wage commission to investigate and "to study the matter of wages of women and minors and to report on the advisability of establishing a board or boards to which shall be referred inquiries as to the need and feasibility of fixing minimum rates of wages for women and minors in any industry."⁶ This was the first commission created for this purpose in America. The report⁷ of the commission was made in 1912, and in the same year the legislature passed an act⁸ embodying in general the recommenda-

¹ England.—2 Geo. V, ch. 2, pp. 2-7, Mar. 29, 1912. Coal Mines (Minimum Wage) Act, 1912.

² Germany.—Home Work Act, Dec. 20, 1911, effective Apr. 1, 1912.

³ France.—Act July 10, 1915, becomes part of Labor Code, 1910, book 1, titles 3 and 5, art. 33-33N, 99a 107. See U. S. Bureau of Labor Statistics Monthly Review, Washington, D. C., December, 1915, Vol. I, No. 6, p. 36.

Roumania.—Act Dec. 23, 1907 to Jan. 5, 1908. Act relating to agricultural contracts, sec. 65a, creates district commissions to determine the minimum rate of wages lawful in agricultural contracts. See: Bul. International Labor Office (Eng. Ed.), 1910, vol. 5, pp. 141-143.

⁴ Laws of the various States relating to a minimum wage for women and minors. Michigan State Library, legislative reference department, Bul. 5, 1913. See also recommended draft of a minimum-wage bill, National Consumers' League, New York, 1913, pp. 53-57.

The case for the minimum wage, Survey, Feb. 6, 1915, vol. 33, No. 19, pp. 487-515.

Minimum-wage Legislation in the United States and Foreign Countries, U. S. Bureau of Labor Statistics Bul. No. 167, April, 1915.

⁵ Virginia.—Acts of 1852, p. 74.

⁶ Massachusetts.—Acts and Resolves of 1911, ch. 71, pp. 1065-1066.

⁷ Minimum Wage Commission of Massachusetts, report, January, 1912.

⁸ Massachusetts Acts and Resolves.—Acts of 1912, ch. 706, pp. 780-784, effective July 1, 1913; amended 1913, ch. 330, p. 271, and ch. 673, p. 618-621; 1914, ch. 368, p. 335; 1915, ch. 65, pp. 54-55; 1916, ch. 303, p. 253.

tions made, but substituting publicity for the penalty for failure to pay the rates determined.¹

It is worthy of more than passing comment that the first wage board to be appointed in the United States was the Massachusetts Brushmakers' Wage Board. It submitted a report to the commission on June 12, 1914, and the first wage determination went into effect August 15, 1914.²

Ten States have followed the example of Massachusetts in the enactment of minimum-wage laws.³ The laws of these States provide for commissions or place the enforcement of these laws under existing commissions to deal with the matter of establishing minimum-wage rates.

California, Oregon, Washington, and Kansas place the administration of their laws in industrial welfare commissions; Colorado in a State wage board; Massachusetts, Minnesota, and Nebraska in minimum-wage commissions; Wisconsin in the industrial commission; Utah in the commissioner of immigration, labor, and statistics, and Arkansas in the commissioner of labor and statistics.⁴ Several States⁵ have provided for investigations similar to those made by the preliminary commission of Massachusetts.

¹ Minimum Wage Commission of Massachusetts, first annual report, 1913, Public Document No. 102.

² Minimum Wage Commission of Massachusetts, Bul. No. 3, Aug. 15, 1914.

See U. S. Commission on Industrial Relations, Washington, D. C., final report 1915, p. 92-93, p. 364-366.

³ California Acts of 1913, ch. 324, pp. 632-637, amended 1915, ch. 571, p. 950; Colorado Acts of 1913, ch. 110, pp. 407-411, amended 1915, ch. 180, pp. 562-587; Minnesota Acts of 1913, ch. 547, pp. 789-793. The Minnesota law was held unconstitutional in a district court on Nov. 23, 1914. The court took the ground that it was beyond the power of the legislature to delegate its power to a State commission to determine whether minimum-wage schedules should be ordered or not. Appeal has been taken to the State supreme court. Nebraska Acts of 1913, ch. 211, pp. 658-642; Oregon Acts of 1912, ch. 62, pp. 92-99, amended 1915, ch. 35, pp. 48-49; Washington Acts of 1913, ch. 174, pp. 602-608, amended 1915, ch. 68, pp. 243-244. The Washington law was upheld in the superior court at Tacoma, Washington, May 18, 1916, in the case of *Stair v. Anderson*. Wisconsin Acts of 1913, ch. 712, pp. 991-994; Utah Acts of 1913, ch. 63, p. 94; Arkansas Acts of 1915, ch. 191, pp. 781-788. The Arkansas law is unique in that it provides a statutory rate and also a commission with authority to fix rates. Kansas Acts of 1915, ch. 275, pp. 352-358.

⁴ See American Labor Legislation Review, New York, December, 1916, vol. 6, No. 4, pp. 283-309, for main provisions of minimum-wage laws in the United States and minimum-wage awards in the United States up to Jan. 1, 1917.

⁵ Connecticut Special Act of 1911, ch. 276, p. 272, authorized appointment by governor of special industrial commission to investigate conditions of wage-earning women and children in the State. See report of special commission, Hartford, Conn., Feb. 4, 1913. Acts of 1913, ch. 223, p. 1876, commissioner of labor statistics authorized to investigate woman and child labor in the State.

See The conditions of wage-earning women and girls, Report Bureau of Labor Statistics, Hartford, Conn., Jan. 5, 1916.

Indiana Acts of 1913, ch. 262, pp. 707-708, provided for commission to investigate hours and conditions of labor of women and minors.

Kentucky, governor appointed a commission to investigate the conditions of working women in Kentucky. Report of commission, December, 1911, p. 13, recommends legislation to authorize appointment of commission to investigate advisability of establishing boards to fix minimum rates of wages for women and minors. What seems to be supplementary to this investigation of the commission and possibly the result of the work of the commission is a law passed and approved by the governor, Mar. 14, 1912. It is an act "to regulate the employment of females in order to safeguard their health." Kentucky Acts of 1912, ch. 77, pp. 232-235.

New York Acts of 1911, ch. 561, pp. 1260-1270, provided for a commission to investigate the conditions under which manufacture is carried on. Acts of 1912, ch. 21, p. 36; Acts of 1913, ch. 127, pp. 228-229, continued the commission and enlarged the scope of the investigation so as to include an inquiry into the wages

There are several respects in which the American minimum-wage legislation differs from that of Australia, New Zealand, and England. Men are not included in the scope of such laws. The laws are based upon the idea of the welfare of the people as a whole. Finally, the legislation places the burden upon the State to prove in the courts that it is acting within its police powers when it creates a State wage commission, board, or conference.

NOTE.—In contrast to these minimum-wage laws is a Louisiana law prohibiting combinations to fix wages. "It shall be unlawful for any corporation, not domiciled in the State of Louisiana, to enter into any combination or agreement with another corporation to prevent its legally authorized representatives in Louisiana from accepting a higher compensation than the corporations, parties to the aforesaid agreement, pay." Acts of 1904, ch. 182, pp. 412-413.

Oregon.—The constitutionality¹ of the Oregon law² was the first³ to be tested. Suit was brought by Frank C. Stettler against Edwin V. O'Hara and others, constituting the industrial welfare commission, to vacate and annul an order of the commission fixing \$8.64 a week as a minimum wage for adult women employed in manufacture,⁴ and to enjoin its enforcement. Upon appeal to the supreme court, it was held that the statute was within the police power of the State and did not deny equal protection of the laws. Judge Eakin delivered the opinion⁵ thoroughly covering the cases on the subject of maximum hours of labor, and stated:

* * * Every argument put forward to sustain the maximum hours law,⁶ or upon which it was established, applies equally in favor of the constitutionality of the minimum-wage law as also within the police power of the State and as a regulation tending to guard the public morals and the public health.

of labor in all industries and employments. New York State factory Investigating Commission, Albany, N. Y., final report (5 vol.), Feb. 15, 1915, vol. 1, p. 291; vol. 4, pp. 14-61.

Michigan Acts of 1913, ch. 290, pp. 531, 532, provided for a commission to study the cost of living of employed women. See Report State Commission of Inquiry, Lansing, Mich., Jan. 27, 1915.

Ohio Acts of 1913, pp. 654-655, authorized the Industrial Commission to investigate the hours per day and week, and wages of women employees in all mercantile industries in the State.

Idaho Acts of 1915, ch. 136, p. 294, provided for a commission to report on advisability of establishing a minimum-wage board.

Missouri provided for senate wage commission for women and children, to investigate advisability of minimum-wage legislation. See Report of Senate Wage Commission for Women and Children, Missouri, Feb. 4, 1915.

¹ Rome G. Brown: *Minimum Wage*, Minneapolis, 1913.

² Oregon.—Acts of 1913, ch. 62, pp. 93-99.

³ The Minnesota minimum-wage law was held unconstitutional in a district court of the State on Nov. 26, 1916, on the ground that it was beyond the power of the legislature to delegate its power to a State commission to determine whether minimum-wage schedules should be ordered or not and that the establishment of minimum wages by the State is an unwarranted restriction upon the right to contract for personal services. Appeal taken to the State supreme court. See Lindley D. Clark: Court decisions on power of State industrial commissions to issue orders, in U. S. Bureau of Labor Statistics Monthly Review, Washington, D. C., July, 1916, Vol. III, No. 1, pp. 136-147.

⁴ This was the first wage rate for women made in America by a State commission authorized to fix a minimum wage.

⁵ Stettler v. O'Hara, 69 Ore. 319-41, Mar. 17, 1914; also *Simpson v. O'Hara*, 70 Ore. 361-363, Apr. 25, 1914. See appendix to the briefs filed on behalf of respondents, by L. D. Brandeis, assisted by Josephine Goldmark, New York, 1913.

⁶ *Muller v. Oregon*, 308 U. S. 413-433; 23 Sup. Ct. 334-337, Feb. 24, 1935. See brief for defendant in error, by L. D. Brandeis, assisted by Josephine Goldmark, Washington, D. C., 1908.

Plaintiff further contends that the statute is void for the reason that it makes the findings of the commission on all questions of fact conclusive, and therefore takes his property without due process of law.

Due process of law merely requires such tribunals as are proper to deal with the subject in hand. Reasonable notice and a fair opportunity to be heard before some tribunal before it decides the issues are the essentials of due process of law. It is sufficient for the protection of his constitutional rights if he has notice and is given an opportunity at some stage of the proceeding to be heard.

We think we should be bound by the judgment of the legislature that there is a necessity for this act; that it is within the police power of the State to provide for the protection of the health, morals, and welfare of women and children, and that the law should be upheld as constitutional.

This decision is important for two reasons. It exhibits the increasing tendency of the courts to view such legislation from the economic and social rather than from the legal aspect, and since it is the first case of the kind in the United States it will have great influence in determining the whole question of minimum-wage regulation as applied to private employments.

An appeal was taken to the United States Supreme Court.¹ The case was argued for the first time before the court on December 17, 1914, and on June 12, 1916, the court ordered a reargument. The court delivered its opinion, without report, in April, 1917, sustaining the decision of the Oregon supreme court as to the constitutionality of the law. The court was evenly divided in its opinion; four justices held the law constitutional, while four justices held it to be unconstitutional. One justice, having been of counsel, could not express an opinion. The effect of this decision of the United States Supreme Court in an equally divided opinion is that the law stands as constitutional, since the Oregon supreme court held previously that it was constitutional. Otherwise, had the Oregon court held adversely, the equal division of the United States Supreme Court would have had the effect of annulling the law. No more striking illustration could be summoned to point out the constant peril to which all social legislation is subject under the power possessed by the State and Federal courts to review legislation under the fifth and fourteenth amendments to the Constitution of the United States.

At practically the same time that the decision in the Stettler case was rendered the United States Supreme Court passed upon another Oregon law upholding its constitutionality. The Oregon Legislature passed an act² currently called the 10-hour law. Section 2 of the statute provided as follows:

No person shall be employed in any mill, factory, or manufacturing establishment in this State more than ten hours in any one day, except watchmen and employees when engaged in making necessary repairs, or in cases of emergency, where life or

¹ Stettler v. O'Hara, October term, 1916.

² Oregon.—Acts of 1913, ch. 102, pp. 169, 170.

property is in imminent danger: *Provided, however*, Employees may work overtime not to exceed three hours in any one day, conditioned that payment be made for such overtime at the rate of time and one-half of the regular wage.

Bunting was indicted for a violation of the act. He was found guilty in the lower court, and the State supreme court affirmed¹ the judgment. Bunting claimed the law was invalid, because it violated the fourteenth amendment of the Constitution of the United States.

Appeal was taken to the United States Supreme Court, which upheld the law. Three justices dissented, and one took no part in the consideration and decision of the case. Mr. Justice McKenna delivered the opinion² of the court. He said in part:

The consonance of the Oregon law with the fourteenth amendment is the question in the case, and this depends upon whether it is a proper exercise of the police power of the State, as the supreme court of the State decided that it is.

That the police power extends to health regulations is not denied, but it is denied that the law has such purpose or justification. It is contended that it is a wage law, not a health regulation, and takes the property of plaintiff in error without due process. The contention presents two questions: (1) Is the law a wage law, or an hours-of-service law? And (2) if the latter, has it equality of operation?

This case is submitted by plaintiff in error upon the contention that the law is a wage law, not an hours-of-service law, and he rests his case on that contention. To that contention we address our decision and do not discuss or consider the broader contentions of counsel for the State that would justify the law ever as a regulation of wages.

Ohio.—Despite the radical character of such legislation, viewed from the historical point of view, Ohio has endeavored to make it possible to restore the labor contract to its former basis of equality and justice. A section of the constitution reflects the will of its people to inaugurate a condition more nearly approximating social justice. The Ohio constitutional convention of 1912 (Jan. 9 to June 1) provided for the submission to the people of the State of an amendment to the constitution, authorizing the legislature to pass minimum-wage laws. This amendment was adopted on September 3, 1912.³ This action differs from that of Massachusetts and the other States in that its provisions are general and not restricted to the wages of women and minors.

California.—A resolution adopted in 1913 by the California Legislature proposed an amendment to the State constitution authorizing legislation to establish a minimum-wage system for women and minors.⁴ The proposed amendment was adopted by

¹ *State of Oregon v. Bunting*, 71 Oreg. 259-275, Mar. 17, 1914.

² *Bunting v. State of Oregon*, 37 Sup. Ct. 435-438, Apr. 9, 1917.

³ Ohio constitution of 1854, amendment of 1912, Art. II, sec. 34: "Laws may be passed fixing and regulating the hours of labor, establishing a minimum wage, and providing for the comfort, health, safety, and general welfare of all employees; and no other provision of the constitution shall impair or limit this power."

⁴ California Resolutions, 1913, ch. 85, p. 1768.

the people at an election held on November 3, 1914.¹ It is quite possible that the scope of the amendment might be such as to include men if it could be clearly shown that a minimum-wage rate was embraced in the authority conferred by the amendment upon the legislature to "provide for the comfort, health, safety, and general welfare of any and all employees."

There is no doubt now, in view of the recent decision of the United States Supreme Court in the Oregon case, that the minimum-wage legislation for women and minors is within the police power of the State, nor is there any doubt that the aim of such legislation is to better the health, morals, and welfare of a community by improving the conditions of women employees in certain industries.

The question may pertinently be asked, What about this class of legislation applied to the wages of men?² And, further, Are not the health, morals, and welfare of men equally as important to a community as those of women? These questions may not be answered here. The information may be vouchsafed, however, that no minimum-wage laws have been enacted in the United States covering the case of male employees, and that there is only one State that has a constitutional provision touching the matter.³

United States.—However, the Congress of the United States entered indirectly the realm of minimum-wage legislation for men in the enactment of the so-called Adamson law.⁴ This statute established eight hours as a legal day's work for all employees of railroads who were actually engaged in any capacity in the operation of trains in interstate commerce. At the same time the act provided that the pay of such employees working on the standard eight-hour day should not be reduced. Congress stipulated that the provisions of the law were to take effect January 1, 1917.

Suit was immediately begun by the railroads to enjoin the enforcement of the act on the ground of its unconstitutionality. Agreements were made to expedite the final decision in the case before the date set for the law to take effect. The case was heard in the

¹ California constitution of 1879, amendment of Nov. 3, 1914, art. 20, sec. 17: "The legislature may, by appropriate legislation, provide for the establishment of a minimum wage for women and minors and may provide for the comfort, health, safety, and general welfare of any and all employees. No provision of this constitution shall be construed as a limitation upon the authority of the legislature to confer upon any commission, now or hereafter created, such power and authority as the legislature may deem requisite to carry out the provisions of this section."

² See memorandum addressed to the joint legislative committee investigating the New York public service commissions. National Consumers' League, New York, Apr. 1, 1916.

³ Ohio. See p. 41.

⁴ U. S. Stat. L., 1916, vol. 39, ch. 436, p. 287:

SECTION 1. *Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That beginning January first, nineteen hundred and seventeen, eight hours shall, in contracts for labor and service, be deemed a day's work and the measure or standard of a day's work for the purpose of reckoning the compensation for services of all employees who are now or may hereafter be employed by any common carrier or railroad, except railroads independently owned and operated not exceeding one hundred miles in length, electric street railroads, and electric interurban railroads, which are subject to the provisions of the act of February fourth, eighteen hundred and eighty-seven, entitled "An

United States District Court for the Western District of Missouri, which held the statute unconstitutional. Upon appeal to the United States Supreme Court the decision of the lower court was reversed.¹

The court was divided in its opinion. Five justices were of the opinion that the statute was constitutional, while four justices were of the opposite opinion. Mr. Chief Justice White delivered the opinion of the court, in the course of which he said:

All the propositions relied upon and arguments advanced ultimately come to two questions: First, the entire want of constitutional power to deal with the subjects embraced by the statute, and second, such abuse of the power, if possessed, as rendered its exercise unconstitutional * * *

There must be knowledge of the power exerted before determining whether, as exercised, it was constitutional, and we must hence settle a dispute on that question before going further. Only an eight-hour standard for work and wages was provided, is the contention on the one side, and in substance, only a scale of wages was provided, is the argument on the other. We are of the opinion that both are right and in a sense both wrong in so far as it is assumed that the one excludes the other. * * * If to deprive employer and employee of the right to contract for wages and to provide that a particular rate of wages shall be paid for a specified time is not fixing of wages, it is difficult to see what would be.

However, there is this very broad difference between the two powers exerted. The first, the eight-hour standard, is permanently fixed. The second, the fixing of the wage standard resulting from the prohibition against paying lower wages, is expressly limited to the time specified in section two. It is, therefore, not permanent but temporary, leaving the employers and employees free as to the subject of wages to govern their relations by their own agreements after the specified time. * * *

In answer to the first question propounded the opinion states:

We are of opinion that the reasons stated conclusively establish that, from the point of view of inherent power, the act which is before us was clearly within the legislative power of Congress to adopt, and that, in substance and effect, it amounted to an exertion of its authority under the circumstances disclosed to compulsorily arbitrate the dispute between the parties by establishing as to the subject matter of that dispute a legislative standard of wages operative and binding as a matter of law upon the parties—a power none the less efficaciously exerted because exercised by direct legislative act instead of by the enactment of other and appropriate means providing for the bringing about of such result. If it be conceded that the power to

act to regulate commerce," as amended, and who are now or may hereafter be actually engaged in any capacity in the operation of trains used for the transportation of persons or property on railroads, except railroads independently owned and operated not exceeding one hundred miles in length, electric street railroads, and electric interurban railroads, * * *

SEC. 2. That the President shall appoint a commission of three, which shall observe the operation and effects of the institution of the eight-hour standard workday as above defined and the facts and conditions affecting the relations between such common carriers and employees during a period of not less than six months nor more than nine months, in the discretion of the commission, and within thirty days thereafter such commission shall report its findings to the President and Congress; * * *

SEC. 3. That pending the report of the commission herein provided for and for a period of thirty days thereafter the compensation of railway employees subject to this act for a standard eight-hour workday shall not be reduced below the present standard day's wage, and for all necessary time in excess of eight hours such employees shall be paid at a rate not less than the pro rata rate for such standard eight-hour workday.

SEC. 4. That any person violating any provision of this act shall be guilty of a misdemeanor and upon conviction shall be fined not less than \$100 and not more than \$1,000, or imprisoned not to exceed one year, or both.

¹ *Wilson v. New et al.*, 37 Sup. Ct. 295-318, Mar. 19, 1917.

enact the statute was in effect the exercise of the right to fix wages where, by reason of the dispute, there had been a failure to fix by agreement, it would simply serve to show the nature and character of the regulation essential to protect the public right and safeguard the movement of interstate commerce, not involving any denial of the authority to adopt it.

* * * As engaging in the business of interstate commerce carriage subjects the carrier to the lawful power of Congress to regulate irrespective of the source whence the carrier draws its existence, * * * it follows that the very absence of the scale of wages by agreement, and the impediment and destruction of interstate commerce which was threatened, called for the appropriate and relevant remedy—the creation of a standard by operation of law, binding upon the carrier.

* * * Since whatever would be the right of an employee engaged in a private business to demand such wages as he desires, to leave the employment if he does not get them, and, by concert of action, to agree with others to leave upon the same condition, such rights are necessarily subject to limitation when employment is accepted in a business charged with a public interest and as to which the power to regulate commerce possessed by Congress applied, and the resulting right to fix, in case of disagreement and dispute, a standard of wages, as we have seen necessarily obtained.

* * * Since, conceding that, from the point of view of the private right and private interest, as contradistinguished from the public interest, the power exists between the parties, the employers and employees, to agree as to a standard of wages free from legislative interference, that right in no way affects the law-making power to protect the public right and create a standard of wages resulting from a dispute as to wages and a failure therefore to establish by consent a standard. The capacity to exercise the private right free from legislative interference affords no ground for saying that legislative power does not exist to protect the public interest from the injury resulting from a failure to exercise the private right. * * *

In answer to the second question that the enforcement of the statute constituted such an abuse of the power, if possessed, as rendered its exercise unconstitutional, the court said in part:

The want of equality is based upon two considerations. The one is the exemption of certain short line and electric railroads. We dismiss it because it has been adversely disposed of by many previous decisions. The second rests upon the charge that unlawful inequality results because the statute deals not with all, but only with the wages of employees engaged in the movement of trains. But such employees were those concerning whom the dispute as to wages existed, growing out of which the threat of interruption of interstate commerce arose—a consideration which establishes an adequate basis for the statutory classification.

* * * It certainly can not be said that the act took away from the parties, employers and employees, their private right to contract on the subject of a scale of wages, since the power which the act exerted was only exercised because of the failure of the parties to agree, and the resulting necessity for the lawmaking will to supply the standard rendered necessary by such failure of the parties to exercise their private right. Further, * * * the statute certainly affords no ground for the proposition that it arbitrarily considered only one side of the dispute, to the absolute and total disregard of the rights of the other, since it is impossible to state the modifications which the statute made of the demands without, by the very words of the statement, manifesting that there was an exertion of legislative discretion and judgment in acting upon the dispute between the parties. * * *

* * * While it is a truism to say that the duty to enforce the Constitution is paramount and abiding, it is also true that the very highest of judicial duties is to give effect to the legislative will, and in doing so to scrupulously abstain from per-

mitting subjects which are exclusively within the field of legislative discretion to influence our opinion or to control judgment.

Finally, we say that the contention that the act was void and could not be made operative because of the unworkability of its provisions is without merit, since we see no reason to doubt that if the standard fixed by the act were made applicable and a candid effort followed to carry it out, the result would be without difficulty accomplished. * * *

* * * We conclude that the court below erred in holding the statute was not within the power of Congress to enact, and in restraining its enforcement, and its decree, therefore, must be and it is reversed. * * *

Mr. Justice McKenna in a concurring opinion dealt with the meaning of the act. He viewed the statute as one applying mainly to the hours of service of employees rather than as fixing a rate of wages of employees. He said in part:

But even if section 3 be given a broader effect it would not give character to the whole act and make it the exertion of power to establish permanently a rate of wages. To so consider it would, I think, be contrary to the intention of Congress, and convert the expediency for a particular occasion and condition into the rule for all occasions and conditions.

* * * When one enters into interstate commerce, one enters into a service in which the public has an interest, and subjects one's self to its behests. And this is no limitation of liberty; it is the consequence of liberty exercised, the obligation of his undertaking, and constrains no more than any contract constrains. The obligation of a contract is the law under which it is made and submission to regulation is the condition which attaches to one who enters into or accepts employment in a business in which the public has an interest.

Mr. Justice Day, in a dissenting opinion, held that the statute deprived the railroads of rights secured to them by the Federal Constitution. He conceded that Congress could constitutionally pass a wage law but dissented because he conceived that Congress had not sufficiently investigated and deliberated the subject to enable it to reach a just decision. In his opinion, it is said in part:

In fixing wages, conceding the power of Congress for this purpose, that body acts having in mind the rights of the public, of the owners of railroads, and the employees engaged in their service. Inherently, such legislation requires that investigation and deliberation shall precede action. * * *

Such legislation, it seems to me, amounts to the taking of the property of one and giving it to another, in violation of the spirit of fair play and equal rights which the Constitution intended to secure in the due process clause to all coming within its protection, and is a striking illustration of that method which has always been deemed to be the plainest illustration of arbitrary action—the taking of the property of A and giving it to B by legislative fiat.

If I am right in the conclusion that this legislation amounted to a deprivation of property without due process of law, no emergency and no consequence, whatever their character, could justify the violation of constitutional rights. * * *

Mr. Justice Pitney, in his dissenting opinion, took the strictly juristic view of the statute and sought to test its provisions in the light of legal rights deduced from principles of liberty and property. He concurred with the dissenting opinion of Mr. Justice Day as to

the unconstitutionality of the statute under the fifth amendment to the Federal Constitution. In his opinion it is said in part:

I am convinced, in the first place, that the act can not be sustained as a regulation of commerce, because it has no such object, operation, or effect. * * *

The suggestion that it was passed to prevent a threatened strike, and in this sense to remove an obstruction from the path of commerce, while true in fact, is immaterial in law. * * *

The simple effect of section 3 is to increase, during the period of its operation, the rate of wages of railroad trainmen employed in interstate commerce. * * *

I am convinced that the act transgresses this provision of the amendment in two respects; first, in that it exceeds the bounds of proper regulation, and deprives the owners of the railroads of their fundamental rights of liberty and property; and, secondly, in that Congress * * * arbitrarily imposed upon the carriers the entire and enormous cost of an experimental increase in wages, without providing for any compensation to be paid in case the investigation should demonstrate the impropriety of the increase.

* * * But the right to immunity from confiscation is not the only right of property safeguarded by the fifth amendment. Rights of property include something more than mere ownership and the privilege of receiving a limited return from its use. The right to control, to manage, and to dispose of it, the right to put it at risk in business, and by legitimate skill and enterprise to make gains beyond the fixed rates of interest—the right to hire employees, to bargain freely with them about the rate of wages, and from their labors to make lawful gains—these are among the essential rights of property, that pertain to owners of railroads as to others. The devotion of their property to the public use does not give to the public an interest in the property, but only in its use.

* * * The right to contract is the right to say by what terms one will be bound. It is of the very essence of the right that the parties may remain in disagreement if either party is not content with any term proposed by the other. A failure to agree is not a waiver but an exercise of the right—as much so as the making of an agreement.

The logical consequences of the doctrine now announced are sufficient to condemn it. If Congress may fix wages of trainmen in interstate commerce during a term of months, it may do so during a term of years, or indefinitely. If it may increase wages, much more certainly it may reduce them. If it may establish a minimum, it may establish a maximum. If it may impose its arbitral award upon the parties in a dispute about wages, it may do the same in the event of a dispute between the railroads and the coal-miners, the car builders, or the producers of any other commodity essential to the proper movement of traffic.

Mr. Justice McReynolds, in his dissenting opinion, held that the statute was one fixing wages and could not be justified as a regulation of commerce. He said in part:

Whatever else the act * * * may do, it certainly commands that during a minimum period of seven months interstate common carriers by railroads shall pay their employees engaged in operating trains for 8 hours' work a wage not less than the one then established for a standard day—generally 10 hours.

But * * * it follows as of course that Congress has power to fix a maximum as well as a minimum wage for trainmen; to require compulsory arbitration of labor disputes which may seriously and directly jeopardize the movement of interstate traffic; and to take measures effectively to protect the free flow of such commerce against any combination, whether of operatives, owners, or strangers.

I can not, therefore, concur in the conclusion that it was within the power of Congress to enact the statute.

The importance of this decision upon the development of future social legislation can not be measured at the present time. That its effect will be to open the way to further experiments in adjusting the relations of employer and employee is clear. This decision, when taken with the decisions in the Oregon 10-hour law case and the Oregon minimum-wage law case, all delivered by the court within a few days of one another, gives reason for the belief that the methods of judicial reasoning popular in the courts during the past 25 years are doomed to disappear. The individualistic method of seeking a legal principle as a measure and having found it, of applying it indiscriminately to all social legislation, has reached its climax. The decisions of the United States Supreme Court evidence a clear perception of the rights of the employer, the employee, and the public. A new basis for the legal interpretation of social legislation is being constructed that will keep in view the mutual interests of the individual and of society.

ON PUBLIC WORK.

While the State has only recently intervened in directly regulating the rate of wages in private employments, as master it has been officially fixing wages in many states, and indirectly influencing all legislation in the United States. To illustrate: As direct employer of labor, the State may stipulate the minimum wage to be paid to laborers just as it may decide other details of its work. It has been maintained that when the performance of state work is undertaken by a private contractor, the State, as party to the contract, has a right to limit the wage below which the contractor may not go. Yet the contractor by this limitation, it is contended, has no opportunity of taking advantage of the possibly keen competition of the open market, where he must hire his labor.

Legislation has been less frequent in the United States, however, on these two phases of wage regulation, than it has been abroad.

WAGE REGULATION IN FOREIGN COUNTRIES.

France.—The idea of providing a minimum standard of wages had its origin and development in France, where so many other departures in social thought and action have been fostered. Power to contract has been quite as free in that country as it has been in the United States, with the advantage, if it may be so called, in favor of France. There are constitutional limitations on legislation in the United States not found in France. These very limitations are indicative of the difference with which the work of legislatures is viewed in this country.¹

¹ F. J. Goodnow: *Comparative Administrative Law*, New York, 1902, 2 vols. See also report of the U. S. Industrial Commission, Washington, D. C. 1901, *Foreign Labor Laws*, vol. 14, pp. 21, 22, 51-52.

In the United States the legislature has generally been obliged to provide both the principles and the details of every law; and every law, in its details, must be measured by fixed constitutional standards. The legislative body of France lays down general principles in the law, and leaves to the administrative authorities the application of the law to concrete cases. In considering the actual status of a law in France, and the continental countries generally, it is necessary to ascertain not only the law itself, but also the decrees that are issued to supplement the law in its administration.

As early as 1866 the heads of departments of the French Government asserted the right and power to impose conditions in public contracts within their control, for the protection of labor.¹ The minister of public works issued regulations to be observed by all doing public work by contract, including the biweekly payment of wages, a weekly day of rest, and preference for wages earned. This policy was adopted by other departments and the protective regulations were enforced without the sanction of the law. In 1899 the ministry issued three decrees² dealing with the regulation of labor institutions. Subletting of contracts was prohibited; State officials were required and municipal officials permitted, in letting contracts, to insist upon a weekly day of rest. Alien labor was to be employed only in certain proportion, varying according to the section of the country and the nature of the work. The prevailing rate of wages and the hours of labor were to be observed. To force payment of the prevailing rate of wages (whenever the contractor failed to pay the current rate) the administrative official was given power to pay the difference to the workmen and to deduct it from the amount due the contractor.

Belgium.—In Belgium,³ a country devoted almost wholly to industry and commerce, the idea of "fair" wages for workmen employed on public works became established in 1887. Provincial Government officials obliged contractors on Government work to pay the current rate of wages to their men. In 1896, after the city of Brussels had adopted this requirement in its contracts, the subject was taken up by Parliament.⁴ A law was passed requiring the prevailing rate of wages to be paid on the public work of the Kingdom. This policy prevails almost universally among the cities of Belgium. France and Belgium are the only countries on the Con-

¹ New York Bureau of Labor Statistics, report, 1905, part 1, pp. 11-122. Also summarized reprint, Bureau of Labor Statistics Bul. No. 8, 1906, p. 510. See also Verhaegen: *Le minimum de salaire dans les adjudications publiques*, 1893. Paul Pic: *La legislation de travail en France, 1897*, report made to the Congrès International de Legislation de Travail à Bruxelles. U. S. Bureau of Labor Statistics Bul. No. 25, November, 1899, pp. 835-856.

² France.—Decrees of Aug. 10, 1899.

³ *Le Foyer: Le minimum de salaire en Belgique, 1897*. U. S. Bureau of Labor Statistics Bul. No. 26, January, 1900, pp. 77-136.

⁴ Belgium.—Laws of 1896.

tinents that have regulated by general statutes the employment of labor on public works. Some countries have progressed in this direction through the promulgation of decrees or departmental ordinances.

England.—An exceptional state of affairs made it unnecessary, until recently, for England to pass laws regulating the employment of labor. Trade-unions have always been strong in England, particularly in the building trades. They have been, on the whole, in a position to maintain wages on public contracts as well as on private work, without legislative aid. The first step toward legislative regulation was taken by the school board of London in 1889, which insisted that those who held its contracts should pay not less than the recognized standard rates of wages.¹ This example was followed in other industrial cities. Then by resolution, voted February 13, 1891, Parliament² began the modification of its contracts by incorporating the "fair wages" clause.³ It is now the rule in England for contractors bidding for public works to include in their bids a schedule of the wage rates which they purposed to pay to their employees. A commission appointed by Parliament to inquire into the results of this law made a report on July 21, 1897. Its conclusions were that the application of the reform was made without much difficulty, and had given satisfaction to the administrative officers, the contractors, and the laborers. The only hardship experienced under the law fell upon those laborers unable to earn the minimum rate because of advancing age.

Canada.—Canada⁴ has gone one step beyond England. The rate of wages to be paid to laborers on public works is included in the specifications and must be accepted by all bidders as a minimum rate. A "fair wages" officer was appointed March 12, 1900, in the department of labor to establish rates and enforce their observance. He may order deductions to be made from the money due to contractors whenever the contractors are delinquent in carrying out the minimum wage clause of the contract.

WAGE REGULATION IN THE UNITED STATES.

Legislation in the United States directly regulating the *maximum* rate of wages in private employments was abandoned about 1790, owing to the difficulty of its enforcement. One hundred years later the same legal principle returns in a different form. The later laws were of an indirect character, and regulated the *minimum* rate of

¹ Sidney and Beatrice Webb: History of Trade Unionism, London, 1894, pp. 384-85.

² U. S. Bureau of Labor Statistics Bul. No. 25, November, 1899, pp. 768-835.

³ Feb. 13, 1891; also Mar. 6, 1893, Mar. 10, 1909.

⁴ Labor Gazette, Department of Labor, Canada, since 1900. U. S. Bureau of Labor Statistics Bul. No. 33, March, 1901, pp. 269-304. Ontario, 304 Geo. V, ch. 36, 1913: Current rates of wages to be paid laborers on construction of railroads subsidized by legislature; if no current rate then a fair and reasonable rate. Manitoba, Feb. 5, 1907.

wages only upon public works. Naturally, with the increased governmental functions which the State gradually had come to exercise, came an increase in the number of its employees, until now the State has a far greater number of laborers in its employ than has any private employer. All students of social welfare and all those interested in ameliorating the conditions of the laborer wish him to maintain, if not to raise, his standard of living. They have looked upon the Government, both State and Federal, as an experimental laboratory for testing out the possible improvements in his environment, his hours of service, and his wages. Legislation on these matters has come gradually. But legislation of this character, administered by the strong arm of the State governments or the stronger arm of the Federal Government, exerts a wide influence, not only upon labor conditions in private employments, but also upon the general thought on the subject of the entire country.

When the eight-hour movement began to claim attention of the great manufacturing States of the eastern part of the country, it took the form of a demand for an eight-hour day on public work. Further application of the principle seemed to be denied to persons *sui juris* by constitutional guaranties of freedom of contract.¹ Subsequently it was found that if the laborer was to benefit by shortening the length of the working-day, something had to be done to prevent a proportionate reduction in wages. Statutory provisions and municipal ordinances² arose to regulate the rate of wages paid by the State or its subdivisions or by those undertaking public work. These statutes and ordinances fall naturally into those classes that provide for a minimum or a maximum rate and those that stipulate that the "prevailing" or "current" rate of wages shall be paid to laborers engaged on public work.

Three constitutional provisions are found touching this subject. Indiana, in its constitution adopted in 1851, declares that "no man's particular services shall be demanded without just compensation."³ A statement so general only vaguely reflects to this day and generation the ideals and aspirations of the social movement then prominently before the people. The opposition to slavery was growing more and more pronounced and this constitutional provision crystallizes, only locally, the prevailing opinion in the North.

Wyoming has incorporated a section in its constitution of 1889 that "the rights of labor shall have just protection through laws calculated to secure to the laborer proper rewards for his service and

¹ See Shorter hours for men as a public welfare measure, U. S. Bureau of Labor Statistics Monthly Review, June, 1916, Vol. II, No. 6, pp. 23-29.

² Ethelbert Stewart: Rates of wages paid under public and private contract, U. S. Bureau of Labor Statistics Bul. No. 7, November, 1896, pp. 721-727. L. D. Clark: Law of the Employment of Labor, New York, 1911, sec. 20, pp. 47-50.

³ Indiana Constitution, 1851, art. 1, sec. 21.

to promote the industrial welfare of the State."¹ The origin of this provision in the constitution was not the direct result of any great industrial strife. It was an ideal embodied in the fundamental law of a new country and State, the outgrowth of hard experiences gained in the older communities of the East whence these pioneers migrated. The last provision is in the constitution of New York State.² Its importance from a social viewpoint is so great that the steps leading to its adoption will be considered in full in another connection.³

MAXIMUM OR MINIMUM RATE.

California.—California was the first State to legislate on this subject. A law was passed in 1872 which declared that every person who employed laborers on public works and who took or received any portion of the wages due them from the State or municipal corporation should be deemed guilty of a felony.⁴ During this same session of the legislature a law was passed which provided among other things that the State superintendent of printing should pay his compositors, pressmen, and assistants no higher rate of wages than these positions commanded in Sacramento.⁵ The object of the latter law was clearly to protect the public treasury rather than the rights of labor. But in 1876 a law was passed which committed the State to a definite policy in regard to labor on public works. It stated "all work done upon the public buildings of this State must be done under the supervision of a superintendent or State officer or officers having charge of the work, and all labor employed on such buildings, whether skilled or unskilled, must be employed by the day and no work upon any of such buildings must [sic] be done by contract."⁶ This is the only law existing at the present time which substitutes direct employment for contract work on public buildings, although many States have checked the worst forms of "sweating" by prohibiting the subletting of contracts. The positive language of this California law is an emphatic acknowledgment of that which the laws of other States have admitted in a negative way, to the effect that the social justice—

¹ Wyoming Constitution, 1889, art. 1, sec. 22.

² New York Constitution, 1894, art. 12, sec. 1, as amended Nov. 7, 1908. F. N. Thorpe: Federal and State Constitutions, compiled by authority of Congress, Washington, 1909, 7 vols., contains American charters, organic laws, etc. from 1493 to 1908.

³ See p. 59.

⁴ California.—Acts of 1871-72, ch. 1137, pp. 951-953; Acts of 1905, ch. 951, p. 646; and ch. 1006, p. 657. Lucile Eaves: A history of California labor legislation, in University of California Economics, 1910, vol. 2, pp. 239-300.

⁵ California.—Acts of 1872, ch. 400, p. 655; Acts of 1875-76, ch. 1078, pp. 18, 19; Acts of 1877-78, ch. 1066, p. 10; Act of 1891, ch. 74, pp. 64, 67; Acts of 1895, ch. 188, pp. 233, 234; Acts of 1901, sec. 653g, p. 498. Declared unconstitutional by implication in *Lewis v. Dunne*, 134 Cal. 291-300, Oct. 10, 1901. Reenacted, Acts of 1905, ch. 1006, pp. 646, 657; Acts of 1915, ch. 608, pp. 1306-1310, and ch. 671, pp. 1318, 1319.

⁶ California.—Acts of 1875-76, ch. 325, p. 437; amended 1891, ch. 242, p. 457; 1896, ch. 291, p. 237; 1905, ch. 362, p. 416; 1907, ch. 163, p. 236.

the economy—of letting out public contracts to the lowest bidder is open to very grave question.

In 1887 four sections were added to the law relating to the hours of labor on street railways.¹ These sections provide, "any and every person laboring over twelve hours in one day as driver or conductor or gripman on any street railroad shall receive from his employer 30 cents for each hour's labor over twelve hours in each day," and "the court shall exclude all evidence of agreement to labor over twelve hours in one day for a less price than 30 cents, and the court shall exclude any receipt of payment for hours of labor over twelve hours in one day, unless it be established that at least 30 cents for each hour of labor over twelve hours in one day has been actually paid, and a partial payment shall not be deemed or considered a payment in full." The constitutionality of this law has never been determined by the courts. With the possible exception of the Virginia statute referred to above, it is the nearest approach to legislating on the rate of wages to be paid males in private employments to be found in this country. Whether the courts would hold the public safety closely enough involved to sustain the law seems doubtful.

By an act of 1897 the minimum rate of \$2 per day was fixed for labor on all public work performed under the direction, control or by the authority of any officer of the State acting in his official capacity, or by the authority of any municipal corporation within the State.² A stipulation to that effect must be made a part of all contracts to which the State, or any municipal corporation within the State, is a party. The constitutionality of this act has never been tried.

NOTE.—The legislature ratified an amendment to the city charter of San Francisco which fixes \$3 per day with pay and a half for overtime as the minimum wage of employees on street railways. Acts of 1911, ch. 25, p. 1666.

Nebraska.—Nebraska in 1887 gave power to the board of public works in cities of the metropolitan class to fix the wages of employees under their supervision at the "current wages," for that class of labor.³ In 1903 the legislature changed the law⁴ to adopt the minimum rate principle. This act did not apply to farm or agricultural labor. A similar law, enacted in 1870, made no exception to labor under contract or agreement, as was done in the earlier law, but it permitted overtime work for extra compensation. A penalty was imposed for the violation of its provisions by any public officers, contractors, or agents of the State, and the law of 1867 was specifically repealed. It provided that where work is performed (in cities of the first class) upon the streets, sewers, boulevards, or in parks, or

¹ California.—Acts of 1887, ch. 85, pp. 101, 102.

² California.—Acts of 1897, ch. 87, p. 90.

³ Nebraska.—Compiled Statutes of 1880, 7th ed., 1896, part 1, ch. 12a, sec. 538.

⁴ Nebraska.—Acts of 1903, ch. 17, p. 184.

other similar work, or where it is performed by virtue of contract for the city, it shall be done by union labor and be paid for at the rate of \$2 per day. When skilled labor is employed by the city the current scale of union labor shall be paid. In practice the minimum was placed so high, however, that the law was an abandonment of the "current rate" for a higher rate.

An act of 1907 adopted the maximum principle. It declared that the current rate of wages shall be paid for labor on public roads, but when the roads are obstructed by snowdrifts, the officer in charge of road work "shall pay for the shoveling out of snowdrifts not to exceed 20 cents per hour for one man and not to exceed 40 cents per hour for a man with team and scraper."¹ These statutes either have not been enforced or they have been accepted as constitutional, for the question of their validity has not been brought before the supreme court of the State.

New York.—New York was one of the first States to recognize the eight-hour day by statute, by enacting a law in 1867 which made eight hours "a legal day's work in all cases of labor and service by the day, where there is no contract or agreement to the contrary."² An amendatory act of 1870 imposed a penalty for violation of the law by public officers or contractors for public work, but permitted overtime work for extra compensation.³ In effect these laws were merely wordy declarations of good will on the part of the legislature; no results of importance came from them. A departure was made in 1889 from legislating for limited hours of labor and overtime compensation to direct legislation upon the rate of wages. Wages of day laborers employed by the State or officers under its authority were to be not less than \$2 per day, and for all employees other than day laborers the rate was not to be less than 25 cents an hour.⁴ There was no penalty clause in the act and it was repealed by the succeeding legislature.⁵

In the interim an action for extra pay for overtime work was instituted before the board of claims based upon rights acquired under this law. Appeal was taken from the award of the board of claims to the court of appeals.⁶ The points in the case may be summarized as follows: A laborer, Clark, was employed by the superintendent of public works as a lock tender on a canal during the season of navigation of 1889. No express agreement was made for compensation, but Clark was paid \$20 monthly. At no time during his employment

¹ Nebraska.—Acts of 1907, ch. 112, p. 388.

² New York.—Acts of 1867, vol. 2, ch. 656, p. 2132.

³ New York.—Acts of 1870, vol. 1, ch. 303, p. 912.

⁴ New York.—Acts of 1889, ch. 390, p. 523.

⁵ New York.—Acts of 1890, ch. 218, p. 426.

⁶ Clark v. State of New York, 142 N. Y. 101, Apr. 10, 1894. See also Larkin v. Village of Brockport, 26 N. Y. Supp. 531-536, June 28, 1895; Gilligan v. Town of Waterford, 26 N. Y. Supp. 87-92, Dec. 3, 1895; Walsh v. City of Albany, 32 N. Y. Supp. 306-33, July 6, 1898.

did he make any claim that he was entitled to more; but he executed no release. The court, following the decisions of the United States Supreme Court ¹ held that Clark was a laborer within the meaning of the statute and that in the absence of a contract, expressed or implied, at the beginning of his employment fixing his compensation, he was entitled to recover the difference between the sum fixed by the statute and that paid to him from and after the time it went into effect. Judge O'Brien writing for the unanimous court, said:

There is no express or implied restriction to be found in the constitution upon the power of the legislature to fix and declare the rates of compensation to be paid for labor or services performed upon the public works of the State. * * * We think that a general law regulating the compensation of laborers employed by the State, or by officers under its authority, which disturbs no vested right or contract, was within the power of the legislature to enact, whatever may be said as to its wisdom or policy.²

This unsuccessful venture into real wage-rate legislation was followed, four years later, by a "prevailing rate" act.

Indiana.—The next State to regulate the wage rate on public work was Indiana. The legislature provided in 1899 that each laborer on the public roads was to work 10 hours a day, and the rate of wages was not to exceed \$1.25 per day for each man, and \$2.50 per day for each mule or horse team and wagon and driver.³ At the same session a law was passed providing that all unskilled labor employed on any public work of the State, counties, cities, and towns should receive not less than 15 cents per hour. In 1901 a new law, repealing all laws in conflict with it, fixed the compensation for unskilled labor on public work of the State or subdivisions of the State at not less than 20 cents per hour.⁴

The constitutionality of this statute was questioned in 1903. A private corporation had a contract with the city of Richmond to construct an electric light plant. Street was employed as an unskilled laborer. He worked a total of 540 hours and under the law was entitled to receive 20 cents an hour for his labor. The company refused to pay him that much, on the ground that the statute was unconstitutional, and paid him 15 cents per hour. The court declared the act unconstitutional, partly on the ground that through its operation a citizen might be deprived of his property without due process of law, partly on the ground that it was an interference with the liberty of contracts by counties, cities, and towns, and partly upon the ground that it was class legislation. The opinion ⁵ stated:

¹ U. S. v. Martin, 94 U. S. 400-404, Oct., 1876.

² Clark v. State of New York, 142 N. Y. 106. New York Acts of 1913, vol. 2, ch. 467, pp. 980-981, provides that canal employees are to receive \$2 per day.

³ Indiana.—Acts of 1899, ch. 226, p. 515.

⁴ Indiana.—Acts of 1901, ch. 122, p. 232.

⁵ Street v. Varney Electrical Supply Co., 160 Ind. 338-348, Apr. 1, 1903. See also Bell v. Town of Sullivan, 158 Ind. 199-202, Mar. 14, 1902.

The power to confiscate the property of the citizens and taxpayers of a county, city, or town by forcing them to pay for any commodity, whether it be merchandise or labor, an arbitrary price, in excess of the market value, is not one of the powers of the legislature over municipal corporations, nor the legitimate use of such corporations as agencies of the State. * * * An act fixing the price of unskilled labor on all public works at not less than 20 cents an hour is a legislative interference with the liberty of contract by counties, cities, and towns, which finds no sanction or authority in the doctrine that counties, cities, and towns are municipal and political subdivisions of the State.

If the legislature has the right to fix the minimum rate of wages to be paid for common labor, then it has the power to fix the maximum rate. And if it can regulate the price of labor, it may also regulate the prices of flour, fuel, merchandise, and land.

Pennsylvania.—The Supreme Court of Pennsylvania in 1895 was called upon to construe a provision in the specifications of a municipal contract for waterworks, requiring the contractor to employ no one not a citizen of the United States, and to pay no man a less sum for his labor than \$1.50 per day.¹ An act of 1889 required all such work to be let to the lowest responsible bidder. Such a provision as was incorporated in a municipal contract the court held to be inconsistent with the statutes of the State.

Ohio.—Two years later a similar case² arose in Ohio in which a provision, contained in an ordinance of the city of Cleveland, was assailed. The ordinance stipulated that all common laborers engaged upon public works or improvements should receive not less than \$1.50 per day and that the hours of labor should not exceed eight hours per day. The court declared the ordinance to be in conflict not only with the Ohio law requiring that none but the lowest and best responsible bid should be accepted, but in conflict with the bill of rights of the Ohio constitution and the fourteenth amendment to the United States Constitution. The court quoted from *Cooley* with approval and said:

The doctrine is generally recognized and enforced, that every person living under the protection of the general Government has the right to follow such occupation or industrial pursuit as to him seems fit, provided it is not injurious to the morals, health, safety, or welfare of the public; and such persons generally are entitled to the equal protection of the laws in respect to person and property; and, as incident thereto, the right to employ labor, make contracts in regard thereto, upon such terms as may be agreed upon by the parties, and to enforce such contracts when made.³

Washington.—The city of Spokane undertook by municipal ordinance to fix the rates of wages for public improvements at an

¹ *Frame v. Felix*, 167 Pa. 47-55, Mar. 18, 1895.

² *Bramley v. Norton*, 5 Ohio N. P. 188-190, June 22, 1897.

³ T. M. Cooley: *Constitutional Limitations*, Boston, 1898 (6th ed.), p. 187. See also *City of Cleveland v. Clements Brothers Construction Co.*, 67 O. S. 197, January term, 1903, in which the Ohio Supreme Court held an act limiting the hours of daily service of laborers employed on public works was unconstitutional and void as violating the right both of liberty and property. The City Council of Cleveland, Ohio, controlled by a "home rule" charter, passed an ordinance on Aug. 30, 1913, effective Oct. 9, 1913, providing for standard wages with a minimum wage of \$1.50 per day of 8 hours on work done by contractors for the city. The ordinance was placed before the voters on Nov. 2, 1915, and passed by a vote of 61,064 for and 19,576 against.

amount considerably in excess of current rates for similar work. Two property owners objecting to the cost of the improvements for which they were liable brought suit against the city, and the court (first division) held ¹ that they were entitled to a reduction of the amount to correspond to the current rates. The trial court, the superior court of Spokane County, had given judgment in favor of the city. The case then went before the full court on a rehearing when the decision of the first division was reversed. In delivering the opinion ² Judge Ellis said in part:

In view of these conditions can anyone say that a wage of \$2.75 a day is, as a matter of law, more than a reasonable living wage? The unit as applied to the problem of living is the family, not the individual, and \$2.75, or even \$3 a day, can hardly be complacently pronounced as an unreasonable sum for supporting such a unit * * *. To hold that the payment of any sum which we can not say is above a reasonable living wage, though it may be above the prevailing rate of wages, is a mere gratuity, would be to sacrifice the fact to a mere term. Such a holding would be an indictment of our civilization.

Iowa.—The Iowa Legislature passed a law ³ in 1913 which provided for a minimum wage for teachers and made it a misdemeanor for school officers to contract for or pay a less wage than that fixed by the law. The State supreme court ⁴ held the law constitutional on the usual grounds.

PREVAILING OR CURRENT RATE.

Kansas.—In the eight-hour law applying to public works passed in 1891 Kansas provided "that not less than the current rate per

¹ *Malette v. City of Spokane*, 68 Wash. 578-580, May 31, 1912. See also *Gerlach v. City of Spokane*, 66 Wash. 580-590, May 31, 1912.

In *Jahn Contracting Co. v. City of Spokane*, 74 Wash. 206, July 10, 1912. Under an act of the legislature enabling cities to construct street railway systems, the charter of the city of Seattle, relating to the acceptance of bids for public improvements, was amended to require a minimum wage of \$2.75 per day on local improvement work. It was held that a street railway system to be paid for by city bonds was not a "local improvement work" so that a contract therefor was not controlled by the amendment.

² *Malette v. City of Spokane*, 77 Wash. 205-246, Dec. 31, 1913.

³ *Iowa.*—Acts of 1913, ch. 249, p. 267.

Similar legislation will be found elsewhere as follows:

United States limits wages to printers in Government Printing Office, Acts of 1877, vol. 19, ch. 56, p. 231; 1893, vol. 22, ch. 23, p. 402; 1895, vol. 28, ch. 23, p. 607; 1900, vol. 31, ch. 791, p. 642; 1909, vol. 35, ch. 269, p. 1024; 1912, vol. 37, ch. 355, p. 482.

Acts of the Philippine Commission, 1902, p. 32, Act No. 430; 1903, pp. 402-404, Act No. 850, fixes rates for bureau of printing.

Hawaii Acts of 1907, ch. 96, p. 170, fixes minimum of \$1.25 per day for labor engaged to work for the Territory of Hawaii or its subdivisions. Acts of 1915, ch. 9, pp. 9, 10.

Nevada.—Acts of 1907, ch. 202, p. 428; 1911, ch. 184, p. 368.

Maryland.—Acts of 1910, ch. 94, pp. 642-644. This act amends the Acts of 1908, ch. 85, pp. 612-614, by adding a provision fixing the minimum rate of wages in Baltimore on public work at \$2 per day in place of the current rate. Acts of 1914, ch. 96, pp. 122, 123, applies to the city of Cumberland; 1916, ch. 124, pp. 219, 220, applies to laborers employed by Allegany County.

Massachusetts Acts of 1911, ch. 541, p. 561, amended 1913, ch. 685, p. 628, provides that rates of wages for laborers on certain public works shall not be less than \$2.50 per day. Acts of 1912, ch. 663, p. 754, provides for same scale of wages to be paid women as paid to men employees in State bathhouses. Acts of 1914, ch. 458, p. 405, fixes the wages of male laborers employed by the prison commissioner of the State at not less than \$2.50 per day.

⁴ *Bopp v. Clark*, 155 Iowa, 697-708, May 12, 1914.

diem wages in the locality where the work is performed shall be paid to laborers, workmen, mechanics, and other persons so employed by or on behalf of the State of Kansas, or any county, city, township or other municipality of said State; and laborers, workmen, mechanics, and other persons employed by contractors or subcontractors in the execution of any contract or contracts within the State of Kansas, or within any county, city, township, or other municipality thereof, shall be deemed to be employed by or on behalf of the State of Kansas, or of such county, city, township, or other municipality thereof."¹

The succeeding years witnessed a series of cases construing either the "eight-hour" or "current rate" provisions. It has been held by the court that the law did not apply to the employees of the State penitentiaries;² that it did not apply to persons taking contracts, but only to laborers working by the day;³ that it was superior to a city ordinance;⁴ that the act was constitutional;⁵ that it did not furnish ground for a suit for pay for overtime labor rendered under an executed contract;⁶ and, finally, it was emphatically reaffirmed that a school district is a municipality within the meaning of the law.⁷

An action was commenced charging W. W. Atkin with having contracted with Kansas City to pave a public street. He hired George Reese to lay the pavement. There was no necessity for him to labor more than eight hours per day for the protection of property or human life. Atkin was charged with having unlawfully hired Reese on the basis of 10 hours as constituting a day's work, for which he was to pay \$1.50, the current rate. This was in violation of the laws of 1891.

Atkin claimed that the statute violated the fourteenth amendment, because it deprived him of his liberty and property, without due process of law, and denied to him the equal protection of the laws. He was sentenced to pay a fine. The case was then taken to the Supreme Court of Kansas, which sustained the validity of the statute.⁸

The opinion of the court was concurred in by the whole bench. The case *In re Dalton*⁹ was approved and followed in reaching the result. The court declared:

The city exercised delegated authority and acted as an agent for the State. The latter did not, by authorizing the mayor and council to lay the pavement, surrender

¹ Kansas—Acts of 1891, ch. 114, pp. 192, 193.

² *State v. Martindale*, 47 Kans. 147-151, Oct. 10, 1891.

³ *Billingsley v. Board of Commissioners*, 5 Kans. App. 435-437, June 14, 1897.

⁴ *In re Ashby*, 60 Kans. 101-107, Dec. 10, 1898.

⁵ *In re Dalton*, 61 Kans. 257-263, Dec. 9, 1898.

⁶ *Beard v. Board of Commissioners of Sedgwick County*, 63 Kans. 345-350, July 4, 1901.

⁷ *State v. James Wilson*, 65 Kans. 257-260, June 7, 1902.

⁸ *Kansas v. Atkin*, 64 Kans. 174-183, Jan. 11, 1902.

⁹ 61 Kans. 257-263 (1898). In this case it was decided that ch. 114, of the Laws of 1891, was a direction of the State to its agents and was constitutional and valid.

its paramount authority over the control of the city streets. If the State had been doing this work it might at its pleasure have given the current rate of per diem wages in the city of eight hours' work performed by any of its servants. This is the principle of the Dalton case. * * * There can be no distinguishing difference between the acts of the contractor in the employ of the county passed upon in the case of *In re Dalton*, supra, and those of the appellant here. Both were proceeding under contracts made with them by the agents of the State, and the principal had power to direct that eight hours should constitute a day's work for all persons laboring in its behalf.

From this decision Atkin appealed on error to the United States Supreme Court, which affirmed the judgment of the Supreme Court of Kansas on November 30, 1903, through Mr. Justice Harlan.¹ Mr. Chief Justice Fuller, and Justices Brewer and Peckham dissented.

* * * The work to which the complaint refers is that performed on behalf of a municipal corporation, not private work for private parties. Whether a similar statute, applied to laborers or employees in purely private work, would be constitutional, is a question of very large import, which we have no occasion now to determine or even to consider.

"If a statute," counsel observes, "such as the one under consideration, is justifiable, should it not apply to all persons and to all vocations whatsoever? * * * Why should the law allow a contractor to agree with a laborer to shovel dirt for 10 hours a day in performance of a private contract, and make exactly the same act under similar conditions a misdemeanor when done in the performance of a contract for the construction of a public improvement? Why is the liberty with reference to contracting restricted in the one case and not in the other? These questions—indeed the entire argument of defendants' counsel—seem to attach too little consequence to the relation existing between a State and its municipal corporations. Such corporations are the creatures, mere political subdivisions, of the State for the purpose of exercising a part of its powers. They may exert only such powers as are expressly granted to them, or such as may be necessarily implied from those granted. What they lawfully do of a public character is done under the sanction of the State. They are, in every essential sense, only auxiliaries of the State for the purposes of local government. They may be created, or having been created, their powers may be restricted or enlarged, or altogether withdrawn at the will of the legislature; the authority of the legislature, when restricting or withdrawing such powers, being subject only to the fundamental condition that the collective and individual rights of the people of the municipality shall not thereby be destroyed."

It may be that the State, in enacting the statute, intended to give its sanction to the view held by many, that, all things considered, the general welfare of employees, mechanics and workmen, upon whom rest a portion of the burdens of government, will be subserved if labor performed for eight continuous hours was taken to be a full day's work; that the restriction of a day's work to that number of hours would promote morality, improve the physical and intellectual condition of laborers and workmen and enable them the better to discharge their duties appertaining to citizenship. * * * It can not be affirmed of the statute of Kansas that it is plainly inconsistent with that instrument (the United States Constitution); indeed, its constitutionality is beyond all question. Equally without any foundation upon which to rest is the proposition that the Kansas statute denied to the defendant or to his employee the equal protection of the laws. The rule of conduct prescribed by it applies alike to all who contract to do work on behalf either of the State or of its municipal subdivisions and alike to all employed to perform labor on such work.

¹ *Atkin v. Kansas*, 191 U. S. 207-224; 24 Sup. Ct. 124-128, Nov. 30, 1903.

* * * We rest our decision upon the broad ground that the work being of a public character, absolutely under the control of the State and its municipal agents acting by its authority, it is for the State to prescribe the conditions under which it will permit work of that kind to be done. Its action touching such a matter is final so long as it does not, by its regulations, infringe the personal rights of others;¹ and that has not been done.

New York.—After a brief experience with the maximum-rate law, New York again emphasized its determination to maintain eight hours as a legal day's work in 1894, by amending the law of 1870.² This amendatory act³ permitted none but citizens of the United States to be employed on public works, and required the payment of the "prevailing rate of wages." The object sought was to limit the importation of labor willing to work any number of hours with the inevitable result of lowering the American laborer's standard of living. It was not until 1899, upon the recommendation of Governor Roosevelt, that practical effect was given to the law by prohibiting overtime on public work and making eight hours an actual maximum to be exceeded only in case of "extraordinary emergency." The real force of the law began to be felt and the contractors were obliged either to attack its constitutionality or abide by its provisions. They decided to attack it.

A petition was brought up before the New York court of appeals in 1901 for a mandamus to compel the comptroller of the city of New York to make payment to a contractor who had failed to pay the prevailing rate of wages in the locality.⁴ The petition was granted on the ground that the statute was unconstitutional. First, because in its operation it required the expenditure of the money of the city, or that of the local property owner for other than city purposes. This was reasoning somewhat similar to that adopted in Indiana. Second, it was argued the statute denied to the city and contractor the right to agree with their employees upon the measure of their

¹ See also *Kills v. United States*, 205 U. S., 246-257, 27 Sup. Ct. 600-604, May 13, 1907. The court held the penal clause of the eight-hour law of 1893 constitutional on the authority of the *Atkin* case, reasoning that Congress had the same right as a State legislature to enact legislation of this kind.

² *New York.*—Acts of 1870, vol. 1, ch. 285, pp. 219, 220; 1894, vol. 2, ch. 632, p. 1509; 1896, vol. 2, ch. 506, p. 608.

³ *New York.*—Acts of 1897, vol. 1, ch. 415, pp. 492, 493; 1899, ch. 567, pp. 1172, 1173, repealed 1894, vol. 2, ch. 632, p. 1509. It was held in *McCann v. New York*, 166 N. Y. 557, Feb. 26, 1901, that the Act of 1899 was to be construed as not impairing rights acquired under the Act of 1894, and consequently a person who had performed labor for a city while the law of 1894 was in force and received therefor less than the prevailing wages was entitled to sue therefor after the passage of the repealing act. Later New York acts on the same subject are: *New York Acts of 1903*, vol. 1, ch. 298, pp. 638, 639; 1906, vol. 2, ch. 506, p. 1395; 1912, vol. 2, ch. 694, pp. 1177, 1178.

See also *McMahon v. New York*, 47 N. Y. Supp. 1018-1020, Nov. 10, 1897. *McCanney v. New York* 33 N. Y. Supp. 138-140, May 13, 1898. *People ex rel. Usay v. Waring*, 64 N. Y. Supp. 845-868, May 23, 1900. *McAvoy v. New York*, 53 N. Y. App. Div. 485-491, June term, 1900. *Burns v. Fax*, 99 N. Y. Supp. 254-257, Nov. 15, 1904. *People v. Grout*, 179 N. Y. 417-433, Nov. 29, 1904. *Ferrall v. Board of Education*, 28 N. Y. Supp. 1046-1048, May 9, 1904. *People ex rel. Hansman-Jones Printing Co. v. Zimmerman*, 109 N. Y. Supp. 296-303, Mar. 13, 1908.

⁴ *People ex rel. Rodgers v. Coler*, 165 N. Y. 1-44, Feb. 25, 1901. See also *Meyers v. Penn. Steel Co.*, 77, N. Y. App. 307-309, December, 1902. *People ex rel. North v. Featherstonhaugh*, 173 N. Y. 112-120, Oct. 7, 1902.

compensation. Finally, because it virtually confiscated all property rights of the contractor under his contract, for breach of his engagement to obey the statute. The court¹ declared, through Judge O'Brien:

The legislature does not possess unrestricted power to bind a city hand and foot with respect to all its local business affairs. It can not fix by statute the price which it must pay for material or property that it may need, or the compensation that it must pay for labor or other services that it may be obliged to employ, at least when such regulations increase the cost beyond that which it would be obliged to pay in the ordinary course of business. If it could do all these things, it could virtually dispose of all the revenues of the city for such purposes as it thought best, and local self-government would be nothing but a sham and a delusion. * * * The power to deprive master and servant of the right to agree upon the rate of wages which the latter was to receive is one of the things which can be regarded as impliedly prohibited by the fundamental law upon consideration of its whole scope and purpose as well as the restrictions and guarantees expressed.

If the legislature has power to deprive cities and their contractors of the right to agree with their workmen upon rates of compensation, why has it not the same power with respect to all private persons and all private corporations?

He quoted approvingly from the opinion in the case in re Jacobs,² and concluded:

Such legislation may invade one class of rights to-day and another to-morrow, and if it can be sanctioned under the constitution, while far removed in time, we will not be far away in practical statesmanship from those ages when governmental prefects supervised the building of houses, the rearing of cattle, the sowing of seed, and the reaping of grain, and governmental ordinances regulated the movements and labor of artisans, the rate of wages, the price of food, the diet and clothing of the people, and a large range of other affairs long since in all civilized lands regarded as outside of governmental functions.

He also cites with approval the Ohio case, *State ex rel. Bramley v. Norton*, as involving the very question at bar.³

Chief Justice Parker, in a strong dissenting opinion, says:

The reasoning by which the decision about to be made is sought to be supported fails to persuade me that it is other than a judicial encroachment upon legislative prerogative; for, it is that and nothing less. If the statute does not offend against either the Federal or the State Constitution * * *. The legislature * * * is vested with the power to direct the conduct of the business operations of the State, but this statute has not only declared it to be the policy of the State as a proprietor to pay the prevailing rate of wages, but has enjoined upon its several agents and agencies the duty of executing this policy. An attack upon this statute, therefore, assails the right of the State as a proprietor to pay such wages as it chooses to those who either work for it directly, or upon any work of construction in which it may be engaged.

Judge Parker further said, in speaking of the infringement of the right or liberty to contract on the part of the contractor under the statute in question:

But it (the contractor's liberty) is interfered with only because he assents to the proprietor's wishes and contracts that it shall be so, and hence his liberty is not in-

¹ *People ex rel. Rodgers v. Coler*, 166 N. Y. 1-44, Feb. 26, 1901.

² *In re Jacobs*, 98 N. Y. 98, Jan. 20, 1885.

³ *State ex rel. Bramley v. Norton*, 5 Ohio, N. P. R. 162.

terfered with at all within the meaning of the Constitution; for he has solemnly covenanted in his agreement that he shall not be at liberty to do anything in the course of the performance of the contract that shall be contrary to the wishes of the proprietor, as expressed in the written contract.

Justice Haight, dissenting, approached still nearer to the social point of view. He said:

If the wages provided for by the statute to be paid laborers has reference only to those who are in the prime of life, and in the full possession of their physical powers, then its effect may be to exclude from employment and the means of earning a livelihood, laborers who have passed the prime of life, and have suffered a partial impairment of their physical powers, and thus create a class distinction which is not only objectionable but vicious. I, however, do not think that the statute should receive such a construction. * * * It will be observed that the statute expressly relates to "all classes" of laborers. This includes the old and the young, as well as the middle aged and those in the full possession of their powers. * * * It does not provide that each laborer shall be paid the "prevailing rate." * * * In other words, it is the market rate or that which the services are fairly and reasonably worth. Each laborer must, therefore, be paid what his services are worth in the market in that locality. * * * Under this construction of the statute, there is nothing in its provisions that is objectionable or harmful. It merely gives to the laborer that which he earns and nothing more. It is only what justice and good morals demand.

In March of the same year, 1901, the court handed down a decision in the case of *Treat v. Coler*.¹ Treat, a municipal contractor, performed his contract for constructing a sewer except that he had not used stonework dressed, or carved, in the State of New York, as required by the labor law and his contract. This case was decided on the authority of *Rodgers v. Coler*. The statute was also held to be a violation of the commerce clause of the Federal Constitution. The opinion of the court¹ was again delivered through Judge O'Brien. Chief Justice Parker, dissenting, declared:

* * * Whether the statute was void or not, the municipal authorities had the power to insist, as they did, upon the conditions in controversy, and the contractor had the right to reject or accept the contract on those terms. He chose to accept, and he should now be held to this agreement as the other party to it demands. * * * Section 14 of the Labor Law is not in contravention of the Federal Constitution. But the liberty of contract with which the citizen is endowed is no greater than that with which the State is invested when it enters on a scheme of construction for the public good. If, as respects freedom of contract, all the people of the State acting together are not greater than one of the units—a citizen—they are at least as great and may be as capricious as it is possible for an individual to be, touching the style of architecture, quality of materials, character of workmen, and rate of compensation that they will offer for work to be performed.

Although the right and power of the State was conceded to fix salaries and wages of persons employed by the municipality itself, and to regulate the conditions of employment on public work of the State, these adverse decisions, holding that the principle of "home

¹ *People ex rel. Treat v. Coler*, 195 N. Y. 144-52, Mar. 6, 1901. See also *Knowles v. New York*, 75 N. Y. Supp. 189-196, February, 1902.

rule" required that municipalities should be free to decide the terms of their own contracts without the interference of the State government, were causes of important constitutional changes. In the session of 1902, representatives of the laboring men proposed to extend the authority of the State legislature over the sphere of municipal contract work by amending the State constitution. An amendment was passed by the legislature of 1902, and again in 1903, and it was approved by popular vote.

Two years elapsed before New York courts were again called upon to deal with a case of similar character.¹ The appellant was indicted for 'having required more than eight hours labor for a day's work from certain employees engaged in building a highway. The majority of the court condemned the statute as unconstitutional and void.

The court held, in substance, that when the State itself prosecutes a work, it has the right to dictate every detail of the service required in its performance, prescribe the wages of the workmen, their hours of labor, and the particular individuals who may be employed; but denies that such right exists where it has let out the performance of the work to a contractor.

This case was decided before (*Atkin v. Kansas*), and the New York court supports the decisions, which declare that in matters of local concern a municipality acts, not in a governmental but rather in a corporate capacity, in which it is as free from State control as a private corporation.² The Supreme Court of the United States held, it will be recalled, in the *Atkin v. Kansas* case, that since municipalities are mere political subdivisions of the State, agents to exercise a part of its powers, the State may control all municipal contracts, whether relating to internal affairs or not.

The next case was that of *Ryan v. City of New York*, decided on January 29, 1904.³ Ryan, a laborer, employed by the city on street work, brought suit to recover about \$600, alleging that the city was indebted to him in that sum for arrears of pay at the rate of 50 cents a day for each workday that he was employed during a period of six years. He declared that to comply with the prevailing-rate-of-wages law of 1894, the city should have paid him \$3.50 instead of \$3 a day. He lost his case in the trial court and also in the first appellate division of the supreme court.

When the case reached the court of appeals, Chief Justice Parker, speaking for the majority, said:

The decision in that case (*Rodgers*, 166 N. Y.) is that so much of the statute as in effect requires a contractor for municipal work to agree that he will pay his workmen

¹ *People v. Orange County Road Construction Co.*, 175 N. Y. 84-94, Apr. 28, 1903; *Downey v. Bender*, 57 N. Y. App. 310-315, January, 1901; *People v. Metz*, 193 N. Y. 148, Oct. 12, 1906. See also *Bohnen v. Metz*, 193 N. Y. 676, Dec. 16, 1906.

² J. F. Dillon: *Municipal Corporations*, Boston, 1911, 5th ed., vol. 1, sec. 66, p. 121. A. M. Eaton: *Right to local self-government*, in *Harvard Law Review*, vol. 13, pp. 441-454, February, 1900. See cases cited.

³ *Ryan v. City of New York*, 177 N. Y. 271-292, Jan. 29, 1904; *Byrnes v. City of New York*, 150 N. Y. App. 338, Apr. 12, 1912.

not less than the prevailing rate of wages, and makes the contract void if he fails to pay at such rate, at least, is unconstitutional. * * * It is true that in one of the prevailing opinions argument sufficiently broad to cover this case is made, but it is not necessary for the decision, and is obiter, and, therefore, need not be followed.

Has the legislature * * * power to provide that work done for it or its several subdivisions shall be paid for at such rate as individuals and corporations in the same locality pay? That question was before this court some years ago, in so far as it affects the right of the legislature to fix the rate of wages of laborers upon the works of the State. (*Clark v. State of New York*, 142 N. Y. 101.)

The principle of that decision controls this one. There the legislature undertakes to fix arbitrarily the sum to be paid to every employee of the State. Here the legislature undertakes to provide for the payment of not less than the prevailing rate of wages, not only to the direct employees of the State, but also to its indirect employees working in its several subdivisions—the cities, counties, towns, and villages. In the administration of the affairs of those subdivisions, as well as in those of the State at large, the legislature is unrestrained unless by express provisions of the Constitution.

The reasoning of *Atkin v. Kansas* is expressly approved. The court professed to distinguish between its two decisions (*People v. Orange, etc., Co.* and *Ryan v. New York*) on the ground that one statute restricts the liberty of the city and the other the liberty of persons contracting with the city. But in providing that contractors may exact only an eight-hour day, the State was merely laying down one provision of contracts with cities which contractors may make or not as they please. It is on this reasoning that the Kansas statute was sustained. The New York court of appeals therefore is committed to the questionable proposition that the State may prescribe the term of the city's contract with its contractor, but not the terms of the contractor's contract with the city.

It is worthy of more than passing note that in every case that arose from the action of the State legislature in imposing certain conditions to be incorporated in the contracts of its agents, the municipalities, it was the contractor and not the city who attacked the constitutionality of the statutes. The subdivisions of the State had accepted and obeyed the mandate of their superior. The result was that the contractors found city contracts less inviting than formerly. The efforts of the contractors to remove the restrictions upon the patriotic plea of jealously guarding the "home-rule" rights of the municipality is far from convincing. If the legislature by enacting such laws invaded the rights of municipalities, obviously the officials of those municipalities and not interested private contractors were the proper persons to assail the power of the legislature.¹

¹ *New York*.—Acts of 1900, vol. 1, ch. 296, pp. 635, 639; Acts of 1906, vol. 2, ch. 504, pp. 1394-1396; re-enacted, with minor exceptions as sec. 3 of the labor law; amended Acts of 1908, vol. 1, ch. 292, pp. 530, 531; 1912, vol. 2, ch. 467, pp. 900, 901; ch. 494, pp. 1177, 1178; 1916, ch. 152, p. 368.

In *Ewen v. Thompson-Starrett Co.*, 228 N. Y. 245-252, Apr. 23, 1913, a contractor for the construction of a municipal building in the Borough of Manhattan, City of New York, subcontract the granite work to a Maine corporation. The work on the granite was done in the State of Maine and the workmen were paid \$3 per day, the prevailing rate of wages there. The prevailing rate of wages for the same class of work in the City of New York was \$4.50 per day. The contractor and subcontractor had both agreed to comply with the "prevailing rate of wages" clause of the labor law. The court held that the laborers in Maine were not employed "on or about or upon" the public work within the intent of that act, and hence did not violate the labor law.

The Ryan case was the last to come before the highest court of the State under this law. The next development came as a result of the constitutional amendment proposed by the two legislative sessions of 1902 and 1903. The amendment was adopted on November 7, 1905, by a vote of more than two to one. It provides that "the legislature may regulate and fix the wages or salaries, the hours of work or labor, and make provision for the protection, welfare, and safety of persons employed by the State, or by any county, city, town, village, or other civil division of the State, or by any contractor or subcontractor performing work, labor, or services for the State."¹

Nebraska.—In 1901² the Nebraska Legislature provided that public work in certain cities should be done by union labor to be paid for at \$2 per day and that skilled labor should be paid for at the current scale of union wages and that eight hours should constitute a day's labor. This law was before the supreme court³ of the State in 1914, and was declared unconstitutional because it took private property without due process of the law.

SUMMARY.

The history of legislation and court decisions on the rate of wages in the United States⁴ expresses the fear of governmental regulation which was current the first half of the nineteenth century. Public law was so strongly imbued with the ideals of personal liberty that the courts reflected the popular sentiment that inspired those laws. In some cases the courts went so far as to hold that there was a liberty

¹ New York Constitution, art. 12, sec. 1, Bliss's New York Anno. Code, 1913, 6th ed., vol. 4, p. 5010.

² Nebraska.—Acts of 1901, ch. 17, p. 217, amended 1907; ch. 112, p. 388, 1900; ch. 17, p. 161.

³ Wright v. Hector, 95 Nebr. 342, Feb. 13, 1914.

⁴ Legislation on this subject will be found in the following States.

Indiana. Acts of 1891, ch. 114, provided that not less than the rate of per diem wages in the locality where the work is performed shall be paid to laborers employed by the State or subdivision of the State.

Delaware. Acts of 1901-1903, ch. 410, p. 845, provided that wages of employees on all public work shall not be less than the prevailing rate.

Kansas. Acts of 1905, ch. 477, p. 782, amended 1907, ch. 393, p. 571-572, provided for the payment of customary rates to employees of the State printing office.

Maryland. Acts of 1908, ch. 85, p. 612-614, repealed and reenacted act of 1908, ch. 458, provided that not less than the current rate of per diem wages in the locality where the work is performed shall be paid to laborers, workmen, and mechanics so employed by or on behalf of the mayor and city council of Baltimore. (See section on minimum rates, p. 56, footnote.)

Oklahoma. Acts of 1909, ch. 39, p. 635. That not less than the current rate of per diem wages in the locality where the work is performed shall be paid to laborers * * * in public institutions and public work.

Massachusetts. Acts of 1909, ch. 514, p. 731; amended 1914, ch. 474, pp. 413-414. The wages paid to mechanics employed on public works must not be less than the prevailing rate of wages in the same occupation in the locality.

Oregon. Acts of 1911, ch. 298, pp. 458-463, provided that the current rate of wages be paid employees of the State printing office.

Arizona. Acts of 1912, ch. 78, pp. 415-416, provided that eight hours shall constitute a day's labor for all persons employed by the State and its political subdivisions and that not less than the current rate of per diem wages in the locality where the work is performed shall be paid to such persons.

United States. Acts of 1912, vol. 37, ch. 355, p. 492, current rates to plate printers in the Bureau of Engraving and Printing.

California. Acts of 1915, ch. 671, pp. 1318-1319. Employees of State printing office shall be paid current rates in the principal cities of the State.

of contract belonging to public corporations which must be protected, as well as a personal liberty which must be assured to all natural persons. But the later decisions have gone far away from this standard, although they still hold to the idea of freedom of contract for all natural persons sui juris, except where restrictions are justified under the police power.

The conclusions arrived at by the courts of the United States regarding the power of the legislature to affect the rate of wages may be summarized as follows:¹

1. The legislature may stipulate, where the State itself is a direct employer of labor, the hours of work and rate of payment. The legislature as the lawmaking body of the State government is as free to make laws under which the government's work shall be carried on as any other employer. It may set either a minimum or a maximum standard of wage or it may direct that the "current rate" be paid. There is no doubt of the power of the legislature to act in such a matter. The contrary contentions of the Indiana courts, based on arguments that a high wage rate might or would confiscate the taxpayers' property are not, therefore, in accord with the best decisions.

2. When municipalities or subdivisions of a State are required by law to pay a certain rate, or are permitted to fix the rate themselves, no valid objection could be raised on the ground that "freedom of contract" is violated by such a law. The Ohio courts have held that laws fixing the rate of wages violated the State bill of rights and the fourteenth amendment of the Federal Constitution; but in the light of the ruling of the United States Supreme Court, in *Atkin v. Kansas*, the latter objection falls and the former is not in accordance with the best opinion. The continued denial by the courts of New York of the right of the State to determine the conditions of its own contracts resulted in an amendment to the State constitution. This amendment changed the character of the courts' decisions and made them more in consonance with the reasoning of the decision of *Atkin v. Kansas*.

3. The law regulating the rate of wages which contractors who undertake work for the State must pay is obligatory on them to obey. The State and the contractor have equal liberty. No man is forced to become party to a contract with the State to perform certain public work. He does it, if at all, accepting the conditions of the contract voluntarily. The State, in inserting in its contracts that a certain rate of wages shall be paid the laborers employed by the contractor is exercising that freedom and right that individual

¹ Cases in which the decisions turn on peculiar provisions of the State constitutions or on laws that provide that contracts be let to the lowest bidder are disregarded.

citizens demand and have in making the conditions in their own private contracts. The decision in the Atkin case laid down doctrine which it is reasonable to assume will not be questioned.

The attitude of this court is important in view of the tendency of many of the State courts to make the infringement of the fourteenth amendment one of the grounds of their decisions when holding that statutes of this nature are unconstitutional. No appeal can be made to the United States Supreme Court from the decisions of these high State courts, and when the State court declares the statute unconstitutional on the ground that it is in conflict with the fourteenth amendment no remedy will be afforded by amending the State constitution. At times the State courts are more sensitive to infractions of the Federal Constitution than the Supreme Court itself. When the Court of Appeals of New York State nullified the eight-hour law and its prevailing-rate-of-wages section under the fourteenth amendment, no further appeal remained for those interested in sustaining the validity of the law. But shortly after this the United States Supreme Court in the Atkin case, involving a similar statute, held that its constitutionality was beyond all question. The question that these and similar statutes were contrary to the Federal Constitution having been settled, the State constitution was amended to permit the legislation which public opinion demanded. Until very recently, however, if the State court annulled a law of this character, alleging that it conflicted with the Federal Constitution, its decision would hold.¹

The labor cases furnished one of the strongest arguments for the modification of the judiciary act in order that appeals on Federal questions might be taken to the United States Supreme Court whether the ruling in the State court was favorable or adverse.

4. Legislation regulating the rate of wages in private employments has not been attempted in the United States until recently. The apparent exception in the pension-attorney law is explained by the peculiar position of the Government. As the grantor of the pension it can determine the conditions of the grant. Laws regulating the fees of attorneys can not be justified as can the legislation discussed in the foregoing divisions. These laws can not be justified on the ground that the State is an immediate party in interest, but they must be defended on the ground that, under the police power, the State must act for the good of society as a whole.

5. The California legislation concerning wages on street railways is the only example in the United States (the Virginia law excepted) of legislation regulating the rate of wages for men in private employments. The law has never been tested in the courts, but in the present state of public opinion it is almost certainly unconstitutional.

¹ United States.—Acts of 1914, 38 Stat. p. 790.

Such is not the case, however, with the legislation regulating the rate of wages for women in private employments. The Oregon minimum-wage law has been held by the State supreme court and the United States Supreme Court to be constitutional.

DECISIONS ON RATE OF WAGE-PAYMENT LEGISLATION.

Date.		Title of case.	State.	Subject.	Decision.
Year.	Month and day.				
1891	Oct. 10	State v. Martindale.....	Kansas.....	Prevailing rate on public works.	Construction.
1894	Apr. 10	Clark v. State of New York.	New York.....	Maximum or minimum rate on public works.	Constitutional.
1895	Mar. 18	Frame v. Felix.....	Pennsylvania...	Maximum or minimum.	Construction.
1897	June 16	Billingsley v. Bd. of Co. Com.	Kansas.....	Prevailing rate.....	Do.
1897	June 22	Bramley v. Norton.....	Ohio.....	Maximum or minimum.	Unconstitutional.
1898	Dec. 10	In re Ashby.....	Kansas.....	Prevailing rate.....	Construction.
1899	Dec. 9	In re Dalton.....	do.....	do.....	Constitutional.
1901	Feb. 26	McCann v. New York.	New York.....	do.....	Construction.
1901	do.	Rodgers v. Color.....	do.....	do.....	Unconstitutional.
1901	Mar. 8	Trest v. Coler.....	do.....	do.....	Do.
1901	July 6	Beard v. Bd. of Co. Com.	Kansas.....	do.....	Construction.
1901	Oct. 10	Lewis v. Dunne.....	California.....	Maximum or minimum.	Unconstitutional.
1902	Jan. 11	Kansas v. Atkin.....	Kansas.....	Prevailing rate.....	Constitutional.
1902	Jan. term	City of Cleveland v. Clements Bros.	Ohio.....	Maximum or minimum.	Unconstitutional.
1902	June 7	State v. James Wilson	Kansas.....	Prevailing rate.....	Construction.
1903	Apr. 1	Street v. Varnay Elec. Supply Co.	Indiana.....	Maximum or minimum.	Unconstitutional.
1903	Apr. 28	People v. Orange Co. Rd. Const. Co.	New York.....	Prevailing rate.....	Do.
1903	Nov. 30	Atkin v. Kansas.....	Kansas.....	do.....	Constitutional.
1904	Jan. 29	Ryan v. N. Y.	New York.....	do.....	Do.
1912	May 31	Malette v. City of Spokane.	Washington.....	Maximum or minimum.	Construction.
1913	July 10	Jahn Cont. Co. v. City of Spokane.	do.....	do.....	Do.
1914	Feb. 13	Wright v. Hoctor.....	Nebraska.....	do.....	Unconstitutional.
1914	Mar. 17	Stettler v. O'Hara.....	Oregon.....	Minimum rate in private employments.	Constitutional.
1914	Apr. 28	Simpson v. O'Hara.....	do.....	do.....	Do.
1914	May 12	Bopp v. Clark.....	Iowa.....	Minimum rate on public works.	Do.

Summary.—Minimum rate in private employments—3 cases held constitutional. Maximum or minimum rate on public works—1 case held constitutional; 5 cases held unconstitutional; 3 cases construction of statute. Prevailing rate on public works—4 cases held constitutional; 3 cases held unconstitutional; 6 cases construction of statute.

CHAPTER V.—PERIOD OF PAYMENT OF WAGES.

The common law followed the rule that the laborer should be paid at the end of a certain period of work dependent upon the terms of hiring. The reason was that it was recognized that the laborer advanced to the employer a day's work, a week's work, or a month's work, according to the terms agreed upon, and that he should be paid at the end of the agreed period. The employer has always been quick to recognize this and has sought to make the periods of payments at long intervals. The longer the interval between payments, therefore, the larger the loan which the workingman makes to his employer without interest. Usury laws are based upon the theory that the lender and the borrower of money do not occupy the relation of equality which parties do in contracting in regard to other kinds of property, and that the borrower's necessities place him at the mercy of the lender. Statutes which aim to enable the workman to pay cash for his supplies and to protect him from the disadvantages of purchasing on credit are based upon the same principle.

Statutes designed to insure the payment of wages to the employee at certain regular intervals are of comparatively recent origin. The object of such legislation is to protect the workman against the hardships resulting from payment at long intervals and the temptations which inevitably accompany buying on credit. It is the choice between the credit system with its evils or the cash system with its independence for the laborer.

LEGISLATION IN EUROPEAN COUNTRIES.

Laws of this kind exist in most of the countries of Europe. Some of the laws impose rigorously upon the employer the obligation to make payments to employees within the time which is specified, while others reserve to the contracting parties the right to abrogate the law by contracts. Switzerland,¹ Belgium,² and Russia³ belong to the first group of countries, which fix by legal compulsion the

¹ Switzerland.—Federal Law, Mar. 29, 1877, sec. 10: "Employers must pay their employees in the factory at least once every 15 days in cash, in legal tender. Special agreements between employers and employees and the factory regulations may provide for monthly payments." U. S. Bureau of Labor Statistics Bul. No. 20, Jan., 1900, p. 149. Amended June 26, 1902; repealed and superseded, 1914.

² Belgium.—Act, Aug. 16, 1887, sec. 5: "Where wages are not in excess of 5 francs (87 cents) per day they must be paid to the workmen at least twice a month and at least at intervals not exceeding 15 days. In piece or task work a partial or final adjustment of wages due must be made at least monthly." U. S. Bureau of Labor Statistics Bul. No. 26, Jan., 1900, p. 117.

³ Russia.—Law, Mar. 14-26, 1904. Penal and Industrial Codes: "Wages must be paid at least once a month, if the contract is concluded for a longer time than one month, and at least twice a month, if the duration of the contract is not determined." U. S. Bureau of Labor Statistics Bul. No. 20, September, 1900, p. 1031.

maximum interval which can elapse between two payments. In Switzerland the development of a system of labor regulations in the Cantons brought about a strong demand for a general law. This agitation resulted in having placed in the constitution of 1874, article 34:

The Confederation has the right to make uniform prescriptions concerning the labor of children in factories, concerning the duration of labor that may be required of adults, as well as concerning measures for the protection of workmen against the exercise of unhealthy and dangerous industries.

In pursuance of this power the Federal Government enacted a general factory law on March 23, 1877. It required that wages must be paid fortnightly and at least at intervals not exceeding 16 days, except when a contract is made to the contrary; but then payment must take place at least once a month. If work is done by the piece, the conditions of payment are fixed by private contract. Sometimes payment must take place not later than the first pay day after the completion of the work.¹

The second group of countries, those in which the periods of wage payment are subject to voluntary acceptance on the part of employer and employee, include Austria,² and Norway.³ These laws declare the principle that the payment take place each week; but they recognize the existence of contracts to the contrary. In Germany⁴ the laws leave the determination of the period of payment to the free contract of the parties. Under certain conditions this liberty is restricted. Municipalities can for specified industries require that the wages be paid at regular intervals; and, in the factories employing at least 20 workmen, the factory rules must state the time and place of the payment of wages.

A resolution was passed on July 13, 1889, by the French Chamber of Deputies, which provided for the payment of wages at intervals of 15 days. At the time nothing came of this resolution. The Senate passed a bill in 1894 which required that the wages of employees should be paid at least twice a month, the greatest interval allowable to be 16 days, except when arranged otherwise by written contracts. After a long delay the principle of this bill became a law⁵ on December 8, 1899.

In England⁶ the question of the period of payment is left entirely to the freedom of the contracting parties.

¹ Switzerland.—Law, Mar. 23, 1877. Amended by act June 25, 1902. U. S. Bureau of Labor Statistics Bul. No. 28, January, 1903, p. 146.

² Austria.—Law, Dec. 20, 1838, amended Mar. 15, and June 17, 1853; Mar. 3, 1855; Nov. 27, 1886; Feb. 28, 1897. U. S. Bureau of Labor Statistics Bul. No. 28, May, 1903, pp. 529-597.

³ Norway.—Law, June 27, 1892. U. S. Bureau of Labor Statistics Bul. No. 30, September, 1903, pp. 1057-1063.

⁴ Germany.—Law, June 1, 1891. U. S. Bureau of Labor Statistics Bul. No. 27, March, 1903, pp. 314-379.

⁵ U. S. Bureau of Labor Statistics Bul. No. 25, November, 1900, p. 526.

⁶ Idem, p. 850. But see 1 and 2 Geo. V, ch. 50, p. 289, Dec. 16, 1911, as to coal mines.

Greece.—Act No. 4030, Jan. 24, Feb. 6, 1911, weekly or monthly pay day. Mar. 28-Apr. 9, 1911.

Western Australia.—The Workmen's Wages Act, Oct. 25, 1905, weekly.

New Zealand.—Act No. 204, 1908, art. 31, monthly.

Danmark.—Act 4, Geo. V, ch. 12, 1914, wages to be paid miners at intervals of not more than two weeks.

LEGISLATION IN THE UNITED STATES.

In the United States¹ the period when wages are to be paid is usually fixed by the contract of employment or by custom. An agreement to do a piece of work, or to work for a stated period for a certain sum, no time of payment being set, is construed to be a contract to pay only when the labor is completed or the contract is otherwise terminated.² However, many States have passed laws to fix the period of payment of wages.

WEEKLY PAYMENTS.

Massachusetts.—The labor legislation of Massachusetts³ exceeds in volume that of any other State. It is based largely upon English precedents and has served as a model for similar legislation elsewhere in the United States. The demand for weekly payment was first made about 1875 among the Fall River unions. The employees took their grievances to the legislature and with the moral support of the State bureau of statistics of labor,⁴ succeeded in having a law⁵ passed in 1879 which provided that "cities shall, at intervals not exceeding seven days, pay all laborers who are employed by them at a rate of wages not exceeding \$2 a day if such payment is demanded." This act served as an entering wedge. Seven years later the law⁶ was extended to certain corporations, which were subject to a penalty of from \$10 to \$50 with costs for violation of the act. After the enactment of this law the struggle of the employee for the recognition of the principle was won, for there have been repeated amendments⁷ to the law, each one enlarging its scope.⁸

¹ New York State Library: Summary of State legislation, No. 1, 1800, to No. 36, 1907, Albany, N. Y. F. J. Stimson: Labor in Its Relation to Law, New York, 1895; Handbook to the Labor Law of the United States. New York, 1896.

United States Industrial Commission, Report 1900, vol. 5, pp. 55-67, 223-225. Final report 1902, vol. 19, pp. 735-740. Washington, D. C.

L. D. Clark: The Law of the Employment of Labor, ch. 2, pp. 45-72. New York, 1911.

J. R. Commons and J. B. Andrews: Principles of Labor Legislation, pp. 35-60. New York, 1916.

² *Thompson v. Phelps*, 22 N. H. 339-351, July term, 1851.

Thorpe v. White, 13 Johnsons Rep. (N. Y.) 53, 54, January, 1816.

³ S. S. Whittlesey: Massachusetts labor legislation, in *Annals American Academy of Political and Social Science*, Supplement, January, 1901.

F. S. Baldwin: Recent Massachusetts labor legislation, in *Annals American Academy of Political and Social Science*, vol. 33, No. 2, pp. 63-76, March, 1909.

Labor laws and their enforcement with special reference to Massachusetts, edited by Susan M. Kingsbury, New York, 1911, pp. 328, 329.

⁴ Established June 22, 1869. These bureaus, established in the several States in later years, were all intimately connected with labor legislation.

⁵ Massachusetts.—Acts of 1879, ch. 128, p. 483.

⁶ Massachusetts.—Acts of 1886, ch. 87, pp. 73, 74.

⁷ Massachusetts.—Acts of 1887, ch. 309, pp. 1006, 1007; 1891, ch. 230, pp. 809, 810; 1894, ch. 508, p. 648; 1895, ch. 438, p. 484; 1896, ch. 241, p. 188 and ch. 334, p. 277; 1898, ch. 481, p. 438; 1899, ch. 247, p. 221; 1900, ch. 470, p. 468; 1902, ch. 450, pp. 264, 365; 1906, ch. 427, pp. 445, 446; 1907, ch. 193, pp. 147, 148; 1908, ch. 659, pp. 779, 780; 1909, ch. 514, pp. 759, 760; 1914, ch. 247, pp. 216-218; 1915, ch. 75, pp. 62, 63; 1915, ch. 214, p. 196; 1916, ch. 14, p. 11; ch. 229, pp. 203, 204. (See pp. 73, 74.) As affecting the time of paying wages, Massachusetts Acts of 1911, ch. 249, pp. 212, 213, provide that "manufacturing corporations and contractors, persons or partnerships engaged in any manufacturing business wherein 100 employees or more are employed shall, on the day chosen as pay day, pay such of their employees as are on that day working in the manufacturing establishment, before the close of the regular working hours."

⁸ Massachusetts Acts of 1910, ch. 350, pp. 272, 273; 1911, ch. 208, pp. 156, 157; ch. 249, pp. 212, 213, provides for payment of wages on regular pay day and before close of workday.

Connecticut.—Connecticut was the first State¹ to follow the example thus set by Massachusetts. A law² passed in 1886 provided that the laborers in the employ of the State at the State capitol should be paid weekly. This was the first tangible result of an agitation begun in 1885 by the Knights of Labor for the enactment of a weekly payment law. The principle was carried further in 1887 by a law³ which required that corporations should pay their employees once a week, and without discount, all wages earned and unpaid up to the eighth day preceding the day of payment. Corporations, however, were permitted to pay their employees weekly 80 per cent of the estimated wages earned and unpaid before the eighth day preceding the day of payment, if paid in full once a month. The penalty for violation was \$50. The law remains the same to-day.

New Hampshire.—New Hampshire⁴ adopted the idea in 1887. Certain enumerated corporations employing more than 10 persons at one time were required to pay the wages earned each week within eight days after the expiration of the week, or upon demand after that time. Only slight changes have since been made in the law.

New York.—The New York Legislature in 1890, under the influence of the New England example and an urgent message from Gov. Hill in 1889,⁵ substantially adopted the provisions of the Massachusetts law, which at that time applied only to corporations.⁶ No sooner was the law enacted than it was brought before the supreme court of the State⁷ on an application for a mandamus by a clerk in the mayor's office in the city of Buffalo. The court denied the writ on the ground that the statute was limited in its scope to laborers and workmen engaged in manual labor. It was held in another case that the term "wages" used in the law did not include salary.⁸ Several explanatory amendments⁹ were made to the act in 1893 and in 1895.¹⁰ The whole act was repealed in 1897. At this time all of the laws relating to labor were codified into the general labor law.¹¹ Slight amendments¹² were made by

¹ A. M. Edwards: Labor legislation of Connecticut, American Economic Association, 3d series, August, 1907, vol. 7, No. 2, pp. 413-734.

² Connecticut.—Acts of 1886, ch. 130, p. 628.

³ Connecticut.—Acts of 1887, ch. 67, pp. 695, 697.

⁴ New Hampshire.—Acts of 1887, ch. 26, p. 424; amended 1909, ch. 134, pp. 507, 508; 1911, ch. 78, pp. 81, 82.

⁵ F. F. Fairchild: Factory legislation of the State of New York, American Economic Association, 3d ser., November, 1905, vol. 6, No. 4, pp. 737-943.

⁶ New York.—Acts of 1890, ch. 388, p. 741.

⁷ People v. City of Buffalo, 57 Hun. 577-584, October term, 1890, Judge Macomber.

⁸ People ex rel. Van Valkenburgh v. Myers, 33 N. Y., 15-23, Oct. 8, 1890. See also report attorney general, 1894, p. 147.

⁹ New York.—Acts of 1893, vol. 2, ch. 717, pp. 1763-1753.

¹⁰ New York.—Acts of 1895, vol. 1, ch. 701, pp. 555-557.

¹¹ New York.—Acts of 1897, ch. 415, p. 464.

¹² New York.—Acts of 1905, vol. 2, ch. 442, p. 1269.

the legislature in the session of 1908. The law¹ was again consolidated in 1909, and an addition to section 11 was made which compelled steam surface railroads to pay twice each month on or before the first and fifteenth days.

*Rhode Island.*²—Rhode Island in 1891 passed a law³ requiring corporations and cities to pay employees weekly. The constitutionality of the law was tested the next year in the case of *State v. Brown & Sharpe Manufacturing Co.* The charter of the company made it subject to the provisions of the State law that "all acts of incorporation hereafter granted may be amended or repealed at the will of the general assembly." Subsequently, the general weekly payment act was passed. The company claimed that the law was in conflict with the constitutions of the State and of the United States, because it interfered with freedom of contract of both the employee and the corporation, and because it was class legislation of the worst kind, since it applied only to certain classes of corporations. The constitutional conflicts were resolved into the question whether or not the law was a valid exercise of the power reserved to the general assembly to amend or repeal articles of incorporation. The court answered the question in the affirmative. The question was raised by the court as to whether the act was an exercise of the police power of the State. On this point it said:⁴

* * * It is a matter of common knowledge that while corporations, owing to this very corporate power of aggregating capital, are the richest and strongest bodies, as a rule, in the State, their employees are often the weakest and least able to protect themselves, frequently being dependent upon their current wages for their daily bread. If they get credit they may pay for it, as others do, and in proportion to their inability to pay cash and the risk in trusting them, they have to pay for the time indulgence they obtain. * * * poverty and weakness can wage but an unequal contest with corporate wealth and power, and * * * the legislature in granting valuable corporate powers and privileges might be willing to do it, or, if already granted, to continue them if it has retained the power to amend such original grant, only on condition of minimizing corporate power to drive hard bargains with their employees, who, too often in the sharp and bitter competition for work, have to submit to such terms and conditions as their employers see fit to prescribe.

It has been urged that chapter 918 is unconstitutional because it interferes with the rights of employees to make such contracts with a corporation as they see fit. No inhibition is placed upon employees to make such contracts as they choose, with any person or body, natural or artificial, that is authorized to contract with them. But corporations are artificial bodies and possess only such powers as are granted to them, and natural persons dealing with them have no right to demand that greater power should be granted to corporations in order that they may make other contracts with such corporations than the corporations are authorized to enter into. Chapter

¹ New York.—Consolidated Laws 1909, ch. 36, p. 17; 1909, ch. 206, pp. 322, 323. This act was construed in *People by Mitchell et al., State Industrial Commission v. Interborough Rapid Transit Co.*, 154 N. Y. Supp. 627-631, July 9, 1915.

² J. K. Fowler: *Factory legislation of Rhode Island*, in *American Economic Association*, 2d ser., 1908, vol. 9, No. 3, pp. 443-561.

³ Rhode Island.—Acts of 1891, ch. 918, pp. 143, 144.

⁴ *State v. Brown & Sharpe Mfg. Co.*, 18 R. I. 16-23, Oct. 3, 1892.

918 was clearly passed in the interest of the employee and it is not easy to see how it would operate to his disadvantage. If he did any labor under a time contract which the corporation was not authorized to make, he would be paid, not under the contract, but under a quantum meruit every week.

The power of the legislature to regulate contracts between natural persons was not before the court, but the opinion is one which treats the subject not from a strictly legal point of view, but with express recognition of the actual economic and social conditions.

Illinois.—Quite another line of reasoning is found in the decisions of the Illinois supreme court, where the next case arose. The legislature enacted a law¹ on April 23, 1891, which required certain corporations to pay their employees weekly and prohibited contracts for other times of payment.

It was held by the Supreme Court of Illinois² that the act was contrary to the due process guaranty of the State constitution. The case of *Frorer v. People*³ was cited as authority. The statute, since it did not apply to all corporations, was also held to contravene the constitutional provision that corporate charters were not to be amended by special laws. Discussing the right to due process, the court said:

* * * The right to contract necessarily includes the right to fix the price at which labor will be performed and the mode and time of payment. Each is an essential element of the right to contract, and whosoever is restricted in either as the same is enjoyed by the community at large, is deprived of liberty and property.

This decision shows the tendency to treat the problem from a purely legal point of view. The premise underlying the reasoning is that all men are placed on equal terms in contracting, and, therefore, the legislature can not interfere under the constitution to bestow on either employer or employee any advantage. In the opinion there is no evidence to show that the court even considered the possibility that the industrial changes occurring in recent years have operated to place the employee at a disadvantage in the practical exercise of his constitutional freedom of contract.

The next cases were those that tested the "radical" ideas of the Massachusetts Legislature. The advisability of extending the weekly payment laws from corporations to private individuals and partnerships was before the legislature. The supreme judicial court was called upon by the legislature for an opinion as to the constitutionality of a proposed act.⁴ The justices decided that under the State constitution the legislature has the power to extend the application of the law to private individuals and partnerships and that such legislation would not conflict with the Declaration of

¹ Illinois.—Acts of 1891, ch. 43, pp. 213, 214.

² *Fraceville Coal Co. v. People*, 147 Ill. 66-75, Oct. 26, 1892.

³ *Frorer v. People*, 141 Ill. 171, June 15, 1892. (See p. 100.)

⁴ In re House bill No. 1298, 163 Mass. 550-560, May 6, 1896.

Rights nor with the fourteenth amendment to the Constitution of the United States. The court said:¹

* * * We know of no reason derived from the Constitution of the Commonwealth or the United States, why there must be a distinction made in respect to such legislation between corporations and persons engaged in manufacturing, when both do the same kind of business. * * *

The next case² which came before the court was *Commonwealth v. Dunn*, to determine the effect of the act of 1895. The court held that the act made persons and partnerships engaged in any manufacturing business and having more than 25 employees subject to the general provisions of the statute of 1894, concerning manufacturing corporations.

Under the broad grant of powers contained in the State constitution, the Massachusetts courts have consistently upheld weekly payment laws, applying not only to corporations but to individuals as well. The judges have not been forced to undertake collateral lines of reasoning to justify their decisions. They meet squarely the questions at issue and place their decisions upon the ground that the legislature is the judge of conditions. The courts take the position that the legislature must decide whether the law will promote the ends of good government and that the courts will rule only on questions of law.

Indiana.—The Indiana Legislature provided³ in 1891 for the weekly payment of wages to within six days of pay day. Subsequent amendments to the act broadened it to include persons, companies, corporations, or associations, interstate common carriers excepted. In the case⁴ of *International Text-Book Co. v. Weissinger* it was held that in view of the importance to the State of the well-being of the wage earners, and in view of the temptations to sacrifice future earnings, the disability imposed by the act as to the assignments of wages constituted a lawful exercise of the police power and was not in violation of the State constitution as an unreasonable restraint upon the liberty of the citizen. Nor was it a deprivation of property without due process of law in violation of the fourteenth amendment to the United States Constitution. The constitutionality of this act was questioned before the State supreme court again in 1903 in the case⁵ of the *Republic Iron & Steel Co. v. State*. The attorney general sought to justify the law upon the ground that the wage earners were not upon an equal footing with employers; that opportunities for oppression and consequent public

¹ In re House bill No. 1230, 163 Mass. 589-590, May 6, 1905.

² *Commonwealth v. Dunn*, 170 Mass. 140-142, Jan. 8, 1898. See also *Gallagher v. Hathaway Mfg. Co.*, 172 Mass. 230-233, Nov. 23, 1898; *Ferry v. Kinsley*, 195 Mass. 548, 549, May 15, 1907.

³ *Indiana.*—Acts of 1891, ch. 83, pp. 106, 109, amended 1893, ch. 114, p. 201; 1899, ch. 124, pp. 193, 194; 1911, ch. 68, p. 110.

⁴ *International Text-Book Co. v. Weissinger*, 180 Ind. 349-355, Nov. 25, 1902.

⁵ *Republic Iron & Steel Co. v. State*, 160 Ind. 379-382, Apr. 8, 1903. See also *Chicago & Erie Railroad Co. v. Ebersole*, 173 Ind. 332-335, Jan. 13, 1910.

suffering would ensue; finally, that since thrift was beneficial to the community, it should be encouraged by enabling workmen to pay cash for current demands, and this could only be done by requiring frequent payments of wages. The court held that such legislation could not be sustained as a proper exercise of the "police power" of the State.

Chief Justice Hadley said:

It is not denied that appellant, though a corporation, is a person, within the rulings of the Supreme Court of the United States, and as such may demand that its liberty and property be safeguarded under the last two clauses of section 1 of the fourteenth amendment. * * * It is furthermore conceded that appellant may invoke, as it does, the guaranties of the Federal and State Constitutions against the impairment of contracts. * * * Labor is property. It is exchangeable for food and raiment and comforts, and may be bought and sold, and contracts made in relation thereto, the same as concerning any other property. The question, therefore, arises: Is the arbitrary denial of the right to exchange money for labor * * * in matters which affect no public interest an unwarrantable interference with the right of contract, and a depriving of the person of liberty and property without due process of law? The only rational grounds upon which it is claimed there may be legislative interference with freedom of contract for lawful purposes is in the exercise of that undefined, reserved force of the people known as the police power. There is a divergence of view as to the proper scope and application of this power, but all authorities seem to agree that it may be exerted only on behalf of some general, public interest, as distinguished from individuals or classes; that is to say, to protect the public health, safety, morals, prevent fraud and oppression, and promote the general welfare. It is not to be invoked to protect one class of citizens against another class unless interference is for the real protection of society in general. * * * If the master can employ no other upon terms of weekly payment, the workman can find employment on no other terms. It will be observed that the statute gives the parties no choice—no right to waive the provisions of the law. * * * Any law or policy that disables the citizen from making a contract whereby he may find lawful, needed, and satisfactory employment is unreasonable. * * * The statute places the wage earners of the State under quasi guardianship. It classes them with minors and other persons under legal disability. * * * We do not assert that the legislature is powerless to regulate the payment of wages when the same are paid at unreasonable periods, or that a community composed largely of workmen may be injuriously affected by unduly delayed payments. * * * We would not be understood as holding that the freedom of contract is wholly beyond legislative control. * * *

This decision places the Indiana court in line with the reasoning of the Supreme Court of Illinois.

Vermont.—The Vermont Legislature passed a law¹ in 1906 which required corporations engaged in certain enumerated classes of business to pay their employees in lawful money each week. The validity of the act was questioned in the case² of *Lawrence v. Rutland Railroad Co.* on the ground that it violated the State constitution because it contravened certain portions of the bill of rights; and the Federal Constitution because it deprived the defendant of due process and equal protection of the laws.

¹ Vermont.—Acts 1906, ch. 117, p. 114.

² *Lawrence v. Rutland Railroad Co.*, 89 Vt. 370-380, Nov. 15, 1907.

After an exhaustive and careful review of the cases in point, the court held that the act did not infringe upon the clauses of the constitution. The court said in part:

Nor does the act deny to the defendant the equal protection of the laws. True, it does not include all corporations doing business in the State; but it includes all of the particular class to which the defendant belongs, namely, all railroad corporations, and all other transportation corporations, and all telegraph and all telephone corporations and all incorporated express companies, and perhaps some other public-service corporations. But it is not necessary to its validity that it should include all corporations doing business in the State; for, although class legislation, discriminating against some and favoring others, is prohibited, yet special legislation does not contravene the equality clause of the fourteenth amendment, if, within the sphere of its operation, all persons within its provisions are treated alike in like circumstances and conditions.

The concept of class legislation which this court exhibits furnished a strong contrast to that displayed by the Illinois court where it is held ¹ that a law must operate upon all corporations or individuals, not merely upon corporations and individuals included in a particular class. On the plea that the act was invalid because it restricted the rights of the defendant's employees to contract with it, the court said:

* * * But the restriction of their rights is not direct, but results from the restriction of the defendant's rights; and, as that restriction is good as to the defendant, the rights of its employees are not thereby infringed, for they have no right to demand greater liberty for the defendant in order that their liberty may be enlarged * * *.

Other States ² have followed in the wake of these States until at the present time 12 have laws on the subject of weekly payment of wages to employees. The provisions of these laws are taken chiefly either from the Massachusetts or from the New York acts.⁴

BIWEEKLY PAYMENTS.

The principle of the laws prescribing the biweekly payment of wages is identical with that at the basis of the weekly payment laws. State legislatures which have passed such laws were influenced by the weekly payment law enacted by the Massachusetts Legislature, but hesitated to make such a sweeping invasion of the almost universal

¹ Schofield, J., in *Prover v. People*, 141 Ill. 171.

² *Lawrence v. Rutland Railroad Co.*, 80 Vt. pp. 386, 387.

³ Wisconsin.—Acts of 1899, ch. 474, p. 670; 1901, ch. 430, p. 613; 1901, ch. 47, pp. 56, 57; applies to individuals as well as corporations in the absence of contracts weekly or biweekly.

Kansas.—Acts of 1893, ch. 187, pp. 270, 271, corporations; 1906, ch. 477, p. 732; 1907, ch. 203, p. 57; relates to payment weekly of employees in State printing office.

Maine.—Acts of 1911, ch. 39, pp. 33, 34; 1913, ch. 26, pp. 22, 23; 1915, ch. 206, pp. 285, 286. Law rewritten and made more inclusive in its scope. (See p. 77.)

South Carolina Acts of 1914, ch. 546, p. 937, applies to all textile manufacturing corporations.

⁴ Massachusetts.—Revised Laws, 1902, ch. 106, p. 470: "Every manufacturing, mining or quarrying, mercantile, railroad, street railway, telegraph or telephone corporation, every incorporated express company, or water company, and every contractor, person or partnership engaged in any manufacturing business, in any of the building trades, in quarries or mines, upon public works or in the construction or repair of railroads, street railways, roads, bridges or sewers or of gas, water or electric light works, pipes or lines, shall pay weekly, each employee engaged in his or its business the wages earned by him to within six days of the date of said payment, but any employee leaving his or her employment, or being discharged from such employment, shall be paid in full on the following regular pay day; and the commonwealth, its officers, boards and commissions shall so pay every mechanic, workman and laborer who is employed by it or them, and every county and city shall so pay every employee."

custom of monthly wage payments which prevailed in most lines of industry prior to 1885. Biweekly payment laws represent a compromise between the advanced position of Massachusetts and prevailing custom.

Maine.—Maine¹ adopted such a compromise in 1887 when it was provided² that individuals, as well as corporations, employing more than 10 persons should pay their employees biweekly up to within eight days. A penalty of not less than \$10 nor more than \$25 was set for violation of the act, but it applied only to corporations and not to individuals. No means for the enforcement of the law were provided until 1893, when this duty was placed upon the factory inspector.³ A further amendment⁴ in 1895 defined the persons by whom suit was to be brought under the act. "The constitutionality of this act⁵ seems to have been taken for granted on account of the similarity to that of the Massachusetts weekly payment law applying to all manufactories which was held by the Supreme Court of Massachusetts⁶ to be constitutional. * * *" The law has now been amended⁷ to require the weekly payment of wages by corporations and individuals engaged in certain enumerated pursuits.

Indiana.—In 1887 the Legislature of Indiana passed a law⁸ which provided that the wages of miners and certain other employees should be paid at least once in every two weeks in lawful money of the United States. By an act⁹ of 1889 all contracts which waived the right to receive wages in lawful money at least once in two weeks were declared unlawful. The law¹⁰ was afterward extended to include employees of manufacturers as well. The validity of the act of 1887 was questioned in 1890.¹¹ William P. Yaden brought an action against Hancock & Conkel to recover wages due for services while working in their mines. Yaden received judgment in the lower court and the defendants appealed to the supreme court. They pleaded both a verbal and written contract by which Yaden expressly waived his right to demand and receive his wages every two weeks. Such contracts were expressly prohibited by the act of 1887 as amended in 1889. Judge Elliott delivered the opinion and said in part:

* * * Our judgment is that the provision of the statute forbidding the execution of contracts waiving a right to payment in money is one that the legislature had power

¹ E. S. Whittin: *Factory legislation in Maine*, Columbia University Publications, New York, 1908.

² Maine.—Laws of 1887, ch. 134, pp. 107, 108.

³ Maine.—Laws of 1893, ch. 252, p. 342.

⁴ Maine.—Laws of 1895, ch. 53, p. 60.

⁵ E. S. Whittin: *Factory legislation in Maine*, Columbia University Publications, New York, 1907, pp. 55-67.

⁶ In re House Bill No. 1250, 163 Mass. 530-536, May 6, 1896.

⁷ Maine.—Acts of 1897, ch. 294, p. 233; 1911, ch. 38, pp. 33, 34; construed in *Velkunas v. Morrison*, 114 Me. 260-264, Dec. 14, 1915; 1913, ch. 36, pp. 23, 24; 1915, ch. 294, pp. 233, 234.

⁸ Indiana.—Acts of 1887, ch. 12, pp. 12, 14.

⁹ Indiana.—Acts of 1889, ch. 98, p. 191.

¹⁰ Indiana.—Acts of 1891, ch. 83, p. 108; 1903, ch. 27, pp. 47, 48.

¹¹ *Hancock et al. v. Yaden*, 121 Ind. 366-373, Jan. 7, 1890.

to enact. It is a fundamental principle that every member of society surrenders something of his absolute and natural rights in all organized States. * * * We can not conceive a case in which the assertion of the legislative power to regulate contracts has a sounder foundation than it has in this instance; for here the regulation consists in prohibiting men from contracting in advance to accept payment in something other than the lawful money of the country for the wages they may earn in the future. It is of the deepest and gravest importance to the Government that it should unyieldingly maintain the right to protect the money which it makes the standard of value throughout the country. The surrender of this right might put in peril the existence of the Nation itself.

Although the court addressed itself more particularly to the mode rather than to the period of wage payment, as provided for in the same section of the act, the line of reasoning developed applies to both phases. The court started out with a general concept of the police power, but turned aside to base its final decision upon the novel plea that it was the duty of the legislature to provide means for sustaining the standard of value of the national currency. That the court saw the necessity to sustain the legislation but hesitated to do so on the broad ground of the police power of the State is evident. Consequently the case contributes nothing toward defining the meaning of that phrase. It is, however, constantly referred to with approval by the courts in later decisions.

More in point is a case¹ arising six years later. A miner, McGlosson, brought action to recover from the Seeleyville Coal & Mining Co., a domestic corporation, for wages in mining coal. As a conclusion of law, from the facts found, the circuit court stated that McGlosson was entitled to recover a total of \$226.97. The corporation contended that the law could not be sustained because all the laws fixing the time of payment of wages due to laborers were in conflict with the constitution of the State and that the validity of the act of 1887 had been previously denied.²

The decision held that the law did not interfere with the right of contract nor with the provisions of the bill of rights prohibiting the granting to any citizen or class privileges which on the same terms do not belong to all other citizens. Since the payment prescribed by the statute became mandatory on the employer only on the demand of the employee to whom the wages were due, the benefit of the law to the employee was limited and the decision therefore has small weight. As compared with the logic used in *Hancock v. Yaden* it shows less appreciation of the actual conditions under which the employee works.

A period of 15 years intervenes between the first and the last of the Indiana cases discussed. They do not indicate an increase of the

¹ Seeleyville Coal & Mining Co. v. McGlosson, 166 Ind. 561-570, May 29, 1906. See also Macbeth-Evans Glass Co. v. Amans, 176 Ind. 1-4, June 2, 1911; Macbeth-Evans Glass Co. v. Van Blican, 176 Ind. 69, 70, June 9, 1911; Macbeth-Evans Glass Co. v. Jones, 176 Ind. 221-225, June 27, 1911.

² Republic Iron & Steel Co. v. State, 180 Ind. 379-392, 1903. (See pp. 74, 75.)

social viewpoint in the courts. Due to these decisions the legislature has receded from its earlier position in favor of compulsory laws to optional acts which afford the laborer no real protection.

*Pennsylvania.*¹—The Pennsylvania constitution of 1873 provides: ² "The general assembly shall not pass any local or special law, regulating labor, trade, mining or manufacturing." After repeated failures in the early eighties the legislature passed a law ³ in 1887 to secure the semimonthly payment of wages. The act applied to "every individual, firm, association, or corporation employing wage-workers, skilled or ordinary laborers, engaged at manual or clerical work, in the business of mining or manufacturing." There were no enforcement provisions and the law was silent on the question of contracts which waived rights acquired under the act. An amending act ⁴ in 1891, however, made its violation a misdemeanor and provided a severe penalty of fine from \$200 to \$500. The responsibility for the enforcement of the law was placed upon the department of factory inspection.

A case ⁵ arose in 1894 to determine whether the law prohibited all contracts not within its terms. Bauer sought to recover under a special contract for work and labor done for Reynolds at a stipulated price: The agreement was that each month's work was to be paid for on the twentieth of the succeeding month. Bauer claimed that such an agreement was void under the act of May 20, 1891. Reynolds replied that the act in question was unconstitutional. In this the court agreed at least in so far as the law made a contract between parties against their will. It was not necessary to pass on this point to decide the case but the court declared:

We may concede that the legislature may make void contracts as against public policy, and that it is the sole and irresponsible judge of what is against the best interests of the community, and that the contract set up by the defendant being to pay once instead of twice a month is void. The result is not * * * to give the plaintiff a right to recover his wages before they are due, but to defeat his recovery altogether. The law may refuse to enforce contracts which are against public policy, but it can not bind parties to each other against their will or upon terms to which they have not agreed. * * * Where the parties expressly agreed to make payment on the twentieth of each month, there is no possible ground for implying a contract to pay on the 1st and the 15th.

This sustained the law with an interpretation which destroyed its effect. Later the constitutional points were again argued.⁶

¹ J. L. Barnard: *Factory legislation in Pennsylvania: its history and administration*, University of Pennsylvania Publications, Philadelphia, 1907, ch. IV, pp. 37-50.

² Pennsylvania Constitution 1873, art. 3, sec. 7.

³ Pennsylvania.—Acts of 1887, ch. 121, pp. 180-181. Prior to the passage of this act, a master, in the absence of special contract, might set off against a claim for wages any claim against the servant which in other cases would form a proper set-off. Lloyd's appeal 65 Pa. 518-521, Oct. 25, 1880; *Frable v. Snyder*, 3 Northampton Co. Rep. 191, 192, June 9, 1884. *Lantz v. Post*, 2 Pa. C. C. 631-633, Aug. 2, 1888.

⁴ Pennsylvania.—Acts of 1891, ch. 71, p. 98.

⁵ *Bauer v. Reynolds*, 14 Pa. C. C. Rep. 497, 498, Apr. 22, 1894. In the case of *Commonwealth v. Marsh*, 14 Pa. C. C. Rep. 369-372, Jan. 8, 1894, the constitutionality of the statute was not passed upon. Building a railroad was held not to be included within the terms of the statute. See also *Hamilton v. Jutte & Co.*, 15 Pa. C. C. Rep. 193-195, Feb. 27, 1896; *Sally v. Berwind-White Coal Mining Co.*, 5 Pa. Dist. Rep. 218-219, Feb. 19, 1898.

⁶ *Commonwealth v. Isenberg & Rowland*, 4 Pa. Dist. Ct. Rep. 579-582, Aug. 3, 1896.

to enact. It is a fundamental principle that every member of society surrenders something of his absolute and natural rights in all organized States. * * * We can not conceive a case in which the assertion of the legislative power to regulate contracts has a sounder foundation than it has in this instance; for here the regulation consists in prohibiting men from contracting in advance to accept payment in something other than the lawful money of the country for the wages they may earn in the future. It is of the deepest and gravest importance to the Government that it should unyieldingly maintain the right to protect the money which it makes the standard of value throughout the country. The surrender of this right might put in peril the existence of the Nation itself.

Although the court addressed itself more particularly to the mode rather than to the period of wage payment, as provided for in the same section of the act, the line of reasoning developed applies to both phases. The court started out with a general concept of the police power, but turned aside to base its final decision upon the novel plea that it was the duty of the legislature to provide means for sustaining the standard of value of the national currency. That the court saw the necessity to sustain the legislation but hesitated to do so on the broad ground of the police power of the State is evident. Consequently the case contributes nothing toward defining the meaning of that phrase. It is, however, constantly referred to with approval by the courts in later decisions.

More in point is a case¹ arising six years later. A miner, McGlosson, brought action to recover from the Seeleyville Coal & Mining Co., a domestic corporation, for wages in mining coal. As a conclusion of law, from the facts found, the circuit court stated that McGlosson was entitled to recover a total of \$226.97. The corporation contended that the law could not be sustained because all the laws fixing the time of payment of wages due to laborers were in conflict with the constitution of the State and that the validity of the act of 1887 had been previously denied.²

The decision held that the law did not interfere with the right of contract nor with the provisions of the bill of rights prohibiting the granting to any citizen or class privileges which on the same terms do not belong to all other citizens. Since the payment prescribed by the statute became mandatory on the employer only on the demand of the employee to whom the wages were due, the benefit of the law to the employee was limited and the decision therefore has small weight. As compared with the logic used in *Hancock v. Yaden* it shows less appreciation of the actual conditions under which the employee works.

A period of 15 years intervenes between the first and the last of the Indiana cases discussed. They do not indicate an increase of the

¹ Seeleyville Coal & Mining Co. v. McGlosson, 100 Ind. 561-570, May 29, 1906. See also *Macbeth-Evans Glass Co. v. Amans*, 176 Ind. 1-4, June 2, 1911; *Macbeth-Evans Glass Co. v. Van Bartsan*, 176 Ind. 69, 70, June 9, 1911; *Macbeth-Evans Glass Co. v. Jones*, 176 Ind. 221-225, June 27, 1911.

² *Republic Iron & Steel Co. v. State*, 160 Ind. 379-382, 1903. (See pp. 74, 75.)

social viewpoint in the courts. Due to these decisions the legislature has receded from its earlier position in favor of compulsory laws to optional acts which afford the laborer no real protection.

*Pennsylvania.*¹—The Pennsylvania constitution of 1873 provides: ² "The general assembly shall not pass any local or special law, regulating labor, trade, mining or manufacturing." After repeated failures in the early eighties the legislature passed a law ³ in 1887 to secure the semimonthly payment of wages. The act applied to "every individual, firm, association, or corporation employing wage-workers, skilled or ordinary laborers, engaged at manual or clerical work, in the business of mining or manufacturing." There were no enforcement provisions and the law was silent on the question of contracts which waived rights acquired under the act. An amending act ⁴ in 1891, however, made its violation a misdemeanor and provided a severe penalty of fine from \$200 to \$500. The responsibility for the enforcement of the law was placed upon the department of factory inspection.

A case ⁵ arose in 1894 to determine whether the law prohibited all contracts not within its terms. Bauer sought to recover under a special contract for work and labor done for Reynolds at a stipulated price: The agreement was that each month's work was to be paid for on the twentieth of the succeeding month. Bauer claimed that such an agreement was void under the act of May 20, 1891. Reynolds replied that the act in question was unconstitutional. In this the court agreed at least in so far as the law made a contract between parties against their will. It was not necessary to pass on this point to decide the case but the court declared:

We may concede that the legislature may make void contracts as against public policy, and that it is the sole and irresponsible judge of what is against the best interests of the community, and that the contract set up by the defendant being to pay once instead of twice a month is void. The result is not * * * to give the plaintiff a right to recover his wages before they are due, but to defeat his recovery altogether. The law may refuse to enforce contracts which are against public policy, but it can not bind parties to each other against their will or upon terms to which they have not agreed. * * * Where the parties expressly agreed to make payment on the twentieth of each month, there is no possible ground for implying a contract to pay on the 1st and the 15th.

This sustained the law with an interpretation which destroyed its effect. Later the constitutional points were again argued.⁶

¹ J. L. Barnard: *Factory legislation in Pennsylvania: its history and administration*, University of Pennsylvania Publications, Philadelphia, 1907, Ch. IV, pp. 37-50.

² Pennsylvania Constitution 1873, art. 3, sec. 7.

³ Pennsylvania.—Acts of 1887, ch. 131, pp. 180, 181. Prior to the passage of this act, a master, in the absence of special contract, might set off against a claim for wages any claim against the servant which in other cases would form a proper set-off. Lloyd's appeal 96 Pa. 518-521, Oct. 25, 1880; *Frable v. Snyder*, 3 Northampton Co. Rep. 191, 192, June 9, 1884. *Lenta v. Post*, 2 Pa. C. C. 431-433, Aug. 2, 1888.

⁴ Pennsylvania.—Acts of 1891, ch. 71, p. 92.

⁵ *Bauer v. Reynolds*, 14 Pa. C. C. Rep. 497, 498, Apr. 28, 1894. In the case of *Commonwealth v. Marsh*, 14 Pa. C. C. Rep. 369-372, Jan. 8, 1894, the constitutionality of the statute was not passed upon. Building a railroad was held not to be included within the terms of the statute. See also *Hamilton v. Jutte & Co.*, 18 Pa. C. C. Rep. 190-195, Feb. 27, 1888; *Sally v. Berwind-White Coal Mining Co.*, 5 Pa. Dist. Rep. 216-218, Feb. 10, 1888.

⁶ *Commonwealth v. Isenberg & Rowland*, 4 Pa. Dist. Ct. Rep. 579-582, Aug. 2, 1896.

The members of the firm of Isenberg & Rowland were indicted for having violated the act of May 20, 1891. The firm was engaged in coal mining. There was verbal contract between the firm and its laborers, but no agreement as to the duration of the employment and the times of payment of wages. The defendants maintained that the law was unconstitutional because in conflict with the constitutional declaration against *ex post facto* laws; the clauses declaring all men equally free and independent; and the clauses prohibiting local or special legislation regulating trade, mining, and manufacturing. The opinion declared:

It is an attempt to intrude and substitute the judgment of the legislature for the judgment of the employer and employee in a matter about which they are competent to agree with each other, which alike reflects upon the intelligence and interferes with the liberty of both. It is especially unjust to the employer, not only because it provides how he shall contract in the matter of the time of payment of wages, regardless of his wishes or material interests, but makes him criminally responsible for failing to comply with it. It is equally unjust to the employee. While actuated by the best of motives and with a sincere desire to advance the interests of the wageworker, the legislature, by this act, interferes with his liberty and practically assumes he is incapable of acquiring property and of taking care of himself.

The line of reasoning is a typical example of all arguments advanced upon the ground of individual liberty. In view of the attitude taken by the State courts toward this particular form of legislation, no new acts were passed until 1913, when a law ¹ providing for biweekly payments by every employer in the State was enacted.

Ohio.—Ohio followed the Massachusetts law in 1887 by providing ² for the biweekly payment of wages by certain enumerated corporations to within 10 days of the date of payment. A penalty clause was added in the following year.³ In 1889 section 2 of the act ⁴ was amended so far as to give final jurisdiction in cases arising under its provisions to justices of the peace, mayors, and police judges. Some minor changes ⁵ in the working of the statute were made in 1890, and in 1891 an amendatory act ⁶ extended the operation of the act "to every person, firm, or corporation engaged in certain pursuits."

The Lake Erie Iron Co. was indicted ⁷ in 1891 for violation of the act. From the lower courts the State took the case to the supreme court on error. Attorneys for the company contended that the law was unconstitutional as contravening the Ohio bill of rights and the

¹ Pennsylvania Acts of 1913, ch. 78, p. 114, applies to individuals and corporations; 1915, ch. 95, p. 174; ch. 107, p. 197; ch. 317, p. 701.

² Ohio.—Acts of 1887, p. 214.

³ Ohio.—Acts of 1888, p. 251.

⁴ Ohio.—Acts of 1889, p. 145.

⁵ Ohio.—Acts of 1890, p. 78.

⁶ Ohio.—Acts of 1891, p. 553.

⁷ *State v. Lake Erie Iron Co.*, *Weekly Law Bulletin (Ohio)*, vol. 33, pp. 6-8, June 19, 1894. See also *Wheeling Bridge & Terminal Ry. Co. v. Gilmore*, 4 O. C. D. 266-372, June 1894, where a statute requiring employers to pay servants semimonthly is indirectly held unconstitutional.

fourteenth amendment to the United States Constitution. It was also claimed that the power over corporations reserved in the State constitution did not authorize the legislature to make such regulations of corporate affairs as were attempted. The supreme court declared the law unconstitutional by affirming the conclusions of the lower court without report.

An entirely new law¹ was passed by the legislature in 1913, the constitutionality of which will probably not be contested, in view of the recent constitutional amendment.

Missouri.—The Missouri Legislature adopted the principle² in 1889 by providing that the employees of the operators of all mines in the State should be paid regularly in full all wages due them at least once every 15 days. It was held in a case³ construing this law that a miners' union as an organization could not make a contract for its individual members in respect to work or wages and that in the absence of a contract between the miner and the employer as to the time of payment of wages the statute governs. The court declined to discuss the constitutionality of the law. The provisions of the law⁴ were later extended to include employees of mining companies of every description, and other changes of a minor character were made. In 1911 the legislature passed an act⁵ requiring all corporations doing business in the State to pay their employees semimonthly. The Missouri Pacific Railway Co. was convicted⁶ of a violation of this act and appealed. The facts were admitted, the only defense being that the act, was unconstitutional. The law was upheld by the unanimous court in a decision through Judge Brown:

After mature consideration we are not able to concur in the views announced by Prof. Tiedeman. His broad statement of the limitation of police power, followed to its logical conclusion, would invalidate all laws against usury and legalize all contracts which the master might see fit to make with its servants, even though such contract amounted to peonage. Such a doctrine might be sound law in Mexico, but it has no proper place in the jurisprudence of a State whose citizens are free both in name and fact.

That both laborers and those from whom they purchase their supplies will be benefited by such laborers receiving their wages semimonthly instead of monthly, as heretofore, is too self-evident a proposition to deserve serious thought.

¹ Ohio.—Acts of 1913, p. 154. See Opinions of Attorney General, 1913, vol. 1, pp. 58-62; 1913, vol. 1, pp. 348-352; 1913, vol. 2, pp. 1363-1371 and pp. 1537-1538; see *McGuigan v. Brown Automatic Hose Coupling Co.*, 17 O. N. P. (N. S.) 189-190, March, 1913.

² Missouri.—Revised Statutes, 1836, vol. 2, sec. 7069, p. 1646; Acts of 1881, p. 152.

³ *Burnetta v. Marcelline Coal Co.*, 130 Mo., 341-352, Mar. 1, 1904. See also *McCarty v. O'Bryan*, 137 Mo., 324-321, Feb. 2, 1897.

⁴ Missouri.—Acts of 1898, pp. 305, 306; 1901, p. 193, manufacturing; 1903, p. 246, mines.

⁵ Missouri.—Acts of 1911, pp. 150, 151.

⁶ *State v. Missouri Pacific Railway Co.*, 342 Mo., 339-350, May 7, 1912.

Concerning the point of unfair discrimination because the law applied only to corporations the court said:

Persons performing labor for individuals usually maintain some degree of personal acquaintance with their employers and know their business ability and reputation for paying their debts * * * With corporations the situation is different. Their employees frequently do not know who the shareholders are. * * * In working for corporations the laborer has nothing but the corporate property to look to for his wages; and if its property be mortgaged and the corporation fails or is placed in the hands of a receiver he often loses his wages or is forced to wait for them indefinitely.

Whether the Legislature of Missouri has reserved the power to amend charters of corporations is a point which we do not deem necessary to decide in this case. We can safely uphold the constitutionality of the semimonthly payment law under the general police power of the State. * * * If the act in question really amended the charter or abridged the defendant's rights in such manner as to unnecessarily and materially diminish its power to profitably operate its railroad in Missouri, the issue would be different. There is no logical reason for contending that when a corporation is admitted into a State or is chartered by a State an implied contract arises between that corporation and the State that no subsequent legislature shall ever pass any act which in any manner affects the business of such corporation. A great deal of law has been written on the subject of amending charters of corporations; but we are of the opinion that neither corporations nor citizens of the State have any vested right in its statutes. Their property rights acquired under its statutes or under the Constitution may not be taken away by an amendment or a new statute; but when the general welfare of a State demands a new law, and one is enacted which operates prospectively, no citizen, natural or artificial, will be heard to complain.

By common consent in all civilized communities, an implied duty rests upon the State to aid those unfortunates who through sickness, old age, extreme poverty, or other mischance, are unable to supply themselves with those things which are necessary for their continued existence; and consequently any law which encourages people to work by holding out assurances that they shall promptly receive the wages they may earn, whether financially able to go to law or not, tends to encourage honest effort * * * and will have a direct interest * * * in its (the State) good order, morals, and general welfare.

The court refused to accept the reasoning of *Godcharles v. Wigeman*; ¹ *Johnson v. Goodyear Mining Co.*; ² *Republic Iron & Steel Co. v. State*; ³ and *Toledo, etc., Railway Co. v. Long*; ⁴ stating that:

According to the logic of those cases * * * constitutions were intended to serve as chains or shackles upon the people of the State, to prevent them from enacting such laws as will abridge the right of the cunning or powerful to oppress the weak.⁵

New York.—As we have seen (p. 71), the New York Legislature passed an act ⁶ in 1890 providing for the weekly payment of wages to the employees of all corporations, except steam surface railroads. This law ⁷ was amended in 1893 but it still did not apply to steam

¹ 113 Pennsylvania State, 481. See pp. 104, 105.

² 127 California 4.

³ 160 Indiana 379.

⁴ 160 Indiana 315.

⁵ *State v. Missouri Pacific Railway Co.* 242 Mo. 361.

⁶ New York.—Acts of 1890, ch. 388, p. 741.

⁷ New York.—Acts of 1893, vol. 2, ch. 717, pp. 1783-1785. Payment in full by railroad company once every two weeks is a substantial compliance with the law. Report attorney general, 1894, p. 380.

surface railroads. In 1895 by an amendment¹ these roads were compelled to pay on the 20th of each month the wages due the employees during the preceding calendar month. Any discrimination up to 1895 therefore was in favor of the steam surface railroads. The law had not been attacked in the courts.

But in 1908 a statute² was passed providing that all corporations, except steam surface railroads, should pay weekly the wages due their employees, and the steam surface railroads should pay twice a month. The first case³ under the law was that of *New York Central & Hudson River R. R. Co. v. Williams*. The railroad company claimed that the law interfered with its right of contract, which is property, and therefore protected by the State constitution and the fourteenth amendment; because it restricted the freedom of contract of the employee and because it discriminated between corporations and individuals without reason, thus constituting class legislation.

Judge Betts, for the court, sustained the validity of the law upon the ground that the legislature had power to amend corporation charters:

* * * The judicial decisions concerning these statutes in those various States and kindred labor statutes are in hopeless conflict. No good purpose could be served by attempting to reconcile them. From an examination of these decisions and those statutes it is apparent that the Legislature of the State of New York had access to and would be presumed to have knowledge of the facts of the progressive legislation that was being enacted in various places for what may be, perhaps, termed the better assurance, to the employees of corporations that their wages would be frequently, regularly, and promptly paid. * * * Many of the employees of this corporation receive small wages. They must deal for the wants of themselves and their families with small retail storekeepers, and buy in small quantities, hence the possession of cash will be of great advantage to them in obtaining the necessaries of life and such luxuries as the extent of their wages and the number of those dependent thereon will permit. * * * It is for the interest of the State, of course, to see that its citizens are prosperous, healthy, and comfortable, and if the legislature after proper inquiry, thinks that the physical welfare of a large number of the citizens of this State would be promoted by a more frequent payment of the employees of steam surface railroad corporations, it is difficult to see why the courts should interfere with such a disposition. In many States such legislation has been upheld as a valid exercise of the police power.

The holdings in this decision were approved upon appeal to the court of appeals.⁴ The opinion of the court by Justice Bartlett concluded as follows:

* * * There is an irreconcilable conflict in the decisions in different jurisdictions as to the constitutional validity of labor legislation fixing the medium and time

¹ New York.—Acts of 1895, vol. 1, ch. 791, pp. 555-557; consolidated in 1897, vol. 1, ch. 415, p. 464. Payment of mine operatives by railway company must be in accordance with this provision. Report attorney general, 1906, p. 442. See also report attorney general, 1900, p. 153.

² New York.—Acts of 1908, vol. 2, ch. 442, p. 1266; consolidated 1909, vol. 2, ch. 31, pp. 2043-2044; amended 1909, Laws of New York, vol. 1, chs. 205, 206, pp. 322, 323.

³ *New York Central & H. R. R. Co. v. Williams*, State labor commissioner, 115 N. Y. Supp. 725-726, June, 1908.

⁴ *N. Y. Central & H. R. R. Co. v. Williams*, 199 N. Y. 103-137, June 14, 1910.

of payment of the wages of those who work for corporations. I find no difficulty in sustaining our New York statute on the ground which has been stated. It does not confiscate property directly or indirectly. It does impose a greater future burden upon the corporations to which it relates; but that, I think, is within the power of the legislature to the extent to which it has been exercised in this case.

The Erie Railroad Co. brought suit against John Williams as commissioner of labor to restrain him from instituting actions to recover penalties for noncompliance with the provisions of the act; the object being to test the constitutionality of the law. The complaint was dismissed by the special term of the supreme court and this decision was successively affirmed by the appellate division¹ and by the New York Supreme Court.² The decision was again affirmed and the constitutionality of the law sustained in an appeal³ to the Supreme Court of the United States. The company contended that the law was repugnant to the fourteenth amendment, "in that it deprives the company of property and specifically deprives the company, and those of its employees to whom it applies, of liberty, without due process of law"; that it acquired by its charter a vested right to deal with its employees according to its own judgment; that the cost of paying twice a month is a direct burden on interstate commerce; and that the statute violates the fourteenth amendment, "in that it denies to the employees of the Erie Railroad Co. the equal protection of the laws."

Mr. Justice McKenna said in part:

* * * But liberty of making contracts is subject to conditions in the interests of the public welfare, and which shall prevail—principal or condition—can not be defined by any precise and universal formula.

* * * It is hardly necessary to say that cost and inconvenience (different words, probably, for the same thing) would have to be very great before they could become an element in the consideration of the right of a State to exert its reserved power or its police power.

* * * But, as we have said, employees are not complaining, and whatever rights those excluded may have, plaintiff can not invoke.

An act⁴ passed by the legislature in 1910 provided that the salaries of officers of the State and the wages of State employees should be paid by the State twice each month.

*Iowa.*⁵—Iowa was the next State to legislate on this subject. A law⁶ was passed in 1894 forcing any individual or corporation employing two or more men in mining to pay wages in money upon demand semimonthly. The first payment was to be made not later than the first Saturday after the 20th of each month and the second

¹ Erie Railroad Co. v. Williams, State labor commissioner, 136 App. Div. 902, December, 1909.

² Erie Railroad Co. v. Williams, 190 N. Y. 525, June 14, 1910.

³ Erie Railroad Co. v. Williams, 34 Sup. Ct. Rep. 761-767, May 25, 1914.

⁴ New York.—Acts of 1909, vol. 1, ch. 58, p. 20, amended 1910, vol. 1, ch. 317, p. 503.

⁵ E. H. Downey: History of Labor Legislation in Iowa. State Historical Society, Iowa City, 1910.

⁶ Iowa.—Acts of 1894, ch. 93, pp. 95-96.

payment, for the wages earned after the 15th of each month, not later than the first Saturday after the 5th of the succeeding month. A penalty of \$1 a day for each day after failure to pay is added to the sum due, up to the amount of the wage debt. This act has been in the courts of the State but once, and then in a case ¹ not testing the constitutionality. A later act ² makes it incumbent upon railroad corporations to pay employees semimonthly.

Maryland.—The Maryland Legislature passed a law ³ in 1896 that coal mining and shipping corporations in Allegany County should pay semimonthly. In 1902 a similar law ⁴ applying to all corporations in the State was passed, and slightly amended ⁵ in 1904. During the same session, an act ⁶ was passed making the provisions of the earlier law applicable to all employers engaged in mining coal or fire clay in Garrett County. By a later statute ⁷ it was provided that if an earlier day than the statutory one was used as pay day, at least three days' notice of the fact should be given.

In a case ⁸ under this statute, the court of appeals declared it unconstitutional as discriminatory. The court followed the ruling in the *Luman v. Hitchens* case.

Kentucky.—Section 244 of the Kentucky constitution ⁹ provides that "all wage earners in this State employed in factories, mines, workshops, or by corporations, shall be paid for their labor in lawful money." Under this provision the Kentucky Legislature passed a law ¹⁰ in 1898, requiring all persons, associations, companies, and corporations employing the services of ten or more persons in the mining industry to pay their employees in money on or before the 16th of each month the wages due for the previous month.

This act became a law at the expiration of 10 days without the governor's approval. On March 21, 1902, section 1 of this act was repealed and a new section ¹¹ incorporated which applied to the same parties and industries as the original section, but provided for the payment, on or before the 15th and 30th of each month to within 15 days of each date of payment.

The Reinecke Coal Mining Co. was charged ¹² with violating the act of 1902. In the court of appeals the company contended that

¹ *Mitchell v. Burwell*, 110 Iowa, 10-13, Dec. 15, 1898.

² Iowa.—Code, section 2110-b1 (added 1915).

³ Maryland.—Acts of 1896, ch. 133, pp. 212, 213.

⁴ Maryland.—Acts of 1902, ch. 838, pp. 846, 847.

⁵ Maryland.—Acts of 1904, ch. 93, pp. 167, 168.

⁶ Maryland.—Acts of 1904, ch. 37, pp. 39, 60.

⁷ Maryland.—Acts of 1910, ch. 211, pp. 676, 677.

⁸ *State v. Potomac Valley Coal Co.*, 116 Md. 330-322, June 24, 1911.

⁹ Kentucky Constitution 1891, sec. 244.

¹⁰ Kentucky.—Acts of 1898, ch. 15, pp. 58, 60.

¹¹ Kentucky.—Acts of 1902, ch. 60, pp. 125-126; 1914, ch. 23, pp. 157, 158; new law applies to corporations only.

¹² *Commonwealth v. Reinecke Coal Mining Co.*, 117 Ky. 833-894, Mar. 14, 1904; *Commonwealth v. Hillside Coal Co.*, 109 Ky. 47-51, Sept. 27, 1908.

the statute was unconstitutional as class legislation, special legislation and not a just exercise of the police power. The court through Judge Settle said in part:

We can find no ground for the appellee's contention that an enforcement of the statute * * * would interfere with vested rights, impair the obligation of contracts, or impose a penalty for the nonpayment of debt. It is a well established principle in this State that, so long as the legislature does not pass the limits fixed by the constitution, the courts have no authority to interfere on the ground that the act in question violates the natural principles of justice and right. * * * The subjects for the exercise of the police power are, first, preservation of the public health; second, preservation of the public morals; third, regulation of business enterprises; fourth, regulation of civil rights of individuals; and, fifth, the general welfare and safety of the citizens. All business must be subject to reasonable regulations, and as the legislature in enacting the statute under consideration seems to have kept within the purview of section 244 of the constitution, we are constrained to hold that the statute in all of its parts is valid.

Colorado.—In reply to a question of the legislature as to a bill requiring corporations to pay their employees semimonthly in lawful money and prohibiting contracts in violation of the law, the State supreme court¹ declared that such a law would involve private rights but would not pass upon the constitutionality of such a proposed act. Following receipt of this opinion the legislature passed an act² making it apply to all corporations except railroads. This law has not been before the court.

Arkansas.—The Arkansas Legislature adopted the principle of biweekly payments to employees in an act³ passed in its session of 1909. The statute directed that all corporations doing business in the State should pay their employees twice each month subject to penalty.

The Arkansas *Stave Co.* was convicted in the circuit court of Craighead County and appealed. The constitutionality of the statute was challenged on the ground that it deprived the defendant of liberty and property without due process of law, and denied the equal protection of the law. The State supreme court⁴ on February 14, 1910, upheld the statute under the power of the legislature to regulate the acts of corporations due to the reserved power of the State to amend charters granted:

* * * The plain purpose of this act now in question was to secure a frequent payment of wages earned by the employees. These corporations represent aggregations of capital, and the employees are the laborers who are dependent on their wages for their livelihood. The inconvenience to the corporation to pay the wages semimonthly could not be as great as it would be to those whose actual necessities require the frequent payments not to receive such payments. The corporation has already

¹ In re Senate Bill No. 27, 28 Colo. 359-361, January term, 1901.

² Colorado.—Acts of 1901, ch. 55, pp. 128-130.

³ Arkansas.—Acts of 1909, ch. 13, pp. 21, 22.

⁴ *Arkansas Stave Co. v. State*, 94 Ark. 27-30, Feb. 14, 1910. See also *Biggs v. St. L. I. M. & S. R. Co.*, 91 Ark. 122-128, June 21, 1909.

received the full value for which it is required to pay; and this requirement to pay semimonthly the wages of its employees already earned could not substantially impair or destroy the object or purpose of its incorporation. If the legislature in its wisdom thought that by the more frequent payment of the wages to the laborers better service would be secured for the corporations and the objects of their creation thus advanced, it would be reasonable and just to require such frequent payments. This could not be considered oppressive or wrong. We can not say that this act is an unreasonable exercise of the power of the legislature. We only pass upon the power of the legislative body of the government; of the wisdom, propriety and policy of such act, under our system of government, the legislature must solely judge.

Tennessee.—A law¹ was passed in 1913 by the Legislature of Tennessee that all corporations doing business within the State who employed any salesmen, mechanics, laborers, and who operated a commissary supply store in connection with their business, should pay the wages, balance then due such employee, in lawful money semimonthly on the 15th and 30th of each month, after deductions for advances had been made.

The Prudential Coal Co. was indicted for a violation of the act. The company filed a demurrer to the indictment, which was sustained

¹ Tennessee.—Acts of 1913 (1st session), ch. 29, pp. 493, 494.

Similar legislation will be found in—

Virginia.—Acts of 1887, ch. 391, p. 497; 1887-8, ch. 118, p. 497; 1912, ch. 106, pp. 188-190; applied to all business except mining coal, manufacturing coals, mining ore, or other minerals, excelsior mills or sawmills in which monthly pay day shall prevail.

West Virginia.—Acts of 1887, ch. 63, pp. 192-194, provided for the biweekly payment of wages by individuals and corporations engaged in mining and manufacturing.

Wisconsin.—Acts of 1889, ch. 474, pp. 670, 671; 1901, ch. 47, pp. 56, 57; 1907, ch. 118, p. 794; passed a law in 1889 which provided for weekly or biweekly payments of all wages for labor or service in the absence of written contracts to the contrary. Acts of 1915, ch. 114, p. 107, make the law apply to corporations only.

Wyoming.—Acts of 1890-91, ch. 82, p. 358; 1903, ch. 64, pp. 71, 72; passed such a law applying only to those engaged in mining.

New Jersey.—Acts of 1896, ch. 179, pp. 263, 263; 1899, ch. 28, pp. 60, 70; 1904, ch. 105, p. 354; 1911, ch. 88, p. 127; ch. 371, pp. 767, 768; 1913, ch. 64, p. 103; ch. 268, p. 508; applied to enumerated employers of labor. Acts of 1914, ch. 10, p. 28, all county employees in counties of the second-class must be paid semimonthly.

Arizona.—Revised Statutes, 1901, Penal Code, par. 615. Amended 1913 (ex. sess.) ch. 10, p. 14, applied to State and its subdivisions, individuals, and corporations.

Hawaii.—Acts of 1903, ch. 36, p. 212, related to all employees engaged in constructing or repairing roads, bridges or streets, for the Territory of Hawaii.

Oklahoma.—Acts of 1909, ch. 39, art. 4, p. 637; 1913, ch. 46, p. 83, 84; applied to individuals and corporations in specified businesses.

Illinois.—Acts of 1913, p. 358, applied to corporations only.

Michigan.—Acts of 1913, ch. 59, pp. 83, 84, applied to specified businesses.

New Hampshire.—Acts of 1913, ch. 28, p. 304; applied to all persons in the employ of the State.

Mississippi.—Acts of 1914, ch. 168, pp. 215, 216, amended 1914, ch. 167, pp. 216, 217; amended 1916, ch. 241, p. 351; applied to all employees in manufacturing establishments employing fifty or more employees and to all public service corporations.

South Carolina.—Acts of 1914, ch. 398, pp. 699, 700, applied to railroad shop employees.

California.—Acts of 1913, ch. 657, pp. 1293, 1293, applied to all private employments and to State and municipalities.

Kansas.—Acts of 1915, ch. 165, p. 208, applied to all corporations.

Minnesota.—Acts of 1915, ch. 29, pp. 36, 37, amended 1915, ch. 37, pp. 57, 58, applied to all public service corporations.

North Carolina.—Acts of 1915, ch. 92, pp. 115, 116, applied to railroads only.

Texas.—Acts of 1914, ch. 25, pp. 43, 44, applied to specified employments.

upon appeal ¹ to the State supreme court. Judge Williams delivered the opinion and said in part:

The question thus raised is ruled, in principle, by the case of *State v. Paint Rock Coal Co.* (92 Tenn. 81).

The act of the legislature in question, while not directly authorizing imprisonment for debt, does attempt to create a crime for the nonpayment of debts * * * and is therefore clearly within the constitutional inhibition.

Obviously the purpose of the statute in question was to enforce the payment of contract wages, and at stated periods under the penalty prescribed, and it must fall as unconstitutional.

Such lines of reasoning call up the early case of *Godcharles v. Wigeman* and force the conclusion that the type of individualism of 1880 is still present in the legal profession in 1914.

Louisiana.—The Legislature of Louisiana passed a law ² which required public service corporations to pay their employees semi-monthly. The provisions of this law were later ³ extended to include corporations and individuals. A case ⁴ under this act came before the State supreme court to test its constitutionality. The court held the act constitutional, stating that whatever legislation was called for by the public welfare was within the scope of the legislative power and that whether such welfare called for particular legislation was a question primarily for the legislature and that the courts could only override its decision when, after allowance had been made, no sufficient basis therefor could be found.

MONTHLY PAYMENTS.

Monthly payment of wages for the majority of workmen means a system of store credits which makes commercial independence impossible. It means either that the employees do not appreciate the advantages of the cash system or that they have not had the chance to get far enough ahead to avail themselves of those advantages. It means that the manufacturer can avoid the expense and trouble of frequent cash payments and can profit for a longer time through the use of the unpaid wages of his employee.

Capital has no right to make forced loans upon labor. The workingman does not wait four weeks before turning over the product of his labor to his employer; he does not wait one week; he turns it over every day, and it is unjust to require him to wait four and sometimes six and seven weeks for his share of the wealth he produces. To make him wait is to make him pay credit prices instead of cash prices. In this way it unjustly increases his cost of living. Yet in some of our States, even the standard of monthly payment which the

¹ *State v. Prudential Coal Co.*, 120 Tenn. 275, Oct. 31, 1914.

² Louisiana.—Acts of 1912, ch. 37, p. 36.

³ Louisiana.—Acts of 1914, ch. 28, p. 80; 1916, ch. 108, p. 231.

⁴ *State v. Cullom*, 128 La. 306, Nov. 15, 1915. See also *State v. McCarroll*, 128 La. 464, Dec. 12, 1915.

State legislatures have attempted to establish by law have been held to contravene the constitutions.

Indiana.—The Indiana Legislature passed a law ¹ in 1885 by which every company, corporation, or association was required, in the absence of a written contract to the contrary, to make full settlement with its employees engaged in manual or mechanical labor at least once in every calendar month.

The statute was brought into the Supreme Court of Indiana ² on constitutional grounds in 1907. Charles Long secured judgment for wages, penalties, and attorney's fees against the Toledo, St. Louis & Western Railroad Co. The company contended that the act violated the Federal Constitution. The court upheld the contention through Chief Justice Monks, who declared that the "law imposed new burdens on every company, corporation, and association doing business in the State, while an individual engaged in like business under like circumstances and conditions is left without any such burden."

Colorado.—During the session of the Colorado Legislature in 1895 the supreme court ³ was asked to give an opinion as to the constitutionality of a proposed law providing for the monthly payment of wages. The court refused upon a technicality to render an opinion on the subject. Judging from its opinion on the proposed eight-hour law,⁴ it seems that its opinion, if rendered, would have been adverse.

California.—The California Legislature passed an act ⁵ in 1891, making it mandatory upon every corporation to pay mechanics and laborers employed by them the wages due them weekly or monthly on a day in each week or month selected by the corporation. A violation of the act entitled the mechanic or laborer to a lien on all the property of the corporation employing him for the amount of his wages, and in an action to recover the amount of such wages the laborer was entitled to a reasonable attorney's fee and an attachment against the property. Upon an appeal from the superior court of Lassen County the California supreme court construed the act of 1891 in two cases against the same company. In the first case,⁶ the court held that a complaint in an action to establish a lien under section 2 of the act must show that the wages for which the lien was

¹ Indiana.—Acts of 1885, ch. 21, pp. 36, 37. This statute was up for construction in the following cases before it was tested on constitutional grounds. *Terre Haute & Indianapolis R. R. Co. v. Baker*, 4 Ind. App. 66-68, Mar. 2, 1892; *Baltimore & Ohio S. W. R. R. Co. v. Manning*, 16 Ind. App. 408-410, Dec. 2, 1896; *Chicago & South Eastern Ry. Co. v. Glover*, 159 Ind. 166-170, Nov. 26, 1901; *Toledo, St. Louis, etc. R. R. Co. v. Long*, 160 Ind. 564, 565, May 15, 1903; *Baltimore & Ohio S. W. R. R. Co. v. Hollenbeck*, 161 Ind. 452-457, Nov. 24, 1903; *Baltimore & Ohio S. W. R. R. Co. v. Harmon*, 161 Ind. 358, 359, Oct. 29, 1903.

² *Toledo, St. Louis & Western Railroad Co. v. Long*, 169 Ind. 316-318, Nov. 26, 1907. The law is also construed in *Smith v. Ohio Oil Co.*, 43 Ind. App. 735, 736, Jan. 26, 1909.

³ In re House Bill No. 107, 21 Colo. 32-34, Mar. 1, 1895.

⁴ In re Eight-Hour Law, 21 Colo. 29-32, January term, 1895.

⁵ California Act of 1891, ch. 146, p. 195.

⁶ *Keener v. Eagle Lake Land & Irrigation Co.*, 110 Cal. 627-632, Dec. 31, 1895. Followed in *Ackley v. Black Hawk Gravel Mining Co.*, 112 Cal. 42-45, Mar. 24, 1896.

sought to be enforced were payable weekly or monthly. Upon the authority of this case the court upheld in the second one¹ a judgment in favor of the plaintiff for the sum of \$526.25 and costs of the suit, but reversed that portion of the judgment awarding counsel's fees. The plaintiff was declared entitled to a lien upon the property of the defendant and a sale of the property was directed.

Two years later the law was objected to as discriminatory. The supreme court² held that the act of 1891, giving liens on the property of corporations for the wages of only such mechanics and laborers as might be employed by the week or month, was repugnant to the State constitution prohibiting special legislation.

In the meantime, the legislature passed another act,³ requiring all corporations doing business in the State to pay their employees at least once a month the wages earned during the preceding month and providing that the violation of the requirement should entitle an employee to a preferred lien, and attorney's fee for his wages, on the property of the corporation. Assignments of wages were prohibited.

In 1899 an action⁴ was brought by Skinner to recover from the Garnett Gold Mining Co., a corporation, for labor performed and on assigned claims for labor performed by others. The case was transferred to the United States Circuit Court for the Northern District of California on the ground that the defendant was a foreign corporation, having been organized under the laws of West Virginia. The defendant alleged that the act was unconstitutional, and, while admitting that it owed the amount for which the suit was brought, claimed that an agreement was entered into between Skinner and his assignors and the defendant to wait a certain time for all wages earned prior to a certain date, and that under that agreement the action was prematurely brought.

Circuit Judge Morrow confined his opinion strictly to a consideration of the constitutional points involved. He held that the act did not discriminate unjustly against the corporations; that it did not deny to corporations due process and equal protection of laws; nor interfere with the freedom of contract.

Later in the same year this statute came before the State supreme court again in an action brought by Andrew Johnson against the Goodyear Mining Co. to recover for labor performed for the company by him and by others whose claims had been assigned to him. In the superior court of Sierra County a judgment was rendered for the plaintiff in the sum of \$5,039.57, and \$400 attorney's fees. The defendant company appealed the case to the State supreme court and

¹ *Riggs v. Eagle Lake Land & Irrigation Co.*, 110 Cal. 627-632, Dec. 31, 1905. Not reported.

² *Slocum v. Bear Valley Irrigation Co.*, 122 Cal. 565-567, Dec. 5, 1906.

³ California.—Acts of 1897, ch. 170, pp. 231, 232.

⁴ *Skinner v. Garnett Gold Mining Co.*, 96 Fed. 725-747, Ser. A. 6, 1900.

a commissioner's decision was rendered reversing the decision of the lower court in part and declaring the act to be unconstitutional.

The opinion of Commissioner Cooper, concurred in by Commissioners Haynes and Chipman, was approved by the court. A typical course of individualistic reasoning is exhibited in the opinion:¹

* * * If the legislature could deprive the corporation of some of the defenses which other litigants on like terms are allowed it could, by a Draconian edict, deprive it of all of them and say at once that the corporation should make no defense whatever to the action. The corporation and the laborer are prohibited from making any contract whereby wages are to become due for a longer period than one month as a condition of employment, or by which the laborer is to be paid in anything except money or negotiable checks. The workingman of intelligence is treated as an imbecile. Being over 21 years of age, and not a lunatic or insane, he is deprived of the right to make a contract as to the time when his wages shall become due. Being of sound mind, and knowing the value of a horse, he is not allowed to make an agreement with the corporation that he will work sixty days and take the horse in payment. Business might be such that a corporation could not possibly pay wages without getting laborers who were willing to wait for their wages until the corporation could get money with which to pay them by marketing its products. The laborer might be interested in the corporation, or for some reason willing to wait until the corporation could pay him.

A new act² passed in 1911 provided that all employers should pay their employees at least once in each month. In an application for a writ of habeas corpus directed to the chief of police of the city of San Francisco, Crane sought to be released from custody. Crane had been arrested on warrant for the violation of the act of 1911. The first appellate district³ of the supreme court ordered the writ to issue on the ground that the act was unconstitutional in that it in effect permitted an imprisonment for debt.

Mississippi.—An act⁴ passed by the Mississippi Legislature required every individual, company, corporation, or association engaged in manufacturing to pay its employees in full at least

¹ *Johnson v. Goodyear Mining Co.* 127 Cal. 4-21, Nov. 20, 1899.

² California.—Acts of 1911, ch. 633, pp. 1268, 1269.

³ In re Crane, 26 Cal. App. 29-36, Nov. 23, 1914.

In addition to laws requiring monthly payment of wages by corporations generally, there are a number of States which apply such laws to individuals as well. Since there are no cases of importance involving the constitutionality of these laws, it will suffice to indicate the legislation as briefly as possible.

Missouri.—Acts of 1877, pp. 343, 349, amended 1895, p. 101, corporations; 1903, p. 220, railroads; 1908, p. 366. In *Shull v. Missouri Pac. R. R. Co.*, 221 Mo. 140-149, May 31, 1908, the constitutional question was not expressly passed upon but the court treated this statute as unconstitutional.

Maryland.—Acts of 1878, ch. 330, pp. 496, 499, individuals engaged in mining and manufacturing; 1903, ch. 539, pp. 846, 847, specified corporations.

Virginia.—Acts of 1887 (ex. sess.), ch. 391, pp. 697, 698, amended 1888, ch. 114, p. 131; amended 1912, ch. 104, pp. 188-190, individuals and corporations.

Connecticut.—Acts of 1887, ch. 67, pp. 696, 697, corporations.

New York.—Acts of 1890, ch. 358, p. 741, specified corporations; amended by 1903, vol. 2, ch. 717, pp. 1763-1783; 1895, vol. 1, ch. 791, pp. 556-557; 1897, vol. 1, ch. 415, p. 464; 1906, vol. 2, ch. 442, p. 1206; 1909, ch. 38, p. 2045; consolidated labor law amended 1908, ch. 204, pp. 322, 323.

Tennessee.—Acts of 1891 (ex. sess.), ch. 4, pp. 18, 19, individuals and corporations.

Kentucky.—Acts of 1898, ch. 14, pp. 69, 69; 1902, ch. 60, pp. 125, 126, mining.

Vermont.—Acts of 1904, ch. 153, pp. 173, 176, individuals and corporations.

⁴ Mississippi.—Acts of 1912, ch. 141, p. 143.

once in every calendar month of the year and permitted the employee a reasonable attorney's fee for the prosecution of a suit against his employer in the event of failure or refusal to comply with the terms of the act.

In an appeal from a circuit court the State supreme court held¹ the act to be unconstitutional on the ground that it imposed an extra burden (the penalty of an attorney's fee) upon manufacturers only and that the attempted classification was without any reasonable and proper basis for classification.

SUMMARY.

The provisions of the laws regulating the period of wage payment are fairly uniform, but the decisions of the courts rest on such various grounds that no generalization can be made as to the degree of regulation which will be allowed. Peculiar constitutional provisions often blur what would be the holding of the court if a case were brought before it involving only the freedom of contract.

The courts which sustain the laws do so uniformly by justifying them under the police power. Where the laws are declared void the objections are on broad theoretical grounds which do not allow of distinctions due to the changed facts of industry. For the same reason no distinctions are made in some courts between laws requiring monthly payment and those stipulating for a shorter term. Some courts recognize the right of the legislature to regulate the period of wage payment for corporations but not for natural persons. The following table shows the variety of legal standards as to the right to regulate the period of wage payment:

DECISIONS ON PERIOD OF WAGE-PAYMENT LEGISLATION.

Date.		Title of case.	State.	Period.	Decision.
Year.	Month and day.				
1890	Jan. 7	Hancock et al. v. Yaden.....	Indiana.....	Biweekly	Constitutional.
1890	Oct. term	People v. City of Buffalo.....	New York.....	Weekly	Construction.
1890	Oct. 8	People ex rel. Van Valkenberg v. Meyers.....	.....do.....	do.	Do.
1892	Oct. 3	State v. Brown-Sharp Mfg. Co.....	Rhode Island.....	do.	Constitutional.
1893	Oct. 26	Braceville Coal Co. v. People.....	Illinois.....	do.	Unconstitutional.
1894	Apr. 23	Bauer v. Reynolds.....	Pennsylvania.....	Biweekly	Do.
1894	June 19	State v. Lake Erie Iron Co.....	Ohio.....	do.	Do.
1895	Mar. 1	In re House Bill No. 107.....	Colorado.....	Monthly	.....
1895	May 6	In re House Bill No. 1230.....	Massachusetts.....	Weekly	Constitutional.
1895	Aug. 3	Commonwealth v. Isenberg and Rowland.....	Pennsylvania.....	Biweekly	Unconstitutional.
1895	Dec. 31	Keener v. Eagle Lake Irr. Co.....	California.....	Monthly	Construction.
1896	Mar. 24	Ackley v. Black Hawk Gravel Co.....	.....do.....	do.	Do.
1898	Jan. 3	Commonwealth v. Dunn.....	Massachusetts.....	Weekly	Constitutional.
1898	Dec. 5	Blocum v. Bear Valley Irr. Co.....	California.....	Monthly	Unconstitutional.
1899	Sept. 6	Skinner v. Garnett Gold Min. Co.....	.....do.....	do.	Constitutional.
1899	Nov. 20	Johnson v. Goodyear Min. Co.....	.....do.....	do.	Unconstitutional.
1899	Dec. 15	Mitchell v. Burwell.....	Iowa.....	Biweekly	Construction.
1901	Jan. term	In re Senate Bill No. 27.....	Colorado.....	do.	Do.
1902	Nov. 25	Inter. Text Book Co. v. Weissinger.....	Indiana.....	Weekly	Constitutional.

¹ *Sorenson v. Webb*, 71 So. 273, 274, Mar. 27, 1916.

PERIOD OF PAYMENT OF WAGES.

93

DECISIONS OF PERIOD OF WAGE-PAYMENT LEGISLATION—Concluded.

Year.	Date.		Title of case.	State.	Subject.	Decision.
	Month	and day.				
1903	Apr.	8	Republic Iron & Steel Co. v. State.	Indiana.....	Weekly	Unconstitutional.
1904	Mar.	1	Burnetta v. Marceline Coal Co.	Missouri.....	Biweekly	Construction.
1904	Mar.	16	Commonwealth v. Reimicke.....	Kentucky.....	do.	Constitutional.
1906	May	29	Seoleyville Coal Co. v. McGlosson.	Indiana.....	do.	Do.
1907	Nov.	16	Lawrence v. Rutland R. R. Co.	Vermont.....	Weekly	Do.
1907	Nov.	26	T., St. L. & W. R. R. Co. v. Long.	Indiana.....	Monthly	Unconstitutional.
1910	Feb.	14	Arkansas State Co. v. State.....	Arkansas.....	Biweekly	Constitutional.
1910	June	14	N. Y. C. & H. R. R. Co. v. Wil- liams.	New York.....	do.	Do.
1911	June	24	State v. Potomac Valley Coal Co.	Maryland.....	do.	Unconstitutional.
1912	May	7	State v. Mo. Pac. Ry. Co.	Missouri.....	do.	Constitutional.
1914	May	25	Erie R. R. Co. v. Williams.....	New York.....	do.	Do.
1914	Oct.	31	State v. Prudential Coal Co.	Tennessee.....	do.	Unconstitutional.
1914	Nov.	23	In re Craue.....	California.....	Monthly	Do.
1915	July	9	State Industrial Com. v. Inter- borough Rapid Trans. Co.	New York.....	Weekly	Construction.
1915	Nov.	15	State v. Cullom.....	Louisiana.....	Biweekly	Constitutional.
1915	Dec.	14	Veitkunas v. Morrison.....	Maine.....	do.	Construction.
1916	Mar.	27	Sorenson v. Webb.....	Mississippi.....	Monthly	Unconstitutional.

Summary: Wages to be paid weekly, 10 cases—5 held constitutional; 2 held unconstitutional; 3 construction of statute. Wages to be paid biweekly, 17 cases—8 held constitutional; 5 held unconstitutional; 4 construction of statute. Wages to be paid monthly, 9 cases—1 held constitutional; 5 held unconstitutional; 2 construction of statute; 1 no decision rendered.

CHAPTER VI.—MODE OF WAGE PAYMENTS.

THE ENGLISH TRUCK LAWS.

Statutes known as "truck acts" or "scrip acts," which are intended to prohibit the payment of wages in orders on merchandise stores, not redeemable in money but in commodities, are based upon old English acts, the earliest of which bears the date of the year 1464.¹ The English truck laws were numerous and were applied, as experience dictated, to one branch of manufacture after another until they embraced nearly the whole of the industries of England. The laws established the obligation and produced, or at least fortified, the uniform custom of paying the whole wage of laborers in the current coin of the realm. They were finally collected and consolidated into one act in 1831, which has been amended on two occasions.²

These statutes were part of a system of legislation which regulated the relation of master and servant. They especially favored the latter, who, as an individual, was deemed weaker than his master, and

¹ George Howell: *Handy book of the Labor Laws*, 1895, 3d ed., p. 187. U. S. Department of Labor Bul. No. 26, November 1899, pp. 826-832.

George Howell: *Labor Legislation, Labor Movements and Labor Leaders*, London, 1902, ch. 37, pp. 406-421.

Alexander Redgrave: *The Factory, Truck and Shop Acts*, London, 12th ed., 1916.

² 1 and 2 Wm. IV, ch. 37, 1831. This act repealed all former "truck" acts. Consolidation truck act, 1 and 2 Wm. IV, ch. 37, Oct. 15, 1831, pp. 225-232. Amended 50 and 51 Vict., ch. 46, Sept. 16, 1887, pp. 190-194; 59 and 60 Vict. ch. 44, Aug. 14, 1896, pp. 360-363. These three acts are collectively known as the "Truck Acts of 1831-1896."

The acts that were consolidated in 1831 are as follows:

4 Edw. IV, ch. 1, 1464, pp. 364-373.

8 Eliz., ch. 7, 1565, pp. 238-240.

14 Eliz., ch. 12, 1572, pp. 306, 307.

1 Anne, ch. 18, 1701, pp. 444-448.

9 Anne, ch. 30, 1710, p. 278.

10 Anne, ch. 16, 1711, pp. 309-313.

1 Geo. I, ch. 15, 1714, pp. 206-213.

12 Geo. I, ch. 34, 1726, pp. 361-365.

13 Geo. I, ch. 23, 1726, pp. 402-406.

13 Geo. II, ch. 8, 1740, pp. 373-380.

22 Geo. II, ch. 27, 1740, pp. 306-319.

29 Geo. II, ch. 33, 1756, pp. 478-480.

30 Geo. II, ch. 12, 1757, pp. 38, 39.

17 Geo. III, ch. 56, 1777, pp. 454-470.

19 Geo. III, ch. 49, 1779, pp. 273, 274.

57 Geo. III, ch. 115, 1817, pp. 444, 445; ch. 122, 1817, pp. 457, 458.

58 Geo. III, ch. 51, 1818, pp. 174-179.

Other English acts are: Wages not to be paid in spirits, 55 Geo. III, ch. 19, Mar. 23, 1815, pp. 64, 65; wages to be paid by county contractor in money, 9-10 Vict., ch. 2, Mar. 5, 1846, pp. 11-24; Hosiery Manufacture (Wages) Act, 37 and 38 Vict., ch. 48, July 1874, pp. 272, 273; Coal Mine Regulation Act, 50-51 Vict., ch. 56, sec. 4, September 1887, p. 299.

See Archer & James, 2 Best & S. (Exch. Ch.) 61, 1869, Byles, J.

See Chitty's English Statutes, London, 1912, 6th ed., vol. 8, pp. 726-853.

C. B. Labatt: *The Law of Master and Servant*, Rochester, N. Y., 1913 (2d ed.), vol. 2, pp. 2230-2270; vol. 8, pp. 8097, 8715-8800.

therefore liable to oppression. On the other hand, there existed regulations in favor of the master and against the workmen collectively, who, in the aggregate and acting in combination, were deemed stronger than their masters and likely to oppress not only the employer but individuals of their own body. These were the laws against combinations and strikes. They have been swept away except in certain aggravated cases, but the truck act still remains. The principles of this act have been copied widely by the legislatures of the American States. Similar statutes are found in the labor laws of most of the European countries.¹

The truck act is a deduction from a general principle found in all systems of law; namely, that where two classes of persons are dealing together, one of which is weaker than the other and liable to oppression, either from natural or accidental causes, the law should as far as possible redress the inequality by protecting the weak against the strong. This relation arises most often between the employer and employee. The laws passed to remedy the evil are prompted by the motive to protect the man who is dependent upon his labor for bread. It is pleaded in justification of these enactments that they are legitimate police regulations. The opposite view is that ours is a free government, where everybody has a right to earn a living and pursue happiness by the sale of his labor or goods, and has the right to make contracts with reference thereto upon such terms as he chooses, provided such terms are not against public policy. This is declared to be a liberty and a property right embodied in both State and Federal Constitutions. It is claimed that in a free government all these rights must exist, and that mere accidental hardships can not be relieved by infraction of the fundamental principles of equality before the law. Legislators should be governed, it is said, by the rule as stated by Locke and now incorporated in the fourteenth amendment; they are to "govern by promulgated, established laws, not to be varied in particular cases, but to have one rule for rich and poor, for the favorite at court and the countrymen at the plough."²

But there is an inherent difficulty in enforcing the penalties of the law upon the employer, since prosecution must usually be instituted

¹ Switzerland, Mar. 23, 1877, sec. 10; amended June 23, 1902; repealed and superseded, 1914.

Belgium, Aug. 16, 1887, sec. 1.

Germany, June 1, 1891, German Trade Code, sec. 115.

New Zealand, act 1891, Aug. 29; Oct. 4, 1893; Oct. 18, 1896; Oct. 21, 1899; Aug. 16, 1906.

Russia, Mar. 14-25, 1894, Industrial Code, secs. 34-106.

Austria, Feb. 23, 1897.

British Columbia.—Acts of 1898, No. 43.

Western Australia, Oct. 25, 1898; Oct. 9, 1899.

New South Wales.—Acts of 1900, No. 55.

France, Dec. 7, 1909; Mar. 25, 1910.

See *Journal of the Society of Comparative Legislation*, London, 1915, N. S., index to vol. 1-15, "Truck legislation."

² T. M. Cooley: *The General Principles of Constitutional Law in the United States of America*, Boston, 1898, 3d ed., p. 350.

by the employee or by some one in his behalf. In either case, the certainty of discharge makes the employee anxious to avoid the suit. Consequently, almost the only cases where the law is enforced are in those industries where a strong labor organization has taken up the issue; and even then the result is not usually accomplished by a legal prosecution, but by the direct influence of the labor organization.

THE TRUCK SYSTEM IN THE UNITED STATES.

The company store is a cause of bitter complaint by the working class. Where the employer owns the store from which his employees are required to purchase their food, clothing, and supplies, wages are often paid in checks or tokens cashed only at a discount. Even when wages are paid in cash, the employees are sometimes virtually compelled to deal at stores owned or controlled by the employer.

This method of truck payment instead of cash payment is naturally dependent in part upon the local circumstances of a business. In enterprises like mining, where the place of work is remote from business centers, the employers are often unable to secure employees unless they provide stores for supplies. As the locality grows in population and it becomes profitable for retail dealers to locate there, the necessity for the company store diminishes.

Obviously, it is a benefit to the employee if the employer runs his store to supply goods at cost plus the mere expense of handling—but this is seldom the case. The temptation, especially in times of depression, is too strong to prevent the effort to recoup losses in the productive branch of the business by profits on the goods sold. In the testimony given before the United States Industrial Commission¹ it was shown that in many of the company stores in the South goods were sold for not less than 100 per cent profit. This cut the wages of the laborer in half. The prices at company stores in certain mining sections of Pennsylvania were shown to be 25 and 40 per cent more than elsewhere.²

In view of the testimony given before it, the United States Industrial Commission recommended that:

* * * More stringent legislation, as by providing that mining employers, etc., may not run supply stores at all, must necessarily be determined by the several States according to their local conditions. The company-store acts now in existence are frequently evaded by the device of giving a percentage on all purchases to the employer or paying commissions on all collections from his employees. It may be difficult to devise a uniform law touching such matters, but the attention of the State legislatures is called to such evasions and the abuses arising therefrom.³

¹ Final report of the Industrial Commission, 1902, vol. 19, p. 739. Washington, D. C.

² Report of the U. S. Industrial Commission, 1901, vol. 7, pp. 46, 47.

³ Idem., 1900, vol. 5, p. 5.

Even where prices are not excessive, company stores limit the choice of the employee. Their existence contains the unwritten threat of discharge for the laborer who fails to trade there.

Under the common law it is the rule that unless otherwise agreed, the wages of an employee must be paid in cash. Pennsylvania was the first State to legislate directly against the evils surrounding other methods of wage payment.

Pennsylvania.—The Pennsylvania Legislature passed an act¹ in 1874 which prohibited manufacturing corporations from selling commodities not manufactured by the corporation itself and prohibited the corporation from permitting its employees to sell such goods upon the lands possessed by such corporation.

A later act² was passed which prohibited every manufacturing, mining, or quarrying company from manufacturing or selling any articles of merchandise other than those specified in its charter. No company was permitted to withhold wages due any of its employees by reason of the sale or furnishing of goods or merchandise to any employee, unless the wages were withheld in obedience to due process of law. This act was declared not unconstitutional³ in 1890 because companies incorporated prior to the act were not within its terms. In another case⁴ the court held that the purpose of the act was to do away with withholding wages due employees to pay store bills, but that it was not the purpose of the legislation to restrict the natural right of the employee to deal at any store which he might prefer. If a laboring man, in the exercise of this right, transferred or assigned to a merchant any portion of his wages to secure the payment of his store bills, he was bound by his contract as any other man would be.

Five years later a case arose on the following facts. James Hamilton worked for C. Jutte & Co. mining coal. He dealt at the store of R. M. McCune & Co., who turned in the amount of his purchases at the office of C. Jutte & Co. His employers deducted the amount from his wages on pay day under an arrangement between the two companies. Hamilton was discharged, after which he brought suit under the act of 1891 to recover the amounts kept out of his wages through the company store. The court⁵ held an employee might waive his right under the act and validly consent to receive his pay in store orders.

¹ Pennsylvania.—Acts of 1874, p. 166. Construed in *Saunder v. Duncan et al.*, 10 Pa. C. C. 430-433, Jan. 26, 1891.

² Pennsylvania.—Acts of 1881, pp. 147, 148; 1887, p. 182; 1900, pp. 66, 97; 1901, p. 290.

³ *McManaman v. Hanover Coal Co.*, 6 Kulp, 181-188, Dec. 3, 1890. See also *Schlusser v. Bethlehem Iron Co.*, 1 Lab. Valley Rep. 6-10, November term, 1893.

⁴ *Evans v. Kingston Coal Co.*, 6 Kulp, 321-326, Feb. 2, 1890. See also *Wolliver v. Fox*, 4 Pa. Dist. Rep. 197, 198, Feb. 6, 1892.

⁵ *Hamilton v. Jutte & Co.*, 16 Pa. Co. Ct. 125-126, Feb. 27, 1895.

Another case arose in the following year under the same act.¹ Sally was employed by the Berwind-White Coal Co. mining coal. He traded at a general store which presented its bills to the Berwind-White Coal Co. The latter subtracted the amount, on pay day from the wages due. This arrangement had Sally's consent. He sued, alleging that there was due him the sum of \$304.45 with interest for wages earned. He claimed the agreement and manner of paying his wages were in violation of the act of May 20, 1891.

It was held² that the payment before made was a valid payment and not contrary to any interpretation of the provisions of the act. If the act was intended to prevent persons competent to contract from making contracts they deemed mutually advantageous, and which were not harmful in themselves or in conflict with the rights of others, it was not only violative of the constitution, but of a law as old as humanity itself.

The court said in part:

* * * We are not unmindful of the "company store," which in some way and to some extent is conducted in the interest of the mine owner, and is made the instrument of wrong and oppression. The plaintiff, no doubt, is the victim of the company store, and in bringing this action is only voicing the general complaint of the wage earners wherever these stores exist. It is of no consequence what our individual opinion may be as to the propriety of conducting a store in connection with mining operations; our duty is to declare the law as it has been laid down for our guidance by the tribunal of last resort * * *.

In the next year arose the case of Showalter v. Ehlan.³ Showalter was employed at mining by the ton rate. He was regularly paid each monthly pay day. No rule required him to buy at the store of Ehlan & Rowe. He did not object to the settlements. Monthly statements were made showing the amount of his work and amount of his bill for oil and powder, and also his store account. The statement was put in an envelope and handed him with the balance of his wages. Later he sued for the amount of his store orders. The superior court held that no recovery could be had when it appeared that according to agreements between the parties the employee was fully paid for his labor, partly in money and partly by goods voluntarily purchased by him from the defendant's store. The court declared:

As to the attempt in the act of 1891 to prevent employers and employees from making their own contracts, it is merely a repetition of what was vainly sought to be done by the act of June 29, 1881, * * * and therefore is invalid.⁴

¹ Pennsylvania.—Acts of 1891, p. 97.

² Sally v. Berwind-White Coal Mining Co., 5 Pa. Dist. 316-318, Feb. 10, 1896.

³ Showalter v. Ehlan, 5 Pa. Super. Ct. 242-249, July 23, 1897.

⁴ Pennsylvania.—Acts of 1907, ch. 206, p. 270, relates to payment of miners by forbidding removal of checks from loaded coal cars.

Ohio.—An act of the Ohio Legislature prohibited payment of miners with checks, scrip, or tokens purporting to be redeemable otherwise than in money, but permitted orders to be issued on stores in which the employer had no interest.¹ Under this law Marsh sought to recover in money the amounts called for on 12 checks issued by a company in payment for work in their coal mine. Marsh had bought the checks from the employees and demanded payment for them in money. The State supreme court² declared the law unconstitutional because it abridged the right of contract.

West Virginia.—A West Virginia statute³ contained a provision which prohibited persons and corporations engaged in mining and manufacturing and interested in the selling of merchandise from selling goods to their employees at a greater per cent of profit than that at which they sold to persons not employees. Under this law the Fire Creek Coal & Coke Co. was indicted and fined in a county court in 1887. The case was taken to the supreme court of appeals,⁴ which declared the act unconstitutional and void because it was class legislation and an unjust interference with private contracts and business. In the course of the decision the court said:

* * * The act is an infringement alike of the right of the employer and employee. More than this, it is an insulting attempt to put the laborer under legislative tutelage, which is not only degrading to his manhood, but subversive to his rights as a citizen of the United States.

In condemning this statute, we do not wish to give countenance to the idea that any employer, whether he is engaged in mining, manufacturing, or any other business, has the right to discriminate against his employees by selling them goods or supplies under similar circumstances at a greater per cent of profit than he does to his other customers. Such a discrimination is not only unjust, but it is subversive of the first principles of trade; and no employee should buy from such an employer. The remedy is in the hands of the employee. He is not compelled to buy from his employer; and the general law, without any special statute, will fully protect him in his refusal to do so.

This case is important for the same reason that *Godcharles v. Wigeman*⁵ is important; it is one of the early cases. Curious, naive reasoning is this. The judge recognized the very inequality and injustice which the statute sought to remove, but could not bring himself to consider the law as a reflection of economic conditions. It is not difficult to estimate the effectiveness of the suggested remedy, if the laborer has a wife and family of four or five children and is

¹ Ohio.—Acts of 1878, pp. 124, 141; 1888, p. 130; 1898, p. 93; 1887, p. 214; 1889, p. 28; 1891, p. 443; 1911, pp. 114, 115.

² *Marsh v. Poston & Co.*, 35 Ohio Wkly. L. B. 327-331, May 19, 1894. In *Crawford v. Wick*, 18 Ohio State, 190-207, December, 1888, the supreme court held unlawful and void as being in restraint of trade and tending to monopoly, extortion, and oppression, a contract between the lessor and lessee of a coal mine whereby the lessee agreed to use his influence over his employees to induce them and their families to purchase goods only at his store and bound himself not to accept any order given upon him by any of his employees for goods purchased of any other person or firm.

³ West Virginia.—Acts of 1887, ch. 63, pp. 192-194.

⁴ *State v. Fire Creek Coal & Coke Co.*, 33 W. Va. 158-161, Nov. 18, 1898.

⁵ See pp. 104, 105.

dependent upon the wages he earns to maintain his standard of living. It is true he could refuse to buy from his employer and the courts would protect him. But what court could prevent his employer's discharging him for his refusal to buy goods at the company store?

Illinois.—The Illinois Legislature enacted a statute¹ in 1891 which declared it unlawful for any person or corporation engaged in mining or manufacturing to be interested in keeping a truck store.

A suit to test the act was at once brought. The supreme court² held that the legislature could not single out operators of mines or manufacturers and provide that they should bear burdens not imposed upon other owners of property. On all matters relating to mining and manufacturing wherein they differ from other industrial branches, the legislature might properly pass laws which would affect them alone. But keeping stores for the sale of groceries, tools, clothing, and food had no tendency to affect the mechanical process of mining and manufacturing. Therefore a man could not be prohibited from keeping a "truck store" merely because of his business. If the legislature should undertake to provide by law that persons following some lawful trade or employment should not have the capacity to make contracts or to receive conveyances, or to build such houses as others were allowed to erect, or in any other way make such use of their property as was permissible for others, the act would transcend the bounds of legislative power, even if it did not come in conflict with constitutional provisions.

A new act was passed in 1895³ which provided that debts contracted for labor should be payable in bankable currency. This act has not been before the courts.

Colorado.—The senate of Colorado in 1897 submitted an inquiry⁴ to the State supreme court as to the constitutionality of House Bill 147, "to abolish and prohibit the use of scrip and to regulate what is known as the 'truck system.'"

The court replied:

* * * A majority of the court are of the opinion that the legislature may, in the exercise of the police power, enact laws of this character when necessary to prevent oppression and fraud, and for the protection of classes of individuals against unconscionable dealings. * * * We may properly take cognizance of the fact that the most serious disturbances which have occurred in this country for the last 25 years have grown out of the controversies between employer and employee. No one doubts the authority or questions the duty of the State to interfere with such force as may be necessary to repress such disturbances and maintain the public peace and tranquillity; and as well may the State provide in advance against certain kinds of fraud and oppression which lead to these outbreaks.

¹ Illinois.—Acts of 1891, p. 312.

² *Frozer et al. v. People*, 141 Ill. 171-188, June 15, 1892.

³ Illinois.—Acts of 1896, p. 283.

⁴ In re House Bill No. 147, 23 Colo. 504-507, Mar. 20, 1897.

At the next session of the legislature a statute¹ was passed declaring it unlawful for any person to use the "truck system," in the payment of wages.

Kansas.—The Kansas Legislature in 1887² forbade employers who were corporations or trusts employing 10 or more persons to pay wages by check, order, or token, other than a check or draft on a bank in which money was on deposit to meet the charge. It was made an offense to compel employees to purchase goods at any particular store.

A case under this act was taken to the State supreme court,³ which declared the statute was unconstitutional because it violated the fourteenth amendment of the Constitution of the United States. The court⁴ said:

Under the penal provisions of the statute in question, a laborer who works for a corporation or trust employing 10 or more persons, is deprived of his freedom of contract, in that he can not bargain to receive anything in payment for his labor but lawful money of the United States. While it might be desirable and profitable to the employee of such corporation to receive a horse, or a cow, or a house and lot, in payment for his wages, yet the legislature prohibits payment in that way and places the laborer under guardianship; classifying him in respect to freedom of contract with the idiot, lunatic, or the felon in the penitentiary * * *.

This discrimination has been justified by writers defending the doctrine of paternalism, and by some judges, upon the asserted fact that labor is constantly engaged in an unequal contest with capital. * * * Freedom of action—liberty—is the cornerstone of our governmental fabric. * * * Laws which infringe upon the free exercise of the right of a workingman to trade his labor for any commodity or species of property which he may see fit and which he may consider to be the most advantageous is * * * an obstruction to his pursuit of happiness. Such laws as the one under consideration classify him among the incompetents and degrade his calling. * * *

Chief Justice Doster, in a dissenting opinion, declared:

* * * Much of the argument made and nearly all of the illustrations used to picture the claimed inequalities of the law are from the standpoint of the laborer himself. * * * The corporations * * * can not be allowed to put themselves in the position of the laborer, and say, as though with his mouth: "The law does not compel my employer to pay me in current money, but does compel my neighbor's employer to pay him in such medium. It is therefore bad." * * *

A new act was passed by the legislature in the same year⁵ which applied such provisions to persons and corporations, but the presumption would favor the belief that it has not been enforced, since it has not been contested in the courts.

Maryland.—The Maryland Legislature passed an act⁶ in 1898 to prohibit railroad, manufacturing, and mining corporations in Alle-

¹ Colorado.—Acts of 1890, ch. 125, pp. 425-428; 1901, ch. 55, pp. 126-128.

² Kansas.—Acts of 1887, ch. 171, pp. 253, 254; repealed by 1887, ch. 145, pp. 323, 324.

³ State v. Haun, 61 Kans. 146-150, Dec. 9, 1899. State v. Haun, 7 Kans. App. 309-323, Aug. 14, 1896.

⁴ State v. Haun, 61 Kans. 146-150, Dec. 9, 1899.

⁵ Kansas.—Acts of 1887, ch. 153, pp. 316, 317.

⁶ Maryland.—Acts of 1898, ch. 483, pp. 143, 144; new act 1900, ch. 453, pp. 739, 741.

dependent upon the wages he earns to maintain his standard of living. It is true he could refuse to buy from his employer and the courts would protect him. But what court could prevent his employer's discharging him for his refusal to buy goods at the company store?

Illinois.—The Illinois Legislature enacted a statute¹ in 1891 which declared it unlawful for any person or corporation engaged in mining or manufacturing to be interested in keeping a truck store.

A suit to test the act was at once brought. The supreme court² held that the legislature could not single out operators of mines or manufacturers and provide that they should bear burdens not imposed upon other owners of property. On all matters relating to mining and manufacturing wherein they differ from other industrial branches, the legislature might properly pass laws which would affect them alone. But keeping stores for the sale of groceries, tools, clothing, and food had no tendency to affect the mechanical process of mining and manufacturing. Therefore a man could not be prohibited from keeping a "truck store" merely because of his business. If the legislature should undertake to provide by law that persons following some lawful trade or employment should not have the capacity to make contracts or to receive conveyances, or to build such houses as others were allowed to erect, or in any other way make such use of their property as was permissible for others, the act would transcend the bounds of legislative power, even if it did not come in conflict with constitutional provisions.

A new act was passed in 1895³ which provided that debts contracted for labor should be payable in bankable currency. This act has not been before the courts.

Colorado.—The senate of Colorado in 1897 submitted an inquiry⁴ to the State supreme court as to the constitutionality of House Bill 147, "to abolish and prohibit the use of scrip and to regulate what is known as the 'truck system.'"

The court replied:

* * * A majority of the court are of the opinion that the legislature may, in the exercise of the police power, enact laws of this character when necessary to prevent oppression and fraud, and for the protection of classes of individuals against unconscionable dealings. * * * We may properly take cognizance of the fact that the most serious disturbances which have occurred in this country for the last 25 years have grown out of the controversies between employer and employee. No one doubts the authority or questions the duty of the State to interfere with such force as may be necessary to repress such disturbances and maintain the public peace and tranquillity; and as well may the State provide in advance against certain kinds of fraud and oppression which lead to these outbreaks.

¹ Illinois.—Acts of 1891, p. 212.

² *Fraser et al. v. People*, 141 Ill. 171-188, June 15, 1892.

³ Illinois.—Acts of 1895, p. 263.

⁴ In re House Bill No. 147, 23 Colo. 504-507, Mar. 20, 1897.

At the next session of the legislature a statute¹ was passed declaring it unlawful for any person to use the "truck system," in the payment of wages.

Kansas.—The Kansas Legislature in 1887² forbade employers who were corporations or trusts employing 10 or more persons to pay wages by check, order, or token, other than a check or draft on a bank in which money was on deposit to meet the charge. It was made an offense to compel employees to purchase goods at any particular store.

A case under this act was taken to the State supreme court,³ which declared the statute was unconstitutional because it violated the fourteenth amendment of the Constitution of the United States. The court⁴ said:

Under the penal provisions of the statute in question, a laborer who works for a corporation or trust employing 10 or more persons, is deprived of his freedom of contract, in that he can not bargain to receive anything in payment for his labor but lawful money of the United States. While it might be desirable and profitable to the employee of such corporation to receive a horse, or a cow, or a house and lot, in payment for his wages, yet the legislature prohibits payment in that way and places the laborer under guardianship; classifying him in respect to freedom of contract with the idiot, lunatic, or the felon in the penitentiary * * *.

This discrimination has been justified by writers defending the doctrine of paternalism, and by some judges, upon the asserted fact that labor is constantly engaged in an unequal contest with capital. * * * Freedom of action—liberty—is the cornerstone of our governmental fabric. * * * Laws which infringe upon the free exercise of the right of a workingman to trade his labor for any commodity or species of property which he may see fit and which he may consider to be the most advantageous is * * * an obstruction to his pursuit of happiness. Such laws as the one under consideration classify him among the incompetents and degrade his calling. * * *

Chief Justice Doster, in a dissenting opinion, declared:

* * * Much of the argument made and nearly all of the illustrations used to picture the claimed inequalities of the law are from the standpoint of the laborer himself. * * * The corporations * * * can not be allowed to put themselves in the position of the laborer, and say, as though with his mouth: "The law does not compel my employer to pay me in current money, but does compel my neighbor's employer to pay him in such medium. It is therefore bad." * * *

A new act was passed by the legislature in the same year⁵ which applied such provisions to persons and corporations, but the presumption would favor the belief that it has not been enforced, since it has not been contested in the courts.

Maryland.—The Maryland Legislature passed an act⁶ in 1898 to prohibit railroad, manufacturing, and mining corporations in Alle-

¹ Colorado.—Acts of 1880, ch. 153, pp. 425-426; 1911, ch. 55, pp. 125-126.

² Kansas.—Acts of 1887, ch. 171, pp. 253, 254; repealed by 1897, ch. 145, pp. 323, 324.

³ State v. Hann, 61 Kan. 146-150, Dec. 9, 1898. State v. Hann, 7 Kan. App. 509-523, Aug. 14, 1898.

⁴ State v. Hann, 61 Kan. 146-150, Dec. 9, 1898.

⁵ Kansas.—Acts of 1887, ch. 153, pp. 316, 317.

⁶ Maryland.—Acts of 1898, ch. 499, pp. 163, 164; new act 1900, ch. 453, pp. 739, 732.

gany County from selling goods or merchandise to their employees. The constitutionality of this act was questioned ¹ the following year. The law was declared void, because it was held by the court to be class legislation.

Indiana.—The Legislature of Indiana passed an act ² of more general application which prohibited any person or corporation selling directly or indirectly to any employee any merchandise or supplies at a higher price than such merchandise or supplies were sold by others. This act was repealed 10 years later and a new act prohibited the issuance of checks or other devices payable in merchandise by merchants in payment for the assignment of wages of employees in coal mines.

Walsh, a miner, assigned his wages to Dixon, receiving four tokens payable in goods at the store of Dixon. He afterwards disposed of these checks to Poe, who sued to recover their value in cash; basing his case on the statute of 1901.

Judge Dowling of the supreme court ³ held the law void. He said in part:

It is with great reluctance that we declare an act of the legislature invalid; but the act of 1901 * * * so plainly violates the rule of the Constitution forbidding the grant of special privileges and immunities to a favored class of citizens and subjecting another class to special disabilities and restrictions, that we have no choice but to adjudge it void.

Substantially the same provisions were reenacted in 1903 and later amended.⁴ This law has not been before the courts.

Florida.—A case under the common law of Florida which turned on the operation of a company store was before the State supreme court ⁵ in 1908. Stewart and another were partners and had leased a storehouse from a lumber company which formerly used it as a commissary. In their contract the lumber company agreed to issue to its employees "merchandise checks against their wages to be redeemed exclusively through the merchandise store." In an action for breach of contract, judgment was given for the lumber company. On error proceedings from the circuit court this judgment was affirmed by the State supreme court because it held the contract was invalid as being contrary to public policy. The court said in substance that the issuance of such merchandise checks might not ipso facto and necessarily be illegal under all circumstances but, under the circumstances of this case, such a course of dealing tended to aid in the restraint of trade and in the maintenance of monopoly.

¹ Luman v. Hitchens Bros. Co., 90 Md. 14-20, Nov. 23, 1899.

² Indiana.—Acts of 1891, ch. 89, pp. 166, 169; new act 1901, ch. 237, pp. 543, 549.

³ Dixon v. Poe, 159 Ind. 492-500, Nov. 25, 1902.

⁴ Indiana.—Acts of 1903, ch. 171, p. 207; 1911, ch. 88, pp. 110-112.

⁵ Stewart et al. v. Stearns & Culver Lumber Co., 56 Fla. 570-586, Dec. 3, 1908.

Tennessee.—A statute¹ of Tennessee prohibited any joint-stock company, association, or corporation from discharging any of its employees for trading or not trading with any particular merchant, person, or class of persons. A railroad company was indicted for violation of this act and offered the defense that it was unconstitutional. The State supreme court² declared the law was arbitrary, vicious class legislation, and denied the equal protection of the laws. Judge Shields, speaking for the court, said, in part:

It does not apply to natural persons * * * engaged in conducting the same business, at the same place, in the same manner, and with similar employees. New burdens and restrictions are placed upon corporations, the property of which belongs to individual shareholders, which are not placed upon natural persons engaged in the same business, conducted in the same way, and at the same place. We can see no good reason or natural or reasonable basis for this discrimination. None has been suggested or can be suggested, for they do not exist. The application of the statute is made to depend solely upon whether the employer is a natural or artificial person, between which, within the protection of the constitutional provisions invoked, there is no distinction. The distinction made is in the character of the employer, and not in that of the employment or business conducted.

¹ Tennessee.—Acts of 1887, ch. 208, pp. 338, 339; ch. 155, pp. 266, 267, coercion.

Similar provisions not yet tested as to constitutionality are to be found in the statutes of the following States:

Alabama.—Acts (local) of 1899, ch. 406, pp. 817, 818; 1901, ch. 998, p. 2271.

Alaska.—Acts of 1913, ch. 9, p. 12.

Arizona.—Acts of 1909, ch. 108, pp. 263, 264; 1912 (sp. sess.), ch. 10, pp. 14, 15; 1913 (3d sp. sess.) referendum, p. 18.

Connecticut.—Acts of 1901, ch. 68, p. 1919. Laborers not to be overcharged for articles of merchandise sold them.

Florida.—Acts of 1901, ch. 5015, pp. 165, 166.

Idaho.—Acts of 1911, ch. 133, p. 385.

Iowa.—Acts of 1888, ch. 53, pp. 78, 79.

Kentucky.—Acts of 1892, ch. 35, p. 54.

Louisiana.—Acts of 1894, ch. 71, p. 83; 1908, ch. 228, p. 345.

Massachusetts.—Acts of 1900, ch. 469, p. 468.

Michigan.—Acts 1898, ch. 209, p. 384; 1897, ch. 221, pp. 278, 279.

Mississippi.—Acts of 1916, ch. 91, p. 84.

Montana.—Acts of 1903, ch. 102, p. 192.

Missouri.—Acts of 1883, p. 83; 1895, p. 206; 1903, p. 230.

Nevada.—Acts of 1908, ch. 134, pp. 217, 218; 1911, ch. 68, pp. 66, 67.

New Hampshire.—Acts of 1911, ch. 78, pp. 81, 82.

New Jersey.—Acts of 1881, ch. 100, p. 230.

New Mexico.—Acts of 1893, ch. 35, pp. 41, 42; 1897, ch. 11, pp. 27-29; 1907, ch. 44, p. 66.

New York.—Acts of 1889, ch. 381, p. 508; amended acts 1897, vol. 1, ch. 416, p. 464; 1908, vol. 1, ch. 316, p. 748.

Oregon.—Acts of 1907, ch. 192, p. 355.

Philippine Islands.—Acts of 1912-13, ch. 219, p. 2.

Porto Rico.—Acts of 1908, pp. 171, 172.

South Carolina.—Acts of 1872, ch. 169, p. 216; 1878, ch. 722, p. 698; 1879, ch. 12, p. 7; 1901, ch. 432, p. 748.

Texas.—Acts of 1908, ch. 63, p. 39.

Utah.—Acts of 1901, ch. 44, p. 39.

Virginia.—Acts of 1887, ch. 391, pp. 497, 498; amended acts of 1887-88, ch. 115, p. 131; 1912, ch. 168, pp. 188-190.

Washington.—Acts of 1887-88, ch. 126, p. 234; amended 1905, ch. 112, p. 219.

Wisconsin.—Acts of 1899, ch. 221, pp. 371, 372.

²State v. Nashville, Chattanooga & St. Louis Ry. Co., 124 Tenn. 1-15, Mar. 4, 1911.

PAYMENT IN LAWFUL MONEY.

Maryland.—The Maryland Legislature passed a law¹ as early as 1880 which prohibited payment of employees of certain corporations in Allegany County otherwise than in legal tender. A suit was brought at once to test its constitutionality.

Shaffer & Munn were merchants who rented their place of business from the Union Mining Co., but beyond this relation of landlord and tenant had no business connection with them. They sold goods on credit to employees of the mining company, taking an assignment on their wages for the payment of the goods. They presented these assignments to the mining company for payment, but they were refused. They then sued to recover the amounts due. The State supreme court² held that the act was a valid exercise of police power by the legislature.

In the course of the opinion the court said:

Having determined that the legislature has the power to control this appellee in respect to its contracts with its employees, and the mode of paying them; the next inquiry is, does this law by necessary implication restrict the powers of the employees over their wages—the fruits of their labor—so that they may not assign their wages * * *. The statute was manifestly intended to be in the interest of the employees * * *. Being protective in its character, it can not have been intended as restrictive of the employee's rights, except in so far as it prevents his colluding with the employer to do what the law forbade the corporation to do * * *.

Pennsylvania.—The Legislature of Pennsylvania passed an act³ in 1881 which required that all persons engaged in mining or manufacturing should pay their employees in lawful money or cash order.

The State supreme court in 1886 declared the act unconstitutional. Wigeman was employed as a puddler by Godcharles & Co. in their nail mill at Milton, Pa.⁴ During the time of his employment he asked for and received from the defendants orders on different parties for the purchase of coal and other articles. The orders were honored and the company afterwards paid them. Wigeman maintained these orders could not be applied as a set-off to his claim for wages under the act of 1881.

The court said⁵ in part:

* * * The first, second, third, and fourth sections of the act of June 29, 1881, are utterly unconstitutional and void, inasmuch as by them an attempt has been made by the legislature to do what in this country, can not be done; that is, prevent persons who are sui juris from making their own contracts. The act is an infringement alike of the rights of the employer and the employee. More than this, it is an insulting attempt to put the laborer under a legislative tutelage, which is not only degrading to his manhood, but subversive of his rights as a citizen of the United States. He may

¹ Maryland.—Acts of 1880, ch. 273, pp. 417, 418; 1882, ch. 445, pp. 640 641; Garrett County, 1900, ch. 453, pp. 730, 731; Allegany County, amended 1902, ch. 589, pp. 846, 847.

² Shaffer & Munn v. Union Mining Co., 55 Md. 74-87, Dec. 9, 1880.

³ Pennsylvania.—Acts of 1881, ch. 173, pp. 147, 148; Acts of 1887, ch. 121, pp. 180, 181.

⁴ The law had already been construed in Row v. Haddock, 3 Knlp, 501-504, Oct. 31, 1885.

⁵ Godcharles & Co. v. Wigeman, 113 Pa. State, 431-437, Oct. 4, 1886.

sell his labor for what he thinks best, whether money or goods, just as his employer may sell his iron or coal, and any and every law that proposes to prevent him from so doing is an infringement on his constitutional privileges, and consequently vicious and void.

Such vigorous terms carried this case as a precedent throughout the highest State courts of the country. The court met the issue with no uncertain language. Not so much can be said of some of the later cases. Additional acts¹ were passed in later years. They attempt the same sort of regulation but have not been tested in the courts and presumably have not been enforced.

West Virginia.—A West Virginia act² prohibited persons and corporations engaged in mining and manufacturing from issuing for the payment of labor any order or paper, except such as was specified in the act.

The supreme court of appeals held³ the legislature could not place upon owners and operators of mines and manufacturers burdens not imposed on others, nor prohibit them from making contracts which others might make. Such legislation could not be sustained as an exercise of the police power.

Judge Snyder, who delivered the opinion, said in part:

* * * Liberty * * * means the right, not only of freedom from servitude, imprisonment, or restraint, but the right of one to use his faculties in all lawful ways, to live and work where he will, to earn his livelihood in any lawful calling and to pursue any lawful trade or avocation * * *.

* * * The vocation of an employer, as well as that of his employee, is his property. Depriving the owner of property of one of its attributes is depriving him of his property, under the provisions of the constitution * * *.

In view of what the courts have uniformly held in respect to this class of legislation, it is needless to prolong this discussion. It is a species of sumptuary legislation which has been universally condemned, as an attempt to degrade the intelligence, virtue, and manhood of the American laborer, and foist upon the people a paternal government of the most objectionable character, because it assumes that the employer is a knave, and the laborer an imbecile.⁴

Soon after this adverse decision another act⁵ was passed. This act also came before the courts. The Peel Splint Coal Co. violated the act of 1891, which prohibited the use of scrip in payment of miners. The constitutionality of these acts was attacked upon appeal to the State supreme court.⁶ The court upheld the lower court and declared the laws constitutional for the reason that they “* * * were passed with a view of cutting off opportunities for fraud, and therefore were fairly within the police power of the legislature.”

¹ Pennsylvania.—Acts of 1881, ch. 71, p. 98; 1901, ch. 269, pp. 696, 327, provides a tax on all orders, checks, divider's coupons, pass books, or other paper representing wages or earnings of an employee, not paid in cash to the employee or member of his family.

² West Virginia.—Acts of 1887, ch. 63, pp. 189-194.

³ State v. Goodwill, 33 W. Va. 179-187, Nov. 15, 1898; State v. Minor, 33 W. Va. 179, Nov. 15, 1898.

⁴ State v. Goodwill, 33 W. Va. 182-184, 190.

⁵ West Virginia.—Acts of 1891, ch. 76, pp. 197, 198.

⁶ State v. Peel Splint Coal Co., 36 W. Va. 309-322, Oct. 6, 1892.

This decision served evidently as an effective check on further litigation, for it was 23 years before another case¹ brought the act² before the courts. Atkins brought suit against the Grey Eagle Coal Co. for the face value of certain scrip, payable in merchandise issued by the company to its employees. Judgment was rendered for him in a justice's court and in a circuit court. The company brought writ of error to the supreme court of appeals on the ground that the law was unconstitutional. The court upheld the constitutionality of the statute. Judge Lynch delivered the opinion of the court in which he said in part:

While the present statute differs in material respects from the act construed, and held invalid in *State v. Goodwill* * * * it is the same act construed and held valid in *State v. Peel Splint Coal Co.* * * * though by an equally divided court. The former act * * * embraced within its inhibition only persons engaged in certain specifically designated business activities; while the latter in express terms embraces all persons, firms, companies, and corporations engaged in any trade, calling, or business. The discrimination manifestly appearing from the act of 1887, though not generally recognized in criticisms directed against the decision in the *Goodwill* case, was the real basis of such decision * * *.

* * * The act imposed no restrictions upon employers of labor engaged in other trades or callings where the propriety or necessity therefor was equally apparent.

* * * The trend of it (*the Peel Splint Coal Co. case*) is that the freedom of individual contract must yield to due legislative restraint whenever necessary to conserve the public health, safety, and morals and to promote the general welfare and peace of the community; and ordinarily such is the basis of the decisions in other jurisdictions upon similar statutes.

We do not think the statute challenged by defendant violates any constitutional provision, or unduly curtails the right of contract, or is an illegitimate exercise of the State's police power.³

Indiana.—Indiana was the next State to legislate on this question. The legislature passed a law⁴ that any person who issued any paper not commercial paper, payable in lawful money, to any employee in payment for work, should be guilty of a misdemeanor.

The constitutionality of the act has never been passed upon though it has been several times construed by the State courts.⁵

Tennessee.—The Tennessee Legislature by an act⁶ of 1887 declared any person who refused to redeem in lawful currency any checks or scrip of their own presented within 30 days of its issuance guilty of a misdemeanor.

¹ *Atkins v. Grey Eagle Coal Co.*, 76 W. Va. 27-31, Mar. 16, 1915.

² *West Virginia.*—Acts of 1891, ch. 76, pp. 197, 198.

³ *Atkins v. Grey Eagle Coal Co.*, 76 W. Va. 28, 29, 31.

⁴ *Indiana.*—Acts of 1885, ch. 21, pp. 36, 37; 1890, ch. 124, pp. 193, 194; 1908, ch. 171, p. 307; 1911, ch. 68, p. 110; 1913, ch. 27, pp. 47, 48.

⁵ Construed in *Terre Haute & Indianapolis R. R. Co. v. Baker*, 122 Ind. 433-443, Mar. 12, 1900; *Terre Haute & Indianapolis R. R. Co. v. Baker*, 4 Ind. App. 66-68, Mar. 2, 1902; *Naglebaugh v. Harder & Home Coal Mining Co.*, 21 Ind. App. 551-556, Oct. 11, 1898; *Pere Marquette R. R. Co. v. Baerts*, 26 Ind. App. 406-422, Apr. 26, 1905.

⁶ *Tennessee.*—Acts of 1887, ch. 209, p. 340; new act 1891 (ex. sess.), ch. 5, pp. 13, 19.

In *State v. The Paint Rock Coal & Coke Co.*, the State supreme court¹ held that the statute violated the spirit if not the letter of the State constitutional provision which prohibited the legislature passing any law authorizing imprisonment for debt in civil cases and was therefore unconstitutional.

Another statute,² passed in 1899, required all persons using store orders to pay employees to redeem them at face value in lawful money. Nothing in the act was to be construed as legalizing the use of scrip. Complaint was brought under the provisions of this act by one Samuel Harbison in the chancery court of Knox County to secure a decree for the redemption by the Knoxville Iron Co. of certain orders for coal. A carefully prepared opinion of the State supreme court³ was delivered by Judge Caldwell, in which he said:

* * * The court of chancery appeals found that the defendant is so accustomed to use coal orders; that it in that "way pays off about seventy-five per cent of the wages earned by its employees" and that its course of business in that respect is one "whereby employees are systematically, in the main, settled with in coal orders instead of cash, and where, though there is no compulsion in form, yet, in fact, by holding back their wages, such a motive power is brought to bear upon their freedom of choice as to practically amount to coercion; that the facts of the case 'show a species of compulsion whereby the defendant takes advantage of the necessities of the improvidence of its employees, and so places them in a position where they feel compelled to take their wages in coal orders.'"

The court then addressed itself to a thorough discussion of the provisions of the fourteenth amendment to the Constitution of the United States and to that part of section 8, of article 1, of the constitution of Tennessee which declares that "no man shall be * * * deprived of his life, liberty or property but by * * * the law of the land."

Upon the question of classification the court said:

Though operating equally on all persons in like condition, while in existence, the "law of the land" on no subject can be truly said to be immutable. On the contrary, it is always subject to change, by diminution or enlargement, by repeal or substitution, as different and new conditions arise; otherwise there could be no advance in legislation or legal development, and the legislative department of the Government would be wholly unnecessary and superfluous. The law is, in fact, a progressive science and its growth must be allowed to keep pace with the advance of civilization.

Under the act, the present defendant may issue weekly orders for coal as formerly, and may pay them in that commodity when desired by the holder; but instead of being able, as formerly, to compel the holder to accept payment of such orders in coal, the holder may, under the act, compel defendant to pay them in money. In this way, and to this extent, the defendant's right of contract is affected. Under the act, as formerly, every employee of the defendant may receive the whole or a part of his wages in coal orders, and may collect the orders in coal, or transfer them to some one else for other merchandise, or for money. His condition is bettered by the act, in that it naturally enables him to get a better price for his coal orders than formerly and thereby

¹ *State v. Paint Rock Coal & Coke Co.*, 92 Tenn. 51-54, Nov. 15, 1893.

² Tennessee.—Acts of 1899, ch. 11, pp. 17, 18, amended 1913, ch. 99, p. 236.

³ *Harbison v. Knoxville Iron Co.*, 103 Tenn. 422-443, Nov. 8, 1899. See also *Dayton Coal & Iron Co. v. Barton*, 103 Tenn. 604-614, Nov. 30, 1899.

gives him more for his labor; and yet, although the defendant may not in that transaction realize the expected profit on the amount of coal called for in the orders, it in no event pays more in dollars and cents for the labor than the contract price.

* * * The legislature evidently deemed the laborer at some disadvantage under existing laws and customs, and, by this act, undertook to ameliorate his condition in some measure by enabling him, or his bona fide transferee, at his election and at a proper time, to demand and receive his unpaid wages in money rather than in something less valuable. Its tendency, though slight it may be, is to place the employer and employee upon equal ground in the matter of wages, and, so far as calculated to accomplish that end, it deserves commendation.

Besides the amelioration of the employee's condition * * * the act was intended and is well calculated to promote the public peace and good order, and to lessen the growing tendency to strife, violence, and even bloodshed, in certain departments of important trade and business. * * *

The act before us is perhaps less stringent than any one considered in any of the cases. * * * It is neither prohibitory nor penal; not special but general, tending toward equality between employer and employee in the matter of wages, intended and well calculated to promote peace and good order, and to prevent strife, violence, and bloodshed. Such being the character, purpose, and tendency of the act, we have no hesitation in holding that it is valid, both as general legislation, without reference to the State's reserved police power, and also as a wholesome regulation adopted in the proper exercise of that power.

This language furnishes a trenchant contrast to that used in the *Godcharles v. Wigeman* case which is widely quoted with approval in cases coming within this field. By writ of error the case was taken to the United States Supreme Court¹ on the question of the validity of the law under the Federal Constitution. Justice Shiras delivered the opinion of the court in which the judgment of the Supreme Court of Tennessee was affirmed. The reasoning and conclusions of the court were thoroughly approved. Justice Shiras in the opinion said:

The Supreme Court of Tennessee justified its conclusions by so full and satisfactory a reference to the decisions of this court as to render it unnecessary for us to travel over the same ground. * * *

Missouri.—The Missouri Legislature passed an act² which made it a misdemeanor for any person engaged in manufacturing or mining in the State to issue in payment of laborers any evidence of indebtedness, payable otherwise than in lawful money, unless the same was negotiable and redeemable at its face value in cash or in goods at the option of the holder.

W. Loomis, L. Loomis, and E. Snively were charged with a violation of the statute. The case was tried before the full bench of the State supreme court³ which declared the act void as class legislation and violative of the constitutional guaranty of due process of

¹ *Knoxville Iron Co. v. Harbison*, 22 Sup. Ct. 1-4, Oct. 21, 1901. See also *Dayton Coal & Iron Co. v. Barton*, 22 Sup. Ct. 4, Oct. 21, 1901; *State v. Prudential Coal Co.*, 130 Tenn. 375-378, Oct. 31, 1914.

² *Missouri.*—Acts of 1881, pp. 73, 74, amended 1885, pp. 83, 84; 1891, p. 153; repeated 1899, p. 305.

³ *State v. Loomis et al.*, 115 Mo. 307-336, Mar. 26, 1898. See also *State v. Loomis*, 30 S. W. 232, Oct. 10, 1892; *McCarty v. O'Bryan*, 137 Mo. 584-591, Feb. 9, 1897.

law. But Judge Barclay wrote a strong dissenting opinion in which he said:

* * * If an act reaching only mining and manufacturing concerns is, on that account, not "due process of law," what must be held of statutes establishing special rules of liability, or business regulations, applicable to railroads only, * * * and the many other classes of persons whose affairs form topics of treatment in separate laws in Missouri. Are all such statutes void * * *? Probably they would not be so held. Yet if they are valid, what is there so exceptional about the truck system that precludes legislation applicable to those lines of business in which it prevails? * * * The opinion admits that "the legislature may regulate the business of mining and manufacturing so as to secure the health and safety of the employees." If a law applicable only to persons engaged in mining is constitutional when dealing with the topic of their health and safety, it is obvious that an act designed to prevent fraud or oppression in the payment of wages in mining and manufacturing enterprises is not objectionable on the ground of the selection or "classification" of those enterprises as subjects for separate legislation. "Liberty 'on its positive side denotes the fullness of individual existence; on its negative side it denotes the necessary restraint on all which is needed to promote the greatest possible amount of liberty for each.'"

A later statute¹ provided that "it shall not be lawful for any person, firm, or corporation to issue, pay out, or circulate for payment of the wages of labor, any order, note, check, memorandum, token, evidence of indebtedness, or other obligation unless the same is negotiable and redeemable at its face value in lawful money of the United States. by the person, firm, or corporation issuing same."

Edward Benn was charged with a violation of this law. He was manager of a lumber company. He had employed one Madden to work for him for a few hours. At the time of his employment Madden had been told that he would be paid by checks issued by a firm of merchants and accepted by them as store orders would be. Madden agreed to this and accepted two checks valued at 50 cents each and used one at the store of the firm which issued the checks. He asked cash for the other which the merchants declined to pay. He then offered it to Benn asking him to redeem it, which he declined to do. This Benn denied. Madden then took the check to the prosecuting attorney who brought the suit.

Judge Bland, who delivered the opinion of the court,² said in part:

* * * The statute was designed to protect the laboring class from a prevalent evil. * * * If one laborer can waive or contract away the benefit secured by the statute, so may every other laborer. If this can be done, what is then to hinder the persons, firms, and corporations, scheming to make a profit from both the labor and the wages of the laborer, from incorporating in the contract of hire an express stipulation that the laborer waives his right to demand payment of his wages in money and agrees to take a check, or what not, redeemable in merchandise at his employer's store and

¹ Missouri.—Acts of 1905, p. 208.

² State v. Benn, 95 Mo. App. 516-526, June 24, 1902. Construed also in State v. Balch, 178 Mo. 289-312, Dec. 9, 1903.

thus effectually nullify the statute? The statute is the offspring of necessity and is an expression of legislative policy. It expresses in part the public policy of the State and can not be waived or contracted away. * * *

In the following year another case was before the same court. The Missouri Tie & Timber Co. gave to Sweeney an order book containing mercantile coupons valued at \$5 redeemable in merchandise at the company's store. Books of this sort were issued only to employees to whom the company was indebted and without coercion or compulsion on any employee to accept them.

Judge Burgess delivered the opinion of the State supreme court¹ in which all the judges concurred. He held that the Loomis case was authority for holding this law unconstitutional, that the right to make contracts and have them enforced was one of the rights secured to every citizen. In contrast to the Loomis case, the court here placed its decision squarely upon the broad ground of constitutional liberty and in spite of the fact that the court had before it the opinion of the United States Supreme Court, handed down three years earlier in the Harbison case.

North Carolina.—North Carolina in an act² of 1889 made it unlawful for any person employing laborers by the day, week, or month to issue in payment of wages scrip bearing upon its face the word "nontransferable." All scrip issued to laborers for labor was to be paid at face value. The supreme court of the State held that the act did not authorize the assignee of a ticket or scrip payable in merchandise to demand and receive payment in money instead of in merchandise.³

Washington.—Washington was the next State to legislate on this subject. The legislature passed an act⁴ which made it unlawful for any person engaged in business in the State to issue scrip in payment for wages unless it was negotiable at face value. An amendatory act⁵ was later passed which provided that it should not be lawful for any corporation to issue for payment of wages any order, or check, payable otherwise than in lawful money unless negotiable and redeemable at its face value.

Shortall brought suit to recover \$21.36 due as wages. He had worked for the company about two months when he quit and demanded immediate payment. He was refused on the ground that it was not due and payable under the contract until a later date.

¹ State v. Missouri Tie & Timber Co., 181 Mo. 526-528, May 11, 1904. Followed in Leach et al. v. Missouri Tie & Timber Co., 111 Mo. App. 650-653, Apr. 4, 1905.

² North Carolina.—Acts of 1889, ch. 280, p. 285; amended and added to by 1891, ch. 78, pp. 81, 82; ch. 370, p. 447; ch. 456, p. 515; 1895, ch. 127, pp. 180, 181.

³ Marriner v. Roper Co. 112 N. C. 164-168, February term 1893.

⁴ Washington.—Acts of 1887-8, ch. 128, pp. 284, 285. Construed in Quimby v. Shippow, 7 Wash. 475-478, Dec. 27, 1893; and in Agee v. Smith, 7 Wash. 471, 475, Dec. 27, 1893.

⁵ Washington.—Acts of 1905, ch. 112, pp. 219, 220. Construed in State v. Chehalis Furniture & Mfg. Co., 47 Wash. 378-381, Oct. 28, 1907.

The State supreme court sustained¹ the law. In the opinion the court said:

The * * * contention is that the act in question is unsupported by any principle of public policy. But we think the practice, pursued by certain employers of labor, of paying the wages of their employees in orders drawn upon stores redeemable in commodities, other than lawful money of the United States, and of postponing the day of payment until long after the wages were earned, was a real evil, operating to the detriment of the wage earner, and consequently to the detriment of the State. * * *

Another act² was passed in 1907 by the legislature which made it unlawful for any transportation company to require an employee, as a condition of his continued employment, to purchase at any particular place clothing required by the company. The constitutionality of this act has not been tried.

Kentucky.—Section 244 of the Kentucky³ constitution provides that "all wage earners in this State employed in factories, mines, workshops, or by corporations shall be paid for their labor in lawful money. The general assembly shall prescribe adequate penalties for violation of this section." Following this mandate the general assembly in 1892⁴ declared a violation of this provision a misdemeanor and affixed a penalty of a fine not to exceed \$500 for each violation.

A mining company paid its employees once each month in lawful money for the past month's labor. At any time during the month, upon application of an employee, the company issued checks to him payable in merchandise at the company store. The amount of checks issued to each man was deducted from his wages each pay day and he was paid the balance in cash, but no money was paid for outstanding checks.

The Court of Appeals of Kentucky⁵ held that an arrangement as above described was not in violation of the act nor of section 244 of the constitution.

* * * The object of the legislation was to protect the weak against the strong, and the wage earner is regarded as liable to imposition and oppression at the hands of his employer. * * * There has been no suggestion of oppression in the argument, and none in the testimony, growing out of the regulation of the pay days in this case, and we have assumed it to be reasonable.

Another statute⁶ was passed which provided that all persons who employed 10 or more persons in mining should pay for the work of the month previous before the 16th of each month in lawful money of the United States the full amount of wages due. Coercion of em-

¹ Shortall v. Puget Sound Bridge etc. Co., 45 Wash. pp. 290-293, Jan. 6, 1907. See also State ex rel. Chicago & P. S. Ry. Co. v. Superior Court of King County, 73 Wash. 32-37, Apr. 15, 1912.

² Washington.—Acts of 1907, ch. 294, pp. 517, 518.

³ Kentucky Constitution, 1891, sec. 244.

⁴ Kentucky.—Acts of 1892-93, ch. 35, p. 54.

⁵ Arent Beattyville Coal Co. v. Commonwealth, 96 Ky. 213-223, Dec. 1, 1894.

⁶ Kentucky.—Acts of 1893, ch. 13, pp. 52, 60; amended 1902, ch. 60, pp. 126, 126.

ployees to deal with or purchase merchandise at any particular store was prohibited.

The Hillside Coal Co. was indicted for failing to pay an employee in lawful money as provided in the act.¹ The court of appeals held:

* * * In so far as the statute may discriminate in favor of wage earners engaged in mining work or industry—a discrimination vigorously denounced in some jurisdictions and as vigorously upheld in others—the statute simply follows the lead of the organic law, and can not, therefore, be said to be contrary to it * * *

* * * The abuse sought to be corrected was the imposition practiced on miners by the operators of mines by forcing them, directly or indirectly, into dealing with the “company stores,” where goods at exorbitant prices were paid for wages instead of money. This evil can hardly be practiced in small concerns, or where less than 10 miners are employed. In effect, the lawmakers said there is in small concerns using less than 10 men practically no such evil as the constitution seeks to suppress; therefore we ignore the small concerns, and apply the benefit of the constitutional provision to that portion of the class only which needs the benefit. * * *

Another case² in the court of appeals held that the redemption of checks, issued to employees for services, at a reduction of 10 per cent of their face value was a violation of section 244 of the State constitution. Judge Hobson, who spoke for the court, said in part:

This brings us to the real question in the case: Has the defendant a right to a reduction of 10 per cent from the face of the checks? Section 244 of the constitution is as follows: * * * Under this section the defendant may lawfully issue checks to its miners to show what it owes them, but these checks must, at the next bimonthly pay day, be paid at their face value; otherwise, the miners will not be paid for their labor in lawful money. * * * If such contracts were upheld, our usury laws would be vain and useless; for they could in this way be evaded without the lender being out of his money at all.

A recent case³ in the same court held that while it is not a criminal offense under section 244 of the constitution or the acts of 1898 and 1902 for a mining corporation to issue merchandise coupon books to its employees in payment for wages not yet earned, those provisions are violated by the refusal of the company to redeem the coupons in such books in cash at the time wages become due, since any other construction of the statute would permit the employer to defeat the purpose of the law, which was to prevent it from securing a monopoly of the business of selling supplies to its employees.

New Jersey.—An act⁴ to secure the workmen the payment of their wages in lawful money was passed by the New Jersey Legislature in 1877. It applied to any person or corporation. A new act⁵ applied the principle to any glass manufacturer, ironmaster, foundryman, collier, factory man, employer, cranberry grower, or his agent or com-

¹ Commonwealth v. Hillside Coal Co., 109 Ky. 47-51, Sept. 27, 1900. See also Hudnall v. Watts Steel & Iron Syndicate, 20 Ky. L. Rep. 1211, 1212, Jan. 20, 1899.

² Kentucky Coal Mining Co. v. Martingly, 123 Ky. 526-531, Apr. 27, 1900.

³ Pond Creek Coal Co. v. Riley Lester & Bros., 171 Ky. 811-818, Oct. 31, 1916.

⁴ New Jersey.—Acts of 1877, ch. 147, p. 231; amended by 1890, ch. 36, p. 48.

⁵ New Jersey.—Acts of 1880, ch. 198, pp. 296, 298; amended 1888, ch. 129, pp. 174, 178; 1906, ch. 179, pp. 262, 263; 1899, ch. 38, pp. 69, 70; 1904, ch. 195, p. 354.

pany. The act was enforced, but its constitutionality not passed upon in 1895.¹

Texas.—Action under the common law was brought by James Robinson against the Texas Pine Land Association in the district court of Hardin County, Tex. The suit was for damages growing out of the conduct of the association in issuing checks at its store. The court of civil appeals refused relief. The court in the course of the opinion² said:

System whereby such checks would be honored in the hands of anyone except plaintiff was calculated to insure trade at defendant's store, and diminish that of its rival; and as plaintiff has no definite right to the public trade, he has no legal right to complain that defendant absorbed it by the manner of managing its business, and its relation with its employees.

Virginia.—The Virginia Legislature passed a law³ in 1887 which prohibited any person, firm, or corporation engaged in mining coal or ore or manufacturing iron or steel or any other kind of manufacturing, from issuing for the payment of labor any order unless the same purported to be redeemable for its face value in lawful money of the United States.

A case⁴ under this act came before the State court of appeals in 1912 on the following facts. Taylor brought suit to recover in cash on store orders payable only in merchandise, issued in payment for labor. The objection was urged that the statute was class legislation and inconsistent with the fourteenth amendment. The court affirmed a judgment in favor of the plaintiffs. Appeal was then taken to the United States Supreme Court which also affirmed the judgments. The opinion⁵ of the court was delivered by Mr. Justice Holmes, in the course of which he said:

* * * But while there are differences of opinion as to the degree and kind of discrimination permitted by the fourteenth amendment, it is established by repeated decisions that a statute aimed at what is deemed an evil, and hitting it presumably where experience shows it to be most felt, is not to be upset by thinking up and enumerating other instances to which it might have been applied equally well, so far as the court can see. * * *

Illinois.—The Illinois Legislature passed an act in 1897⁶ which provided that every person engaged in mining coal should be paid in lawful money. The Whitebreast Fuel Co. was charged with violation of the act. The company appealed the case to the State supreme court which sustained the act⁷ by interpreting it so broadly as to be no check on the employer.

¹ *Cumberland Glass Manufacturing Co. v. State*, 58 N. J. 294-297, Nov. 7, 1895.

² *Robinson v. Texas Pine Land Association*, 69 S. W. 843, May 12, 1897.

³ *Virginia*.—Acts of 1887, ch. 301, pp. 497, 498; amended 1887-88, ch. 113, p. 131.

⁴ *Taylor v. Keokuk Consolidated Coal Co.*, not reported.

⁵ *Keokuk Consolidated Coal Co. v. Taylor*, 34 Sup. Ct. 558, 557, June 8, 1914.

⁶ *Illinois*.—Acts of 1897, p. 276.

⁷ *Whitebreast Fuel Co. v. People*, 175 Ill. 51-52, Oct. 24, 1898.

The court said in part:

* * * It appears to have been the design of the legislature to eliminate from this act the objectionable features of former enactments by making contracts enforceable according to their terms, instead of attempting to make contracts for the parties. * * * We * * * must hold that its provisions do not apply where there is a contract for the payment of compensation by different means or upon a different basis than that specified in the act. To hold otherwise would render the enactment unconstitutional. It has been uniformly decided that a laborer can not be deprived of the right to make his own contracts and exercise his own judgment as to how much he will receive for his labor and what he will receive as payment.

Louisiana.—The Legislature of Louisiana enacted a law¹ in 1894 “to encourage the freedom of trade and to forbid the issuance by merchants or corporations of tickets redeemable only in goods at their own place of business.” The act was declared unconstitutional in 1900 because of a defective title.² A new act was passed in 1908³ which provided for the redemption of checks in lawful money and this law has been held constitutional⁴ on the authority of *Knoxville v. Harbison*.

South Carolina.—The South Carolina Legislature passed an act⁵ which required that individuals as well as corporations should pay wages in lawful money or by order redeemable at face value in cash or in goods at the option of the holder. Another law was aimed at company stores.⁶ This act has been before the courts for construction several times. A new act⁷ required wages to be paid in lawful money, and applied its provisions to individuals. This law has not been before the courts up to the present time.

Texas.—The Legislature of Texas passed a law⁸ in 1901 which forbade any person or corporation to issue checks or written obligations to employees for labor performed, redeemable or payable in goods or merchandise.

Jordan, an agent of the Strawn Coal Mining Co. was convicted of a violation of the act. He had sold a piece of metal redeemable in merchandise at the general store of the company. He was discharged on appeal to the court of appeals because the act interfered with the right of contract and contravened the Federal Constitution and a provision of the State constitution that “no citizen shall be deprived

¹ Louisiana.—Acts of 1894, ch. 71, p. 68.

² *State v. Ferguson et al.*, 104 La. 249-254, Nov. 19, 1900. The same points were argued in *State v. Atkins et al.*, 104 La. 37, 38, Nov. 19, 1900.

³ Louisiana.—Acts of 1908, ch. 228, p. 345.

⁴ *Regan v. Tremont Lumber Co.*, 134 La. 199-201, Dec. 15, 1913.

⁵ South Carolina.—Acts of 1901, ch. 432, pp. 746, 747. The case, *Johnson Lytle & Co. v. Spartan Mills*, 69 S. C. 339-362, Mar. 28, 1904, arose where the checks given were issued as credit. The court held this was not a payment of wages.

⁶ South Carolina.—Acts of 1904, ch. 254, pp. 442, 443. Construed in *Granby Mercantile Co. v. Webster*, 88 Fed. Rep. 604-606 (S. C.), Dec. 27, 1900. *Pearson v. Mills Mfg. Co.*, 82 S. C. 506-509, May 4, 1908.

⁷ South Carolina.—Acts of 1914, ch. 314, p. 562; amended 1914, ch. 44, p. 55; ch. 126, p. 180.

⁸ Texas.—Acts of 1901, ch. 112, p. 276; amended by 1908, ch. 152, p. 372.

of life, liberty, property, privileges, or immunities, except by due course of law."

The presiding judge declared in the course of the opinion:¹

* * * This law would prevent the employer and employee from entering into any contract by which the labor performed or to be performed by the employee should be discharged or paid off in merchandise at the hands of another. That this is violative of every fundamental principle of the right of contract will hardly need more than a mere statement of the proposition. Police power * * * can not be upheld to the extent that it will prevent the citizenship of this country making such contracts as they see proper so long at least as the law ignores coercion, or some of those matters that might enter into and prevent a free and untrammelled contract * * *.

Arkansas.—The Arkansas Legislature passed an act² in 1899 which required the redemption in cash, at face value, of all scrip issued as evidence of indebtedness to laborers. Coal mining companies which employed less than 20 men under ground were excepted.

The Union Saw Mill Co. was sued by A. & L. Felsenthal to recover in money the value of store orders issued to its employees.³ The court quoted the Harbison case⁴ and concluded that the act⁵ had the same object as the Tennessee act, attempted to accomplish it by the same means, and was a valid statute in so far as it related to corporations.

¹ *Jordan v. State*, 51 Tex. Cr. R. 531-530, June 5, 1907. Interpreted in *Attoyao River Lumber Co. v. Payne*, 57 Tex. Civ. App. 337-331, Nov. 1, 1909.

² *Arkansas*—Acts of 1899, ch. 173, pp. 310, 311.

³ *Union Sawmill Co. v. Felsenthal*, 83 Ark. 346-357, Feb. 2, 1908. See also *Martin-Alexander Lumber Co. v. Johnson*, 70 Ark. 215-221, Feb. 15, 1902.

⁴ *Knorrville Iron Co. v. Harbison*, 22 Sup. Ct. 1.

⁵ *Arkansas*—Acts of 1901, ch. 161, pp. 306-311; 1901, ch. 101, pp. 167, 168; 1905, ch. 143, pp. 356-368; 1907, ch. 315, pp. 749-751.

Other legislation on this subject has been passed by—

Arizona—Acts of 1903, ch. 58, pp. 86, 87; 1909, ch. 103, pp. 263, 264; amended 1912 (sp. sess.), ch. 10, pp. 14, 15.

California—Acts of 1897, ch. 170, pp. 231, 232; 1911, ch. 93, pp. 359, 360; amended 1915, ch. 628, p. 1215; construed in *Stinson Mill Co. v. Braun*, 136 Cal. 122, Mar. 22, 1902.

Colorado—Acts of 1899, ch. 155, pp. 423-428.

Florida—Acts of 1915, ch. 6914, pp. 254, 255.

Georgia—Acts of 1888, ch. 146, p. 48.

Hawaii—Acts of 1901, ch. 17, pp. 27, 28.

Iowa—Acts of 1888, ch. 65, pp. 78, 79; 1894, ch. 98, pp. 95, 96; 1900, ch. 81, p. 61. Applied in *Mitchell v. Burwell*, 110 Iowa, 10 (see p. 85).

Kansas—Acts of 1897, ch. 171, pp. 253, 254; 1899, ch. 152, pp. 216, 217.

Michigan—Acts of 1897, ch. 221, pp. 278, 279.

Mississippi—Acts of 1914, ch. 138, p. 181.

Montana—Acts of 1901, ch. 85, pp. 147, 148.

Nevada—Acts of 1905, ch. 106, p. 208; 1911, ch. 68, pp. 66, 67.

New Hampshire—Acts of 1909, ch. 134, pp. 507, 508; 1911, ch. 78, pp. 81, 82.

New Mexico—Acts of 1903, ch. 28, pp. 41, 42; 1897, ch. 11, pp. 27, 28; 1907, ch. 44, p. 65.

New York—Acts of 1899, ch. 381, p. 208; 1897, vol. 1, ch. 415, p. 664; amended 1906, vol. 1, ch. 228, p. 745; 1908, vol. 2, ch. 443, pp. 1294, 1297; 1909, ch. 36, p. 17; ch. 205, p. 322; ch. 206, pp. 322, 323; *Consolidated Laws*, 1908, vol. 2, ch. 31, p. 2942.

Oklahoma—Acts of 1909, ch. 39, pp. 637, 638.

Oregon—Acts of 1907, ch. 163, pp. 313, 314.

Porto Rico—Acts of 1908, pp. 171, 172.

Vermont—Acts of 1902, ch. 153, pp. 173, 174; 1906, ch. 117, p. 114.

Wisconsin—Acts of 1891, ch. 430, p. 612; 1899, ch. 221, pp. 371, 372.

SUMMARY.

Despite the confusion and uncertainty which characterize the foregoing decisions, the review makes it clear that the attitude of the courts toward regulation of the mode of wage payments is changing. In the broader interpretations of some State courts and in the Federal courts it is no longer true that economic conditions are entirely lost sight of to the advantage of an outgrown legal theory.

It is a far cry from the Godcharles decision in 1886 to the Harbison case in 1901. The contention that wage-payment regulation is degrading to the workman—the contention of the Godcharles case—is so patently untrue that even the statement carries its own contradiction. The influence of the unfortunate decision of the Pennsylvania court has long been a barrier to real advance. The Harbison case shows the new attitude of the courts—a willingness to recognize the bearing of new economic conditions upon the question of what is equality of condition in the payment of wages. The following table shows the present status of the decisions.

DECISIONS ON MODE OF WAGE-PAYMENT LEGISLATION.

Date.		Title of case.	State.	Decision.
Year.	Month and day.			
1880	Dec. 9	Shaffer & Munn v. Union Mining Co.	Maryland.	Constitutional.
1885	Oct. 31	Row v. Haddock.	Pennsylvania.	Construction.
1886	Oct. 4	Godcharles & Co. v. Wigeman.	do.	Unconstitutional.
1889	Nov. 18	State v. Goodwill.	West Virginia.	Do.
1889	do.	State v. Fire Creek Coal & Coke Co.	do.	Do.
1890	Feb. 8	Evans v. Kingston Coal Co.	Pennsylvania.	Construction.
1890	Mar. 12	Terre Haute, etc., R. R. Co. v. Baker.	Indiana.	Do.
1890	Dec. 3	McManahan v. Hanover Coal Co.	Pennsylvania.	Constitutional.
1892	Mar. 2	Terre Haute, etc., R. R. Co. v. Baker.	Indiana.	Construction.
1892	June 15	Frorer et al. v. People.	Illinois.	Unconstitutional.
1892	Oct. 6	State v. Peel Splint Coal Co.	West Virginia.	Constitutional.
1892	Nov. 18	State v. Paint Rock Coal & Coke Co.	Tennessee.	Unconstitutional.
1893	Feb. term	Marriner v. Roper Co.	North Carolina.	Construction.
1893	Mar. 25	State v. Loomis.	Missouri.	Unconstitutional.
1893	Dec. 27	Agee v. Smith, Quinby v. Slipper.	Washington.	Construction.
1894	Dec. 1	Avent-Beattyville Coal Co. v. Commonwealth.	Kentucky.	Constitutional.
1895	Feb. 27	Hamilton v. Jutte, etc., Co.	Pennsylvania.	Construction.
1895	Nov. 7	Cumberland Glass Co. v. State.	New Jersey.	Do.
1896	Feb. 10	Sally v. Berwind-White Coal Co.	Pennsylvania.	Unconstitutional.
1896	May 19	Marsh v. Poston & Co.	Ohio.	Do.
1897	Mar. 20	In re House Bill No. 147.	Colorado.	Constitutional.
1897	May 12	Robinson v. Texas Pine Land Assn.	Texas.	Construction.
1897	July 23	Showalter v. Ehlan.	Pennsylvania.	Unconstitutional.
1897	Nov. 7	Cumberland Glass Mfg. Co. v. State.	New Jersey.	Construction.
1898	Aug. 13	State v. Haun.	Kansas.	Unconstitutional.
1898	Oct. 11	Naglebaugh v. Harder & Hofer Coal Mining Co.	Indiana.	Construction.
1898	Oct. 24	Whitebreast Fuel Co. v. People.	Illinois.	Constitutional.
1899	Nov. 8	Harbison v. Knoxville Iron Co.	Tennessee.	Do.
1899	Nov. 23	Luman v. Hitchens Bros. Co.	Maryland.	Unconstitutional.
1899	Dec. 9	State v. Haun.	Kansas.	Do.
1900	Sept. 27	Commonwealth v. Hillside Coal Co.	Kentucky.	Constitutional.
1900	Nov. 19	State v. Ferguson et al.	Louisiana.	Unconstitutional.
1901	Oct. 21	Knoxville Iron Co. v. Harbison.	Tennessee.	Constitutional.
1902	June 24	State v. Benn.	Missouri.	Do.
1902	Nov. 25	Dixon v. Post.	Indiana.	Unconstitutional.
1902	Dec. 9	State v. Balch.	Missouri.	Construction.
1904	Mar. 28	Johnson Lytle & Co. v. Spartan Mills.	South Carolina.	Do.
1904	May 11	State v. Missouri Tie & Timber Co.	Missouri.	Unconstitutional.
1905	Apr. 4	Leach et al. v. Mo. Tie & Timber Co.	do.	Do.
1907	Jan. 9	Shortall v. Puget Sound Bridge, etc., Co.	Washington.	Constitutional.
1907	June 5	Jordan v. State.	Texas.	Unconstitutional.

MODE OF WAGE PAYMENTS.

DECISIONS ON MODE OF WAGE-PAYMENT LEGISLATION—Concluded.

Date.		Title of case.	State.	Decision.
Year.	Month and day.			
1907	Oct. 28	State v. Chehalis Furniture Mfg. Co.	Washington.....	Constitutional.
1908	Feb. 8	Union Sawmill Co. v. Folsenthal.	Arkansas.....	Constitutional.
1908	Dec. 8	Stewart et al. v. Stearns & Culver Lumber Co.	Florida.....	Constitutional.
1909	Apr. 27	Ky. Coal Min. Co. v. Mattingly.....	Kentucky.....	Do.
1909	Nov. 1	Attoyac River Lumber Co. v. Payne.....	Texas.....	Do.
1911	Mar. 4	State v. Nashville, Ch. & St. L. Ry. Co.	Tennessee.....	Unconstitutional.
1913	Dec. 15	Rogun v. Tremont Lumber Co.	Louisiana.....	Constitutional.
1914	June 8	Kookee Consolidated Coal Co. v. Taylor.....	Virginia.....	Do.
1915	Mar. 15	Atkins v. Grey Eagle Coal Co.	West Virginia.....	Do.
1916	Oct. 31	Pond Creek Coal Co. v. Riley, Lester & Bros..	Kentucky.....	Constitutional.

Summary.—Fifteen cases held constitutional; 18 cases held unconstitutional; 18 cases construction of statute.

CHAPTER VII.—RESTRICTIONS IN THE EMPLOYMENT CONTRACT.

PAYMENT OF WAGES DUE DISCHARGED EMPLOYEES.

When an employee or laborer is discharged without cause, under the common law, he is entitled to a notice equal to the period of payment of his wages. Gradually there has developed a correlative duty on the part of the employee—he must give similar notice to the employer when he intends to quit work. The development in the United States has been toward a progressive modification of the common-law rule in the interest of the employee.

Connecticut.—A Connecticut law ¹ passed in 1885 provided that any person who withheld any part of the wages of an employee because of an agreement requiring notice before leaving the employment should forfeit \$50. Nolan worked for Whittlesey under an agreement that in case of discharge or leaving, two weeks' notice would be given, and if such notice were not given, he who should have given it was to forfeit to the other the amount of two weeks' wages. Nolan left Whittlesey's service without giving any notice and without good cause. He assigned his claims to Pierce, who brought an action for wages due his assignor for labor. It was held by the State supreme court ² that the wages were retained not by reason of a mere agreement to give notice, but because the plaintiff, in a fair contract upon a sufficient consideration, had agreed to relinquish them, so that no wages were due. The court did not say whether the legislature could make such a withholding illegal, but that the case was "* * * not within the letter and * * * certainly not within the spirit of the statute."

Texas.—A Texas act ³ of 1887 provided that if a railroad company refused to pay its indebtedness to an employee within 15 days of demand, it should pay in addition to the amount 20 per cent as damages. Under this law an action was begun by Wilson to recover wages and damages. On appeal ⁴ the judgment was reversed. The statute was declared unconstitutional because the constitution of Texas confined legislation concerning railroads to the duties they owe to the public as common carriers, and excluded interference with the employment or payment of their servants.

¹ Connecticut.—Acts of 1885, ch. 72, p. 445, repealed by 1896, ch. 108, p. 612.

² *Pierce v. Whittlesey*, 58 Conn. 104-108, Dec. 16, 1890.

³ Texas.—Acts of 1887, ch. 91, p. 72.

⁴ *San Antonio & Arkansas Falls Railway Co. v. Wilson*, 4 Tex. Civ. App. (Wilson) 565-576, June 25, 1902.

A later decision¹ was made containing essentially the same features, and the court of civil appeals² again declared the law unconstitutional upon like grounds.

Maine.—The Maine Legislature³ in 1887 declared it unlawful in manufacturing or mechanical pursuits to contract with employees that they should give one week's notice of intention to quit under penalty of forfeiture of one week's wages.

Arkansas.—The Legislature of Arkansas passed a law⁴ in 1889, which declared that if any railroad company or person doing work for a railroad discharged an employee, the unpaid wages should at once become due. If payment was not made at once the wages were to continue at the former rate up to the beginning of the suit, but not longer than 60 days. Five years later the State supreme court⁵ held the law unconstitutional in so far as it affected private individuals, because it was an invasion of the constitutional right "of acquiring, possessing, and protecting property"; but in so far as it affected corporations, it was declared a valid exercise of the right reserved by the State constitution, "to alter, revoke, or annul any charter of incorporation."

The facts of the case were: Leep employed by a railroad company was summarily discharged. He demanded his unpaid wages. The company refused to pay but promised to do so nine days later. Leep refused to wait and brought suit for the amount due and the penalty. The State supreme court held that the act contemplated the payment of the additional sum not as a penalty, but as compensation for the delay and as punishment for the failure to pay. Delivering the majority opinion of the court, Judge Battle said in part:

We have thus far spoken of the limitations that can be imposed on the right to contract. We have seen that the power of the legislature to do so is based in every case on some condition, and not on the absolute right to control. * * *

* * * If the legislature, in its wisdom, seeing that their employees (of the corporations) are and will be persons dependent on their labor for a livelihood, and unable to work on a credit, should find that better servants and service could be secured by the prompt payment of their wages on the termination of their employment, and that the purpose of their creation would thereby be more nearly accomplished, it might require them to pay for the labor of their employees when the same is fully performed, at the end of their employment. * * *

¹ Texas.—Acts of 1887, ch. 91, p. 72.

² Missouri, K. & T. Ry. Co. of Texas v. Braddy, Court of Civil Appeals of Texas, 135 S. W. 1059, 1060, Mar. 11, 1911.

³ Maine.—Acts of 1887, ch. 139, p. 123. Construed in *Cote v. Bates Mfg. Co.*, 91 Me. 39-42, Dec. 16, 1897. See also 1911, ch. 33, pp. 33, 34; 1913, ch. 36, pp. 22, 23.

⁴ Arkansas.—Acts of 1889, ch. 61, pp. 76, 77. See also Acts of 1883, ch. 93, p. 175, an act to regulate the labor system.

⁵ *Leep v. St. Louis, Iron Mountain & Southern Railway Co.*, 38 Ark. 407-446, Feb. 3, 1894. A dissenting opinion by the chief justice held the whole act to be void. *St. Louis, Iron Mountain & Southern Railway Co. v. Leep*, 16 Sup. Ct. 1042, Dec. 10, 1894. Case dismissed. No opinion.

⁶ *Leep v. St. Louis, Iron Mt. & So. Ry. Co.*, 38 Ark. 421, and 434. In *Diamond State Iron Co. v. Bell*, 2 Marv. (Del.) 303-304, February term 1897, before the Superior Court of Delaware, it was held that a rule made by a company that two weeks' notice of intention to quit must be given and that the company will give two weeks' notice, is reasonable even when a penalty of forfeiture in the amount of wages due is enforced. If the employee assents to this rule, impliedly or expressly, it binds him.

Later Charles Paul sued the St. Louis, Iron Mountain & Southern Railway Co. to recover \$21.80 due him as a laborer and a penalty of \$1.25 per day for failure to pay what was due when he was discharged, as provided in the act. The case passed through the State courts¹ to the Supreme Court of the United States.

The contention was that as to railroad corporations organized prior to its passage the act was void because it was in violation of the fourteenth amendment. But the court held² that though "the power to amend can not be used to * * * deprive the corporation of the fruits, actually reduced to possession, of contracts lawfully made," these corporations were clothed with a public trust, and discharged duties of public consequence affecting the community at large, and that this regulation which promoted the public interest in the protection of employees to a limited extent was properly within the power to amend charters reserved under the State constitution.³

The act of 1889 was amended by the legislature⁴ in 1903 and 1905 to require railroad companies to forward the wages due employees at the termination of employment to a designated local office of the road within seven days from the date of a request to do so. On failure to comply with such request the company was to pay as a penalty wages from the date of termination of employment until payment was made. A number of cases⁵ have arisen under the act but the power of the legislature to enact it has not been further questioned.

South Carolina.—The Legislature of South Carolina,⁶ by an act of 1899, which was subsequently amended, made corporations liable to a penalty of \$5 a day for failure to pay the wages due a discharged laborer within 24 hours after demand, even though the wages were not

¹ *St. Louis, Iron Mountain & Southern Railway Co. v. Paul*; and two other cases, 64 Ark. 83-86, May 1, 1897.

² *St. Louis, Iron Mountain & Southern Railway Co. v. Paul*, 19 Sup. Ct. 419-21, Mar. 6, 1899.

³ Other cases arising under this law but either not questioning the power of the legislature to enact it or affirming that power are: *Kansas City P. & G. R. Co. v. Moon*, 66 Ark. 409-14, Apr. 22, 1900; *Fordyce et al. v. Gorey*, 69 Ark. 344-46, June 1, 1901; *Louisiana and Northwestern Railway Co. v. Phelps*, 70 Ark. 17-19, Nov. 30, 1901.

⁴ Arkansas.—Acts of 1903, ch. 155, pp. 272, 273; repealed by 1905, ch. 210, p. 538.

⁵ *St. Louis, Iron Mountain & Southern Ry. Co. v. Pickett*, 70 Ark. 226-229, Feb. 22, 1902.

St. Louis, Iron Mountain & Southern Ry. Co. v. Brown, 75 Ark. 137-39, Apr. 22, 1905.

Chicago, R. I. & P. Ry. Co. v. Langley, 73 Ark. 207, 208, Mar. 17, 1906.

Wisconsin & A. Lumber Co. v. Reeves, 82 Ark. 377-381, Feb. 11, 1907.

St. Louis, Iron Mountain & Southern Ry. Co. v. Broomfield, 83 Ark. 288-293, June 8, 1907.

Stewart & Alex. Lumber Co. v. Weaver, 83 Ark. 445-448, July 8, 1907.

St. Louis, Iron Mountain & Southern Ry. Co. v. Walsh, 86 Ark. 147-150, Apr. 27, 1908.

St. Louis, Iron Mountain & Southern Ry. Co. v. Bailey, 87 Ark. 132-136, July 6, 1908.

Wisconsin & A. Lumber Co. v. Thompson, 87 Ark. 574-576, Oct. 26, 1908.

St. Louis, Iron Mountain & Southern Ry. Co. v. McClerkin, 88 Ark. 277-282, Nov. 20, 1908.

Biggs v. St. Louis, Iron Mountain & Southern Ry. Co., 91 Ark. 123-128, June 21, 1909.

St. Louis, Iron Mountain & Southern Railway Co. v. Bryant et al., 92 Ark. 425-431, Nov. 22, 1909.

St. Louis, Iron Mountain & Southern Ry. Co. v. Hill, 92 Ark. 484-486, Dec. 6, 1909.

Hall v. Chicago R. I. & P. Ry. Co., 96 Ark. 634-637, Dec. 5, 1910.

Morgan v. St. Louis, I. M. & S. Ry. Co., 106 Ark. 74-79, Dec. 23, 1912.

Largent v. Arkansas N. W. R. Co., 188 S. W. 536, 537, Oct. 9, 1916.

⁶ *South Carolina.*—Acts of 1899, ch. 52, p. 82; amended by 1911, ch. 24, p. 36; 1912, ch. 434, pp. 730, 751; 1915, ch. 112, p. 152.

payable until a specified date thereafter. It was held by the State supreme court¹ that the act was sustainable as an alteration of the corporate character of the railway company and did not deny due process of law or infringe the liberty to contract.

Indiana.—The Legislature of Indiana passed a law² in 1911 which provided that any railroad company should pay employees within 72 hours after the employees voluntarily ceased work or were discharged, and for failure to do so the company was made liable to a penalty equal to the daily wage of the employee.

Schuler instituted action to recover for services rendered the Cleveland, Cincinnati, Chicago & St. Louis Railway Co., and to recover the amount of penalty provided for in the law. The State supreme court³ held the statute unconstitutional upon the ground that the classification attempted was arbitrary and without any valid reason for its basis. Judge Spencer delivered the opinion of the court⁴ in which he said in part:

* * * In brief, no good reason appears for requiring railroads to pay * * * those who leave their service, while manufacturing corporations and other employers of labor are exempted from its operation.

* * * When the act was passed there was no statute relating to the time of payment of wages of railroad employees, but in 1913 (Acts of 1913, p. 47) a statute was passed requiring all employers of labor to pay their employees semimonthly. If the act in controversy can be held valid, we would have a present situation where the faithful employee who is working regularly can only demand payment of his wages semimonthly, while one who voluntarily quits the service of a railroad company without cause must be paid in 72 hours. There is no just reason for such discrimination.

This decision, when compared with the other decisions by the same court in the field of wage-payment legislation, exhibits the same line

¹ *Wynne v. Seaboard Air Line Ry. Co.*, 96 S. C. 1-5, Oct. 6, 1912. Construed in *Champion v. Hermitage Cotton Mills*, 96 S. C. 418, 419, Aug. 24, 1914. *Trammel v. Victor Mfg. Co.*, 102 S. C. 483-487, Nov. 18, 1915; *Burden v. Woodside Cotton Mills*, 104 S. C. 433-444, July 3, 1916.

Similar cases are based on the common law or a statute of frauds which enacts the common-law provision. Such are: *Moody et al. v. Jones*, 37 S. W. (Texas) 379, 380, Oct. 22, 1896; *Winkler v. Racine Wagon & Carriage Co.*, 89 Wis. 184-189, Apr. 12, 1896; and *Franklin v. T. H. Lilley Lumber Co.*, 66 W. Va. 164-169, Nov. 9, 1909.

Statutes on this subject are to be found in the following States:

Massachusetts.—Acts of 1878, ch. 211, pp. 633-634; 1894, ch. 506, pp. 633-655; 1906, ch. 129, p. 122; 1902, ch. 450, pp. 364, 365; 1909, ch. 814, p. 767; 1910, ch. 359, pp. 272, 273; 1911, ch. 208, pp. 154, 157.

Washington.—Acts of 1883, ch. 129, pp. 284, 285; amended by 1905, ch. 112, pp. 219, 220.

Minnesota.—Acts of 1901, ch. 92, p. 163; 1915, ch. 29, pp. 26, 37; amended ch. 37, pp. 57, 58.

Kansas.—Acts of 1893, ch. 187, pp. 370, 371; 1911, ch. 219, p. 308.

New Jersey.—Acts of 1896, ch. 142, pp. 303, 304.

Oregon.—Acts of 1907, ch. 163, pp. 213, 214.

Arizona.—Rev. Stat. 1901, Pen. C. sec. 615; amended 1912 (ex. sess.), ch. 10, pp. 14, 15.

Colorado.—Acts of 1901, ch. 55, pp. 129-130.

California.—Acts of 1911, ch. 683, pp. 1295, 1296. See *In re Crane*, p. 61. Amended 1913, ch. 195, p. 342; 1914, ch. 143, p. 299; ch. 453, p. 720.

Louisiana.—Acts of 1912, ch. 298, pp. 536, 537; 1914, ch. 61, p. 154; ch. 179, p. 252.

Missouri.—Acts of 1913, p. 175.

Wisconsin.—Acts of 1913, ch. 114, p. 267.

² *Indiana.*—Acts of 1911, ch. 178, pp. 446, 447. See also Acts of 1915, ch. 51, pp. 197, 198.

³ *Cleveland, Cincinnati, Chicago & St. Louis Railway Co. v. Schuler*, 162 Ind. 67-68, June 2, 1904; also construed in *B. & O. S. W. R. Co. v. Burdakov*, 57 Ind. App. 267, 268, Nov. 24, 1904.

⁴ *Railway Co. v. Schuler*, 162 Ind. 58, 60, 61.

of reasoning which began in 1885 and has continued without much deviation to the present day. The decisions of the United States Supreme Court seem to have no weight in this court. If they did have, the decision in the present case would have held the act constitutional since the theory of classification adopted by the Indiana court can not be reconciled with that adopted by the United States Supreme Court in the Paul¹ case.

Idaho.—The Idaho Legislature enacted a law² in 1911 which provided that whenever any employer of labor should discharge an employee without first paying him the amount of any wages due, the employee could charge and collect wages in the sum agreed upon in the contract of employment for each day his employer was in default until he was paid in full.

Olson was discharged by the Idora Hill Mining Co. and was not paid his wages due at the time of his discharge. Judgment was rendered for Olson in a district court and the company appealed to the State supreme court³ on the ground that the law was unconstitutional. The court upheld the law. Judge Budge delivered the opinion of the court in which he said in part:

But in recent years the trend of authority seems to be that the legislature has the power to regulate the time of payment of wages to within a reasonable time after the services have been rendered according to the terms of the contract and after demand, and thus avoid serious injury and injustice to the working class as a result of undue delay in the payment of wages. * * *

And as we are of the opinion that it is the province of the legislature, within reasonable bounds, to determine whether certain legislation is necessary or expedient * * * we feel justified in holding that * * * (the law) is a legitimate exercise of the police power of the State; that it is not a violation of the liberty of contract in respect of labor; that it does not deprive the employer or the employee of the liberty or right to enter into any contract, nor take property from the employer without due process of law; and therefore that it is not unconstitutional. * * *

PAYMENT OF WAGES DUE DECEASED EMPLOYEES.

Statutes providing for the payment of wages due deceased employees are of comparatively recent date. Seven State legislatures have enacted such laws. The constitutionality of these laws has never been contested.

The Alabama Legislature passed a law in 1889 which provided that, "Whenever an employee of another shall die intestate and there shall be due him as wages or salary a sum not exceeding one hundred dollars, the debtor may discharge himself from liability therefor by paying such amount to the widow of the deceased employee or, if there be no widow, to the person having actual custody and control of his minor child or children, or either, as the case may be, who may sue

¹ St. Louis, Iron Mountain & Southern Railway Co. v. Paul, 19 Sup. Ct. 419-421, Mar. 6, 1900.

² Idaho.—Acts of 1911, ch. 170, p. 565.

³ Olson v. Idora Hill Mining Co. (and two other cases), 28 Idaho, 504-519, Feb. 5, 1916; also construed in Penn v. Latour Creek R. Co., 29 Idaho, 521-526, Oct. 23, 1916.

for and recover the same as part of the one thousand dollars in personalty exempted to them.”¹

Similar provisions are to be found in the laws of Georgia,² Mississippi,³ Pennsylvania,⁴ Arizona,⁵ New Jersey,⁶ and Delaware.⁷

REPAYMENT OF WAGES ADVANCED TO EMPLOYEES.

Alabama.—The Legislature of Alabama provided⁸ that “any person who, to defraud his employer, secured advance payment and then refused to carry out the contract” should “be punished by a penalty of twice the damage.”

In a case under this statute⁹ the State supreme court held that the law did not make mere breach of contract a crime, but that the criminal feature consisted in entering into a contract with the intent to injure or defraud the employer.¹⁰

The difficulty in proving the intent no doubt suggested the later amendment, that the refusal of the employee to carry out the contract was to be prima facie evidence of the intent to defraud the employer.¹¹ On several occasions this amendment has been declared constitutional.¹²

An amendment made four years later¹³ caused the now famous case of Alonzo Bailey. Bailey was committed for detention for obtaining \$15 under a contract in writing, with intent to defraud his employer. He sued out a writ of habeas corpus challenging the validity of the statute. His discharge was refused by a judge of the Montgomery city court, and the State supreme court¹⁴ affirmed the order. The court declared that when a person enters into a contract with the intention to perpetrate a fraud, he passes over the constitutional boundary line in respect to the right of free contract. On writ of error from this court to the Supreme Court of the United States¹⁵ it was held that the case was brought prematurely as Bailey had not exhausted his remedies in the State courts.

¹ Alabama.—Acts of 1880, p. 69.

² Georgia.—Acts of 1898, ch. 25, pp. 61, 62; 1901, ch. 428, pp. 60, 61; 1915, ch. 141, pp. 21, 22.

³ Mississippi.—Acts of 1898 (ex. sess.), ch. 71, pp. 83, 84.

⁴ Pennsylvania.—Acts of 1907, ch. 162, pp. 202, 203.

⁵ Arizona.—Acts of 1908, ch. 64, p. 183.

⁶ New Jersey.—Acts of 1908, ch. 39, p. 52.

⁷ Delaware.—Acts of 1911, ch. 259, pp. 705, 706.

⁸ Alabama.—Acts of 1883, ch. 85, p. 142. See also England, 52, 51 Vict. c. 46, pp. 199-194, September, 1887.

⁹ Ex parte Riley, 94 Ala. 82-83, November term 1891. See also *Copeland v. State*, 97 Ala. 29-32, November term, 1892-93; *Tennyson v. State*, 97 Ala. 75, 78, November term, 1892-93; *Jackson v. State*, 105 Ala. 126-129, November term, 1894.

¹⁰ *Dorsey v. State*, 111 Ala. 40-43, November term, 1894.

¹¹ Alabama.—Acts of 1904, ch. 483, pp. 1206-1210; 1905, ch. 406, pp. 345, 346.

¹² *Toney v. State*, 141 Ala. 120-125, November term, 1904; *State v. Thomas*, 144 Ala. 77-82, Feb. 3, 1905; *State v. Vann*, 150 Ala. 62-69, Mar. 2, 1907.

¹³ Alabama.—Acts of 1907, ch. 698, pp. 639, 637.

¹⁴ *Bailey v. State*, 153 Ala. 18-25, June 30, 1908.

¹⁵ *Bailey v. State*, 211 U. S. 453-459, Dec. 21, 1908.

Having failed to obtain his release on habeas corpus proceedings, Bailey was indicted and convicted. On appeal to the State supreme court¹ the law was again upheld. On writ of error the Supreme Court of the United States² held that the statute made the refusal to perform the service without refunding the advance prima facie evidence of the commission of the crime which the law defines. It is therefore in conflict with the thirteenth amendment prohibiting involuntary servitude. The court held that a constitutional prohibition can not be transgressed indirectly by creating a statutory presumption any more than by direct enactment. A State can not compel involuntary servitude in carrying out contracts of personal service by creating a presumption that the person committing the breach is guilty of intent to defraud merely because he fails to perform the contract.

A new act³ was passed in 1911 which provided that "any person who, with intent to defraud his employer, enters into a contract in writing for the performance of an act or service and with like intent obtains from such employer money or other personal property shall be guilty of a misdemeanor."

James Thomas was convicted of entering into a written contract for the performance of service with intent to defraud his employer. He appealed to the State court of appeals.⁴ The court held that the statute was not invalid as permitting involuntary servitude in violation of the thirteenth amendment to the Federal Constitution. It held further that the fact that the defendant was a minor and could not make a legally binding contract was no defense to a prosecution for a violation of the statute.

Louisiana.—In Louisiana the legislature⁵ provided for a fine or imprisonment if a laborer received advances and failed or refused to perform the labor for which he contracted or to repay the advance. The law was held unconstitutional for technical reasons⁶ and a subsequent legislature amended it to remove the defects.⁷ Nine years later the constitutionality of the act was questioned. It was again declared partially void for technical reasons,⁸ but a conviction under it was sustained as within the valid portion. In a later case⁹ sustaining the principle of the law, the State supreme court decided in substance that no one has the right to money obtained in bad faith and through willful and wanton methods. The act of one who imposes upon another, and obtains an amount on representation that

¹ Bailey v. State, 161 Ala. 75-83, June 3, 1909.

² Bailey v. State, 219 U. S. 219-250, Jan. 3, 1911. See also United States v. Reynolds, 235 U. S. 123-129, Nov. 30, 1914.

³ Alabama.—Acts of 1911, ch. 98, pp. 93, 94.

⁴ Thomas v. State, 13 Ala. App. 431-435, June 30, 1915.

⁵ Louisiana.—Acts of 1890, ch. 135, p. 178.

⁶ State ex rel. Lewis v. Pierson, 44 La. 90-91, January, 1892.

⁷ Louisiana.—Acts of 1892, ch. 50, p. 71; 1906, ch. 54, pp. 87, 88.

⁸ State v. Goff, 106 La. 270-273, Nov. 18, 1901.

⁹ State v. Murray, 116 La. 656-661, Mar. 26, 1905.

he will stay and work and immediately thereafter leaves, falls within the terms of the act. He can not be heard to complain of involuntary servitude, for the indictment, averment of which he does not controvert, shows that he has not performed any work at all.

South Carolina.—A section of the criminal code of South Carolina,¹ adopted in 1897, provided that a laborer working on shares, or for wages under contract to labor on farm land, who receives advances and thereafter without just cause fails to perform the reasonable service required of him, is liable to prosecution for a misdemeanor. Three years later this law came before the State supreme court.² The sole question was the constitutionality of the act. It was sustained. Within less than a year in another case³ the State supreme court declared the act constitutional, denying that it provided imprisonment for debt.

The act of 1897 was amended in 1904⁴ by adding the provision that punishment for a violation did not operate as a discharge of contract. A case under this statute came before the United States courts three years later. Application for a writ of habeas corpus to secure their release was made to the United States District Court, District of South Carolina,⁵ by Enoch and Elijah Drayton, Negroes, then on the chain gang in Charleston County. They were held under a commitment by a magistrate on a charge of violation of a contract for agricultural labor, on which contract advances had been made. The constitutionality of the act was denied.

The first question to be considered is whether the act of 1904, * * * is intended to secure compulsory service in payment of a debt. That appears to be its sole purpose and effect. It provides a coercive weapon to be used by the employer, and enables him to send to jail or the chain gang any person who may "fail to perform the reasonable service required of him by the terms of the said contract," and the learned attorney general for the State, while asserting the validity of this act upon grounds hereinafter to be considered, does not contest the fact that such is its purpose and effect, and vindicates the same on the ground that such legislation is necessary owing to the peculiar conditions of agricultural labor in this State.

Since the act was intended to cover agricultural laborers only, the court held it invalid as a violation of the equality clause of the fourteenth amendment to the Federal Constitution, and as it also authorized the creation of a system of peonage or involuntary servitude, it was, therefore, in violation of the thirteenth amendment.

A case of the same general nature as we have described was brought before the State supreme court in the next year. Jack Hollman⁶

¹ South Carolina.—Acts of 1897, ch. 288, p. 657.

² State v. Chapman, 52 S. C. 430-432, Feb. 14, 1900. See also State v. Williams, 32 S. C. 125-127, Feb. 20, 1890; State v. Sanders, 52 S. C. 530-554, July 7, 1900.

³ State v. Easterlin, 41 S. C. 71-76, July 19, 1901.

⁴ South Carolina.—Acts of 1904, ch. 262, p. 625.

⁵ Ex parte Drayton, 153 Fed. 848, 897, May 23, 1907.

⁶ Ex parte Hollman, 79 S. C. 9-47, Jan. 16, 1902.

was sentenced to imprisonment. He alleged the act to be unconstitutional and was sustained by the State supreme court. The law was held contrary (1) to the provision of the State constitution forbidding imprisonment for debt except for fraud; (2) to the thirteenth amendment to the Federal Constitution, providing that neither slavery nor involuntary servitude should exist; (3) to section 1990 of Revised Statutes of the United States of 1901, passed in pursuance thereof, known as the peonage statute; and (4) to the fourteenth amendment to the Federal Constitution, in that it did not bear equally on the landlord and laborer. The dissenting opinion presented the economic reasons for laws of this class. A new act¹ was passed which sought to obviate the unconstitutional features of the former statutes. It was made a misdemeanor to fail to perform the services after having procured advances with fraudulent intent. No further cases up to the present time have arisen under this law.

Georgia.—The Georgia Legislature enacted a law² in 1903 which provided that any person who contracted with another to perform services with intent to procure money and who did not perform such services should be deemed a common cheat and swindler, and upon conviction should be punished as prescribed in section 1039 of the code. A series of cases³ decided by the court of appeals and the

¹ South Carolina.—Acts of 1908, ch. 494, pp. 1080-1088.

² Georgia.—Acts of 1903, ch. 348, pp. 90, 91.

³ *Calhoun v. State*, 119 Ga. 312-314, Jan. 12, 1904.

Lamar v. State, 120 Ga. 312-314, June 8, 1904.

Lamar v. Prosser, 121 Ga. 153, 154, Nov. 10, 1904.

Oglesby v. State, 123 Ga. 506, July 17, 1905.

Glenn v. State, 123 Ga. 585, Aug. 2, 1905.

Vinson v. State, 124 Ga. 19-22, Nov. 8, 1905.

Banks v. State, 124 Ga. 15-19, Nov. 8, 1905.

Wilson v. State, 124 Ga. 22-24, Nov. 8, 1905.

Watson v. State, 124 Ga. 454, 455, Dec. 21, 1905.

Townsend v. Broach, 124 Ga. 69-72, Nov. 9, 1905.

McCoy v. State, 124 Ga. 218-223, Nov. 13, 1905.

Taylor v. State, 124 Ga. 798-801, Feb. 15, 1906.

Johnson v. State, 125 Ga. 242-247, May 10, 1906.

Bridges v. State, 126 Ga. 91, July 27, 1906.

Sterling v. State, 126 Ga. 92, July 28, 1906.

Howard v. State, 126 Ga. 538, 539, Aug. 17, 1906.

Dyas v. State, 126 Ga. 556, 557, Nov. 7, 1906.

Mulkey v. State, 1 Ga. App. 521-527, Mar. 28, 1907.

Patterson v. State, 1 Ga. App. 782-789, May 9, 1907.

Harwell v. State; 2 Ga. App. 612-619, Oct. 14, 1907.

Mason v. Terrell, 3 Ga. App. 248-255, Jan. 15, 1908.

Sanders v. State, 7 Ga. App. 46, 47, Nov. 9, 1909.

Brown v. State, 8 Ga. App. 211-213, Sept. 6, 1910.

Wilson v. State, 128 Ga. 489-496, Aug. 14, 1912.

Thorn v. State, 13 Ga. App. 10-13, June 25, 1913.

Sheffield v. State, 13 Ga. App. 78, July 8, 1913.

Johnson v. State, 13 Ga. App. 566-590, Oct. 7, 1913.

Mobley v. State, 13 Ga. App. 728-733, Oct. 30, 1913.

Hudson v. State, 14 Ga. App. 490-492, Apr. 18, 1914.

Paschal v. State, 16 Ga. App. 370-375, May 17, 1915.

Beaman v. State, 17 Ga. App. 752, 753, Mar. 24, 1916.

State supreme court upholds the constitutionality of this law. In *Vance v. State*,¹ it is said:

If the act of 1903 sought to make it penal to violate a contract or fail to pay a debt, it would be patently unconstitutional. But this court has held that such act does not violate the constitutional inhibition against imprisonment for debt; the legislative purpose being, not to punish for a failure to comply with the obligation, but for the fraudulent intention with which the money or other thing of value is procured * * *.

North Carolina.—The Legislature of North Carolina passed such an act² in 1889, and amended³ it in 1891. The law as amended provided that any person who with intent to cheat or defraud another should obtain advances under promise to labor for such person would be guilty of a misdemeanor. The constitutionality of this statute was upheld by the State supreme court⁴ in 1892.

Another act⁵ passed in 1905 made it a misdemeanor in certain counties for a cropper to procure advancements from his landlord for the purpose of making a crop on his land, and then willfully to abandon the crop without good cause before paying for the advances. This statute was held unconstitutional,⁶ on the ground that it contravened the constitutional provision prohibiting imprisonment for debt.

¹ *Vance v. State*, 128 Ga. 661-669, July 11, 1907.

See also—

Millinder v. State, 124 Ga. 452, 463, Dec. 21, 1906.

Presley v. State, 124 Ga. 446-452, Dec. 21, 1906.

Abrams v. State, 126 Ga. 591-594, Nov. 8, 1906.

Moseley v. State, 2 Ga. App. 189-192, June 20, 1907.

Starling v. State, 6 Ga. App. 171-174, Nov. 10, 1908.

Wells v. State, 6 Ga. App. 163, 163, May 4, 1908.

Coleman v. State, 6 Ga. App. 398-403, June 29, 1908.

Letson v. Wells, 126 Ga. 621-627, Aug. 17, 1911.

Solomon v. State, 14 Ga. App. 115, Dec. 9, 1913.

Lewis v. State, 15 Ga. App. 405-415, Nov. 17, 1914.

Jones v. State, 16 Ga. App. 643-644, Jan. 30, 1915.

² North Carolina.—Acts of 1889, ch. 444, pp. 423, 424.

³ North Carolina.—Acts of 1891, ch. 165, pp. 98, 99.

⁴ *State v. Norman*, 110 N. C. 436-439, February term, 1892.

See also—

State v. Howard, 88 N. C. 650-653, February term, 1852.

State v. Whidbee, 124 N. C. 796-798, February term, 1898.

State v. Torrence, 127 N. C. 550-553, September term, 1908.

State v. Robinson, 143 N. C. 630-631, Apr. 2, 1907.

⁵ North Carolina.—Acts of 1905, ch. 297, pp. 332, 334. See also Acts of 1903, ch. 309, p. 311; an act to protect minors.

⁶ *State v. Williams*, 130 N. C. 808-804, Mar. 10, 1909.

A number of additional States have similar provisions on their statute books, but their constitutionality has not been questioned:

Mississippi.—Acts of 1900, ch. 101, p. 140.

Minnesota.—Acts of 1901, ch. 165, pp. 212-213.

Michigan.—Acts of 1908, ch. 126, pp. 126, 128.

New Mexico.—Acts of 1905, ch. 37, p. 73.

Arkansas.—Acts of 1907, ch. 371, pp. 630-632; amended 1908, ch. 26, pp. 76, 77; ch. 319, pp. 941, 942.

Florida.—Acts of 1907, ch. 5676, p. 152; 1912, ch. 6536, p. 417.

North Dakota.—Acts of 1907, ch. 305, p. 333.

Philippine Islands.—Acts of 1911-12, ch. 2096, pp. 31, 32.

The laws of other countries do not so generally make provisions on this point. When they are found, it is sometimes in the law governing the labor contract or more specifically in a wage-payment act. Russia has such a law, June 13-15, 1896; Mar. 14-26, 1896; and New South Wales, Mar. 11, 1857.

DEDUCTIONS FROM WAGES.¹

Another legislative restriction on the employment contract seeks to protect the earnings of the laborer against arbitrary deductions for imperfect work or forced contributions for the maintenance of hospitals, libraries, or other benefits. An allied abuse is refusal to pay wages with the intent of obtaining a discount.

Massachusetts.—The Massachusetts Legislature provided in 1887² that "the system of grading their work now or at any time hereafter used by manufacturers shall in no way affect or lessen the wages of a weaver except for imperfections in his own work; and in no case shall the wages of those engaged in weaving be affected by fines or otherwise, unless the imperfections complained of are first exhibited and pointed out to the person or persons whose wages are to be affected; and no fine or fines shall be imposed upon any person for imperfect weaving unless the provisions of this section are first complied with and the amount of the fines are agreed upon by both parties."

An amendment was passed in 1891 and under the act as amended a case involving the constitutionality of the statute was tried. Fielding was a weaver in the employ of Perry, a woolen manufacturer, under an agreement allowing deductions to be made for imperfect weaving. On one occasion Perry deducted 40 cents from the wages of Fielding because of some imperfection in his work. For this he was indicted for violating the act of 1891. The State supreme court³ held the act unconstitutional, as an interference with the right to make reasonable and proper contracts. Justice Holmes dissented on the ground that the law did not interfere "with the right of acquiring, possessing, and protecting property any more than the laws against usury or gaming." New acts and amendments⁴ were passed from time to time by the legislature.

A later statute⁵ which contained the essential features of the earlier acts was passed. This was held⁶ to be constitutional if construed as

¹ See F. J. Stimson: *Handbook to the Labor Law of the United States*, New York, 1906, p. 81, sec. 20.

U. S. Industrial Commission Report, Washington, D. C., 1909, vol. 5, p. 55, art. c., sec. 1.

L. D. Clark: *The Law of Employment of Labor*, New York, 1911, p. 50, sec. 21.

P. A. Speck: *The need of a socialized jurisprudence*, in *American Journal of Sociology*, January, 1917, vol. 23, No. 4, pp. 503-518.

² Massachusetts.—Acts of 1887, ch. 384, pp. 979, 980; 1891, ch. 125, pp. 735, 736.

Similar provisions will be found in the laws of other countries as follows: England.—37-38 Vict. c. 48, pp. 272, 273, July 30, 1874; 38, 39 Vict. c. 90, pp. 1016-1022, Aug. 13, 1875; 50, 51 Vict. c. 46, pp. 189-194, Sept. 14, 1887; 59, 60 Vict. c. 44, pp. 360-363, Aug. 14, 1906. Quebec.—5 Geo. V, c. 71, p. 106, 1915. Also in Switzerland, France, and Holland.

³ Commonwealth v. Perry, 155 Mass. 117-126, Dec. 1, 1891. See also Commonwealth v. Potomack Mills Corp., 155 Mass. 122, 123, Dec. 1, 1891.

⁴ Massachusetts.—Acts of 1902, ch. 410, p. 451; 1904, ch. 508, pp. 633-656; 1905, ch. 144, p. 123; 1908, ch. 505, p. 471; 1901, ch. 370, pp. 262, 263; 1905, ch. 304, pp. 219, 220; 1909, ch. 514, p. 763. Gallagher v. Hathaway Mfg. Co., 172 Mass. 230-233, Nov. 28, 1898, interprets the act of 1894, but does not pass on constitutional questions.

⁵ Massachusetts.—Acts of 1911, ch. 384, p. 607. This act does not repeal the act of 1909, ch. 514, p. 763.

⁶ Commonwealth v. Lancaster Mills, 212 Mass. 315-318, June 18, 1912.

forbidding arbitrary fines only, or such as related to defects for which the workman was not properly responsible. If construed as forbidding all deductions for imperfections it would be an invalid limitation on the right of contract.

Indiana.—An act ¹ of the Indiana Legislature passed in 1885 declared it unlawful for any corporation operating railroads to exact from its employees, without first obtaining written consent, any portion of their wages for the maintenance of a hospital, reading room, library, gymnasium, or restaurant.

Illinois.—The Legislature of Illinois ² in 1891 made it unlawful to make deductions from wages of workmen except for lawful money, checks, or drafts, and such as might be agreed upon for hospital relief funds for sick or injured employees. The law authorized the recovery of deductions and no set-offs or counter claims were allowed.

These provisions did not come before the State supreme court for 13 years. Then the court declared that they were unconstitutional as class legislation and an interference with the privilege of contracting.

Harrier was a miner in the employ of the Kellyville Coal Co.³ which kept a general store. He became indebted to the company for groceries and household supplies. The company owed him wages and he brought an action to recover them. The only controversy was as to the right of the company to set off the amount due from Harrier against his demand for wages. Harrier disputed the right to set off because of the act cited. But the court held the act unconstitutional, because the legislature had no power to provide that one may not sell property to another, and not agree with the purchaser that the latter shall work in payment.

An act ⁴ of 1903 made it unlawful to withhold any portion of the wages of employees for the purpose of paying the same at some future time as a present or gratuity for satisfactory service.

Ohio.—The Ohio Legislature ⁵ made it unlawful for any railroad company to compel its employees to join any relief association. Cox, an employee of a railroad company, voluntarily became a member of the relief department of the company, and thereby contracted that in case of accident the acceptance thereafter of relief from the relief fund would release the company from liability for damages. In an action to recover for injuries, the company as one of its defenses set up the acceptance by Cox of the benefits provided by the relief depart-

¹ Indiana.—Acts of 1885, ch. 31, p. 128. The act was indirectly involved in *Wabash Railroad Co. v. Kelley*, 153 Ind. 119-124, Dec. 18, 1908.

² Illinois.—Acts of 1891, pp. 212, 213.

³ *Kellyville Coal Co. v. Harrier*, 207 Ill. 624-630, Feb. 17, 1904.

⁴ Illinois.—Acts of 1903, pp. 195, 199.

⁵ Ohio.—Acts of 1890, pp. 149, 150; 1891, pp. 442, 443; prohibit withholding of wages or imposing of a fine for imperfect work.

ment. The State supreme court¹ held the defense good. It was asserted that the act was unconstitutional because it struck down the voluntary right to contract.

Tennessee.—The Tennessee Legislature² declared it unlawful for any manufacturer, firm, company, or corporation to in any manner interfere with any employee in his right to select his own family physician, and provided a penalty for violation.

Massachusetts.—In Massachusetts³ a statute expressly permits the establishment of relief societies for the employees of railroads, street railway companies, and steamboat companies.

Maryland.—A Maryland statute declares it unlawful for any railroad company doing business in the State to withhold any part of the wages of its employees for the benefit of any relief association or its members.⁴

Michigan and Nevada.—The Legislature of Michigan⁵ in 1895 declared it to be unlawful for any company or corporation to force employees to insure in any particular company.

It is unlawful for any employer of labor in Michigan to require an employee to agree to contribute directly or indirectly to any fund for charitable, social, or beneficial purposes.⁶ The same prohibition applies to any person, contractor, firm, company, corporation, or association in Nevada.⁷

Several States have adopted statutes which prohibit indirectly the establishment by railroads or other employers of labor, of relief or benefit funds to which the employee is compelled to contribute, and forced contributions from employees in other matters.⁸

¹ P. C. C. & St. L. Ry. Co. v. Cox, 55 O. S. 497-517, Dec. 15, 1896.

See also—

Crall v. Railway Co., 3 O. C. D. 696-698, January term, 1898.

Farrow v. Railway Co., 7 O. N. P. 606, 1896.

Shaver v. Pennsylvania, 71 Fed. 931-939, Jan. 28, 1896.

Pierce v. Van Dusen, 78 Fed. 693-708, Feb. 2, 1897.

Collison v. Railway Co., 7 O. D. (N. P.) 269-273, 1897.

Caldwell v. Railway Co., 14 O. D. (N. P.) 375-384, January term, 1904.

² Tennessee.—Acts of 1889, ch. 259, pp. 485, 486; 1899, ch. 338, pp. 781, 782.

³ Massachusetts.—Acts of 1882, ch. 244, pp. 191, 192; 1886, ch. 125, pp. 97, 98; 1890, ch. 151, p. 150.

⁴ Maryland.—Acts of 1890, ch. 443, p. 472; 1902, ch. 412, pp. 593, 594; 1910, ch. 153, pp. 484-492; 1912, ch. 445, pp. 624-626; authorizes deductions from miners' wages for miners' cooperative insurance fund, and ch. 537, pp. 1624-1630, for fund for compensation of workmen for injuries.

⁵ Michigan.—Acts of 1895, ch. 209, pp. 384, 385.

⁶ Michigan.—Acts of 1893, ch. 192, p. 309.

⁷ Nevada.—Acts of 1903, ch. 84, p. 112; 1905, ch. 106, p. 208. See Illinois Central R. R. Co. v. Gheen, 112 Ky. 695-705, Feb. 12, 1902.

⁸ United States.—Acts of 1898, p. 3205, sec. 10.

Arkansas.—Acts of 1899, ch. 172, pp. 310, 311.

California.—Acts of 1901, ch. 158, p. 480; 1906, ch. 1005, pp. 664, 667; 1915, ch. 667, pp. 1310, 1311.

Hawaii.—Acts of 1901, ch. 17, pp. 27, 28.

Pennsylvania.—Acts of 1901, ch. 290, pp. 596, 597; 1907, ch. 306, p. 370; employers of aliens to deduct taxes from wages. Construed in Commonwealth v. Bethlehem Steel Co., 25 Pa. C. C. 225-233, Dec. 20, 1901; Commonwealth v. Rochester & Pitts. C. & I. Co., 26 Pa. C. C. 481-485, Dec. 20, 1901; Acts of 1913, ch. 468, pp. 1038, 1039.

Louisiana.—Acts of 1908, ch. 31, p. 23; 1912, ch. 240, pp. 536, 537; interest on loans to employees limited to 8 per cent. Acts of 1914, ch. 62, p. 154.

New York.—Acts of 1914, vol. 2, ch. 320, pp. 915, 916.

Oregon.—Acts of 1915, ch. 329, p. 594.

South Carolina.—Acts of 1914, ch. 278, pp. 938, 939.

New Jersey.—Any corporation doing business in New Jersey is prohibited from holding back any part of the wages of employees under pretense of establishing a fund for their relief or assistance when sick or disabled.¹

REFUSAL TO PAY WAGES.

In Minnesota, any person who willfully refuses to pay the full amount of wages owed is guilty of extortion, and shall be punished by imprisonment in the State prison not exceeding five years.² California declares it a felony for any person to take for his own use any portion of the wages due laborers employed by him on public work.³

Every person in Indiana⁴ who fails to pay employees for their labor is liable to the employee for the full value of the labor, plus a penalty of \$1 for each succeeding day, not exceeding double the amount of wages.

In Montana⁵ every person who shall willfully refuse to pay wages due is guilty of a misdemeanor.

REDUCTION OF WAGES.

Statutes which require a prior notice of a reduction of wages are not of importance, because of the rule that an agreed rate of wages is in effect until a different rate is assented to by both parties.⁶ Nevertheless several States have laws seeking to compel the employer to give notice of a change in rate of wages. There are no cases arising under these laws. In 1887 the Texas Legislature declared⁷ that

¹ New Jersey.—Acts of 1887, ch. 147, p. 231; amended by 1891, ch. 212, p. 404.

² Minnesota.—Acts of 1891, ch. 92, p. 163.

³ California.—Acts of 1901, ch. 158, p. 490. Held unconstitutional because of defective title in *Lewis v. Dunne*, 134 Cal. 301-303, Oct. 10, 1901. Reenacted, Acts of 1905, ch. 1005, p. 657; 1915, ch. 143, p. 292.

⁴ Indiana.—Acts of 1890, ch. 124, p. 194; 1911, ch. 68, p. 111.

Similar legislation will be found in—

Alabama.—Acts of 1861, ch. 74, pp. 67, 68; prescribes when set-offs are allowable.

West Virginia.—Acts of 1887, ch. 63, pp. 123-124.

Wyoming.—Acts of 1890-91, ch. 62, p. 356; set-off not allowed except for money advanced. 1913, ch. 66, pp. 98, 99, changing check numbers on mine cars.

Colorado.—Acts of 1890, ch. 124, p. 310; money due to contractors to be withheld to satisfy claims of laborers on public works.

Hawaii.—Acts of 1901, ch. 17, p. 27.

Louisiana.—Acts of 1905, ch. 31, p. 33; 1913, ch. 42, p. 67; requires interest on money deposited by employees as a guaranty for faithful performance.

Washington.—Acts of 1909, ch. 249, p. 993.

Mississippi.—Acts of 1912, ch. 141, p. 143.

⁶ Montana.—Acts of 1907, ch. 144, p. 372.

⁷ L. D. Clark: *The Law of the Employment of Labor*, New York, 1911, p. 43.

⁸ Texas.—Acts of 1887, ch. 30, p. 30.

Similar provisions are incorporated in the laws of the following jurisdictions:

Missouri.—Acts of 1883, p. 82; applying to all corporations.

Ohio.—Acts of 1892, pp. 54, 55; provides no change in the wages of miners shall be made without 24 hours' notice.

United States.—Acts of 1893, p. 3205; provides when receivers have been appointed by the Federal courts for a railroad, no reduction of wages to be made without authority of court and notice to employees.

Indiana.—Acts of 1890, ch. 124, p. 194; a change in the current rate of wages paid is prohibited without a written notice given to each employee so affected 24 hours before such change shall take place. Pro-nounced unconstitutional in *Republic Iron & Steel Co. v. State*, 169 Ind. 379. (See pp. 74, 75.)

persons in the employment of a railway company should be entitled to 30 days' notice before their wages could be reduced. For a violation of the provisions of the law the railway company was required to pay each employee affected one month's extra wages.

This statute has not been before the courts of the State but a case upon the rule of the common law came before the State supreme court¹ in 1909. It was held that an employer could not reduce an employee's wages by a general reduction of the wages of all employees without actual notice to every employee.

PLACE OF PAYMENT OF WAGES.

"No wages shall be paid to any workman at or within any public house, beer shop, or place for the sale of any spirits, wine, cider, other spirituous or fermented liquors, or any office, garden, or place belonging thereto, or occupied therewith save and except such wages as are paid by the resident, owner, or occupier of such public house, beer shop, or place to any workman bona fide employed by him."

This provision² is found in an English act. An earlier act³ made such a prohibition apply only to the coal and metal mining industries. Later its scope was widened to include all workingmen. Similar provisions can be found in the legislation of most continental countries.⁴

In the United States only two States have adopted a similar rule. California and Nevada⁵ have a law which makes it a misdemeanor to pay an employee his wages while in any saloon, barroom, or other place where intoxicating liquors are sold at retail, unless the employee is employed there. There is a provision in an Arkansas law relating primarily to the payment of wages to discharged employees, which allows the discharged employee of a railroad company to designate any station where a regular agent is in charge as a place of payment of the wages due him at the time of discharge.⁶ In Wisconsin all corporations or individuals paying wages by time checks or other

California.—Acts of 1911, ch. 663, p. 1268. "Every person who employs laborers upon public works and who takes, keeps, or receives for his own use any part or portion of the wages due to any such laborers from the State or municipal corporation for which such work is done, is guilty of a felony."

Colorado.—Acts of 1915, ch. 180, p. 578; all employers and employees to give 30 days' notice in change of wages.

¹ Pennington v. Thompson Bros. Lumber Co. 122 S. W. (Tex. Civ. App.) 923-925, Nov. 24, 1909.

² England.—35, 36 Vict. ch. 76, p. 498, Aug. 10, 1872; 1, 2 Geo. V, ch. 50, p. 289, Dec. 16, 1911.

³ England.—65 Geo. III, ch. 19, p. 64, Mar. 23, 1815; 46, 47 Vict. ch. 31, pp. 98-99, Aug. 29, 1883.

⁴ Austria.—Law Dec. 20, 1859; amended Mar. 15, 1883; Belgium, Aug. 16, 1887, sec. 4; Germany, June 1, 1891; France, Ontario, 8 Edw. VII, ch. 21, Apr. 14, 1906.

⁵ California.—Acts of 1901, ch. 221, p. 660 (1913, ch. 198, p. 343, provides for the payment of wages in seasonal occupations within the State and before the commissioner of the bureau of labor statistics if desired).

Nevada.—Acts of 1911, ch. 201, p. 406. See United States Bureau of Labor Statistics Bul. No. 311, Jan., 1917, pp. 29-31.

⁶ Arkansas.—Acts of 1905, ch. 210, p. 523.

South Carolina.—Acts of 1905, ch. 487, p. 962; wages earned within the State payable within the State.

Massachusetts.—Acts of 1911, ch. 269, pp. 212, 213; wages to be paid before close of workday.

paper than legal money shall make such checks or paper payable in some designated place of business in the county in which the work was performed or at the office of such corporation or individual, if within the State of Wisconsin, or at any bank within said State.¹

PROTECTION OF MINE LABOR.

Practically every State in the United States where coal is mined has made provision to secure correct weighing. Another frequent provision requires that where the payment of miners is by the weight of coal mined the coal must be paid for before being passed over any screen, and the full weight credited to the miner.

It is urged by the mine operators against these laws that payment for coal before screening, that is "run of mine" coal, tends to cause the miners to be careless and to break up the coal unnecessarily. The weight of opinion seems to be, however, that the opportunities for unfair methods of screening make it desirable that payment should be on the basis of unscreened coal. Among the recommendations urged by the United States Industrial Commission was one that provisions should be adopted "for the fair weighing of coal at mines before passing over a screen or other device, in order that the miner may be compensated for all coal having a market value, and the miners should have the privilege of employing a checkweighman at their own expense."² But the laws to establish this standard have not been favorably received by the courts.

WEIGHING COAL AT MINES.³

Illinois.—The Illinois Legislature passed an act⁴ providing that where coal was mined and paid for by weight the operator should keep standard scales and correct records of weights obtained on the scales. A representative of the coal miners was to have access to the scales and the records. This law was sustained by the State supreme court⁵ on the ground that it did not take away from the miners the right to contract for payment by any other method than weight and that the stipulations as to the scales were justified to

¹ Wisconsin.—Acts of 1899, ch. 221, pp. 371, 372.

An employee who enters an employment under a contract which specifically provides that his compensation shall be payable only at a certain place is bound to make demand for it at that place. On a contract for services to be paid for "out of the store" of a third person, it was held that an action might be maintained without proof of a demand of payment at the store. (*Bragdon v. Poland*, 51 Me. 323-325, 1862.) Where the place of payment for services is not specified in a contract which is made in one State and is to be performed in another, a demand for payment must be made in the former State, if the employers have their domicile there. *Isaac v. McAndrew*, 1 Mont. 437-437, January term, 1872. C. B. Labatt: *Master and Servant*, Rochester, N. Y., 1913, vol. 11, pp. 1253, 1254.

² Final report of the Industrial Commission, 1902, vol. 19, p. 948. Washington, D. C.

³ Anthracite Coal Strike Commission Report, U. S. Bureau of Labor Statistics Bul. No. 65, May 1902, pp. 683-683, 694, 695.

⁴ Illinois.—Acts of 1883, p. 113.

⁵ *Jones v. People*, 110 Ill. 360-364, Sept. 27, 1884. Construed in *Elnescke v. People*, 15 Ill. App. 261-267, August term, 1884. The same question arises in the cases of *Gartside v. People*, *Knacht v. People*, *Skiffert v. People*, *Daniel v. People*, and *Toch v. People*, as in foregoing ones.

prevent fraud. An amendment to the act¹ was passed two years later that all contracts for the mining of coal in which the weighing of coal, as provided for in the acts, was dispensed with should be null and void. Following this amendment arose the case of *Millett v. People*.² Millett was convicted of failing to furnish and place a track scale of standard measure upon the railroad track adjacent to the coal mine which he superintended. The company did not sell coal by weight at its mines, and it had contracts with all the men employed in its mine to mine coal at a certain price per box.

The State supreme court held that since the coal was not mined by weight, the requirement of scales could not be made.

What is there in the condition or situation of the laborer in the mine to disqualify him from contracting in regard to the price of his labor, or in regard to the mode of ascertaining the price?

the judge asks. If the sections of the law are justified under the police power—

they may be maintained on that ground; but it is quite obvious that they do not. So far as the owner or operator of a mine shall contract for the mining * * * by weight, we see no objection to the statute as imposing upon him the duty of procuring scales * * * But we do not think he can be compelled to make all his contracts * * * to be regulated by weight.³

Following this decision, the legislature passed a new act⁴ providing that all operators should weigh the coal mined at the mines, and that the record of weights should be open to the miners. The operators again objected. The Consolidated Coal Co. shipped its coal over the Wabash Railroad. It also sold coal to the railroad, and the last coal cars up each day were used for this purpose. They were not weighed, but the miners were credited with them on the average of the weights to the credit of respective miners for the day, and the miners never objected.

William Harding was convicted of a violation of the act requiring weighing of coal at the mines. The supreme court annulled the law,⁵ declaring:

The right to enact such a statute does not arise out of the police power, where much latitude is allowed in determining what may tend to insure the comfort, safety, or welfare of society; and it is not authorized * * * by the constitution, providing for laws to secure safety to coal miners.

It seems that a law which deprives men engaged in the business of mining from contracting with each other for the purpose of ascertaining the weight of the coal mined or the amount due them, in any manner mutually satisfactory, can not be sustained * * * The act takes away the freedom of contracting by the parties for the ascertainment of the weight of coal, except by a certain method, and, in our opinion, it is unconstitutional.

¹ Illinois.—Acts of 1885, pp. 221, 222.

² *Millett v. People*, 117 Ill. 294-305, June 12, 1888.

³ *Millett v. People*, 117 Ill. 302, 308, 305.

⁴ Illinois.—Acts of 1887, pp. 235-237 (repealing the act of 1885 as amended in 1886).

⁵ *Harding et al. v. People*, 160 Ill. 456-467, Mar. 20, 1894.

A new law was passed, which has been amended several times.¹

Colorado.—In response to an inquiry submitted by the House of Representatives of Colorado to the supreme court as to the constitutionality of proposed legislation regulating the weighing of coal at mines, the court returned an opinion² that in so far as the proposed legislation attempted to deprive persons of the right to fix, by contract, the manner of ascertaining compensation for mining coal, it violated the fourteenth amendment to the Constitution of the United States and the Colorado Bill of Rights. Two years later an act³ was passed covering this point, which has since been strengthened.

Tennessee.—In Tennessee the legislature passed a law⁴ giving the right to miners to engage a competent checkweighman to be present at the weighing and measuring of coal. He was also given power to examine the scales and inspect the size of cars. The construction of this statute was asked of the State supreme court in two cases decided on the same day. In the first⁵ the court held that a custom assented to by express contract by most of the miners employed, and known to and acquiesced in by all, that the company should allow only 2,500 pounds per carload, when its weight, in fact, exceeded that limit, was no defense in a criminal suit under section 3 of this chapter on the ground that parties may not by contract dispense with the criminal law. In the second case,⁶ it was held that a president of a mining company who notifies the miners that he will shut down the mine unless the miners discharge the checkweighman hired by them does not violate the provisions of this act. Untested laws are cited below.⁷

¹ Illinois.—Acts of 1896, p. 321; 1907, p. 270; general revision act, 1911, p. 416.

² In re House Bill No. 303, 21 Colo. 27-29, Mar. 1, 1896.

³ Colorado.—Acts of 1897, ch. 27, pp. 127, 128; 1901, ch. 91, pp. 235, 236; 1913, ch. 56, pp. 191, 192.

⁴ Tennessee.—Acts of 1887, ch. 204, p. 336, 337; amended 1890, ch. 233, pp. 751, 752.

⁵ Smith v. State, 90 Tenn. 575-579, Oct. 13, 1891.

⁶ State v. Jenkins, 90 Tenn. 530-534, Oct. 13, 1891.

⁷ Laws regulating the weighing of coal are found in:

Pennsylvania.—Acts of 1875, ch. 45, pp. 33-36; 1883, ch. 44, pp. 53-54; 1897, ch. 224, p. 296; 1907, ch. 206, p. 270; 1913, ch. 468, pp. 1033, 1039.

Maryland.—Acts of 1878, ch. 157, pp. 254, 255; 1898, ch. 34, p. 115; 1902, ch. 124, pp. 100, 161.

Missouri.—Acts of 1885, p. 203; 1887, p. 218; 1896, p. 220; 1899, pp. 304, 311.

Kentucky.—Acts of 1885-86, ch. 1261, p. 304; 1906, ch. 108, p. 419.

Washington.—Acts of 1887-88, ch. 21, p. 43.

Iowa.—Acts of 1883, ch. 53, p. 79.

New Mexico.—Acts of 1888-89, ch. 126, pp. 369, 300.

Wyoming.—Acts of 1890, ch. 80, p. 356; 1911, ch. 74, pp. 99-100; 1913, ch. 16, p. 11.

Indiana.—Acts of 1891, ch. 49, pp. 57, 58; 1905, ch. 80, p. 69.

West Virginia.—Acts of 1891, ch. 53, p. 210; 1901, ch. 20, p. 71.

Alabama.—Acts of 1893-94, ch. 295, p. 611; 1894-95, ch. 140, pp. 245, 246; 1896-97, ch. 459, p. 1109; 1911, ch. 493, pp. 631, 632.

Kansas.—Acts of 1896, ch. 153, pp. 271, 272; 1903, ch. 544, pp. 816, 817; 1906, ch. 214, p. 305.

Utah.—Acts of 1897, ch. 19, pp. 34, 35.

Ohio.—Acts of 1896, p. 163; amended 1910, p. 83.

Arkansas.—Acts of 1890, ch. 102, pp. 163, 166; 1901, ch. 114, p. 151; 1906, ch. 225, p. 579.

Michigan.—Acts of 1899, ch. 57, p. 94; 1906, ch. 100, p. 143; 1913, ch. 177, p. 331.

Montana.—Acts of 1901, ch. 25, pp. 63, 66; 1907, ch. 133, p. 340; 1911, ch. 129, p. 273.

Massachusetts.—Acts of 1902, ch. 150, p. 114; ch. 453, pp. 367, 368.

Texas.—Acts of 1907, ch. 178, p. 334.

Oklahoma.—Acts of 1907-8, ch. 64, p. 522.

SCREENING.¹

A West Virginia law required² that all coal mined and paid for by weight should be weighed in the car in which it was removed from the mine before it was screened, and should be paid for according to that weight. This statute with one³ passed during the same session which prohibited the use of scrip in the payment of wages of miners was at once attacked in the courts. The Peel Splint Coal Co. was found guilty of violating these acts. In the supreme court of appeals it was held⁴ that as applied to corporations and licensees neither of these acts was in violation of the constitution of the State nor that of the United States, and that both acts were within the scope of the legislative authority.

The court said in part:

We do not base this decision so much upon the ground that the business is affected by the public use, but upon the still higher ground that the public tranquillity and the good and safety of society demand, where the number of employees is such that specific contracts with each laborer would be improbable, if not impossible, that in general contracts justice shall prevail as between operator and miner; and, in the company's dealing with the multitude of laborers, with whom the State has by special legislation enabled the owners and operators to surround themselves, that all opportunities for fraud shall be removed. The State is frequently called upon to suppress strikes, to discountenance labor conspiracies, to denounce boycotting as injurious to trade and commerce; and it can not be possible that the same police power may not be invoked to protect the laborer from being made the victim of the compulsory power of that artificial combination of capital, which special State legislation has originated and rendered possible. It is a fact worthy of consideration, and one of such historical notoriety that the court may recognize it judicially, that every disturbance of the peace of any magnitude in this State since the civil war has been evolved from the disturbed relations between powerful corporations and their servants or employees. It can not be possible that the State has no police power adequate to the protection of society against the recurrence of such disturbances, which threaten to shake civil order to its foundations. Collisions between the capitalist and the workingman endanger the safety of the State, stay the wheels of commerce, discourage manufacturing enterprise, destroy public confidence and at times throw an idle population upon the bosom of the community. * * *

* * * Down through the centuries, hand in hand, and consolidated into one police regulation, have come these conspiracy laws to protect capital, and these truck acts to protect labor, and both protect society; and are we now to be told that the effect of adopting our free American constitutions is to leave in full vigor the power to protect capital, but to destroy the concomitant and correlative power to protect labor? The two powers, associated in their exercise for centuries, have not been divorced by American institutions. Such an idea is not to be entertained for a moment. * * *

Illinois.—A law of Illinois⁵ on this subject required that all coal must be weighed in pit cars before being dumped into screens or

¹ For a recent report on this subject see Report of the Ohio Coal Mining Commission to the Governor of Ohio, Dec. 17, 1913.

² West Virginia.—Acts of 1901, ch. 82, pp. 200-211.

³ West Virginia.—Acts of 1901, ch. 76, pp. 197, 198.

⁴ State v. Peel Splint Coal Co., 36 W. Va. 812-858, Oct. 6, 1902.

⁵ Illinois.—Acts of 1901, pp. 170, 171.

chutes, 2,000 pounds to the ton. This law was in the courts the following year. Ramsey paid workmen on the basis of screened coal. The employees had accepted the contracts providing for payment in that manner. The court¹ cites the case of *Frorer v. People*² with approval and continues—

We are of the opinion that the same rule, in substance, * * * applies here, and we need therefore do little more than refer to what is said * * * in that case.

Viewing the law as class legislation the court declared:

* * * The statute makes it imperative, where the miner is paid on the basis of the amount of the coal mined, whatever may be the wishes or interests of the parties, that the coal shall be weighed * * * before being screened, and * * * compensation * * * computed upon the weight of the unscreened coal. * * * There is no difference, at least in kind, * * * between coal mining, on the one hand, and other varieties of mining, * * * the construction of buildings, agriculture, commerce, domestic service, and almost an infinite variety of other avocations. * * *

Following this decision the legislature passed another act³ a few years later which avoided the weaknesses of the first one. Again the law was questioned in the courts.⁴ Judge Cartwright said:

It is now insisted that the section in question is an invasion of the constitutional right of the employer and employee to contract with each other as to the compensation of the employee and the manner in which it shall be ascertained, and that it is therefore in conflict with the constitution. We are not prepared to say that such is the effect of the act. * * *

* * * The act does not require that the same price shall be paid for each of the different grades into which the coal may be divided, but only undertakes to require that the employer shall perform his contract by paying at such price as may be agreed upon by the respective parties. * * *

* * * It appears to have been the design of the legislature to eliminate from this act the objectionable features of former enactments by making contracts enforceable according to their terms, instead of attempting to make contracts for the parties. * * *

* * * We * * * must hold that (the law does) not apply where there is a contract for the payment of compensation by different means or upon a different basis than that specified in the act. To hold otherwise would render the enactment unconstitutional. It has been uniformly decided that a laborer can not be deprived of the right to make his own contracts and exercise his own judgment as to how much he will receive for his labor and what he will receive as payment.

Indiana.—An Indiana law⁵ required that all coal mined by quantity should be weighed before being screened and the full weight credited to the miner. For violating the provisions of this act Martin was fined \$100. He appealed to the State supreme court, where the judgment was reversed.⁶ The opinion, delivered by Judge McCabe,

¹ *Ramsey v. People*, 142 Ill. 350-357, Oct. 31, 1892.

² 141 Ill. 171, 1892.

³ Illinois.—Acts of 1897, p. 270.

⁴ *Whitebread Fuel Co. v. People*, 176 Ill. 51-55, Oct. 24, 1898.

⁵ Indiana.—Acts of 1892, ch. 49, p. 53.

⁶ *Martin v. State*, 143 Ind. 545-550, Jan. 29, 1894.

held that a conviction for failure to weigh before screening was improper where the evidence for the prosecution showed that the coal mined was of such a nature that it was impossible to weigh it before screening and credit the miner with the weight without giving him credit for impurities in it. A similar result was reached in another case three years later.¹

Pennsylvania.—The Pennsylvania Legislature passed a similar law² in 1897. Under it, Brown caused certain coal mined by one of his employees to be passed over a screen before weighing it. The superior court³ held the act unconstitutional as a violation of the right to contract. Another act⁴ of similar purport but with different phraseology was enacted about 10 years later but its constitutionality has not been tested.

Kansas.—The Legislature of Kansas in 1893⁵ declared it unlawful for any employer to pass the coal mined over a screen or other device which would take away any part of its value before it had been weighed and credited to the employee at the legal rate of weight.

Henry Wilson was convicted of violating the act. The court of appeals sustained the law and affirmed the judgment of conviction in the lower court. Judge Milton, who delivered the unanimous opinion,⁶ said, in part:

It is a matter of current history, with which all citizens are familiar, that serious differences have arisen between mine operators and their employees as a result of the use of devices for screening coal. The reports of the labor bureaus of all the States wherein coal mines are operated abound in information upon this subject. * * * The tendency of such a law would be to prevent possible fraud and imposition by the mine owner, and to place operator and operative upon a more nearly equal basis in respect to their mutual relations and interests than would otherwise exist. * * *

* * * To weigh coal before it is screened is to preserve the weight of the entire product of the miner's labor. He may be far beneath the surface of the earth engaged in his arduous task, but if what he produces is properly weighed in accordance with the law and subsequently accounted for, he is put upon a basis of equality with the purchaser, the operator of the mine, in matters of contract relating to such product.

Following this adverse decision, Wilson appealed to the State supreme court, which affirmed the decisions of the lower courts.⁷ The opinion was to the effect that the act was constitutional and valid as a proper exercise of the police power, that it did not purport to prevent the operators of coal mines and the miners employed by them from making such agreements as they chose concerning the amount of wages to be paid, or in anywise infringe upon the freedom of contract. Furthermore, information is by this means

¹ *State v. Pasco*, 153 Ind. 214-218, Oct. 10, 1900.

² *Pennsylvania.*—Acts of 1897, ch. 224, p. 226. See Acts of 1893, ch. 46, pp. 52, 53.

³ *Commonwealth v. Brown*, 8 Pa. Super. Ct. 330-357, Oct. 10, 1898.

⁴ *Pennsylvania.*—Acts of 1900, ch. 226, pp. 422, 424.

⁵ *Kansas.*—Acts of 1893, ch. 168, pp. 271, 273.

⁶ *State v. Wilson*, 7 Kana. App. 428-446, May 19, 1898.

⁷ *State v. Wilson*, 61 Kana. 32-47, Nov. 11, 1899.

furnished to the miner by which he may act intelligently and rest his demand for wages upon the calculated results of what he has accomplished in the past. It also affords the operator knowledge from the use of which wages may be adjusted, based upon known facts. Such a law is further beneficial in that it supplies the public with statistics showing the total amount of coal produced in the State. In a strong dissenting opinion Judge Smith declared:

The construction applied to this law by the majority of the court seems to me to be a perversion of legislative intent * * * We know that the demand for such legislation was based on the claim that coal miners were not paid enough for their labor; that they were at the mercy of the operators, who, by screening the product, robbed them of a portion of the proceeds of their labor, for which they should have been paid. The object was to right this wrong, and to this end the statute under consideration was passed. No clamor rang in the ears of the lawmakers from oppressed and starving miners demanding a law which would supply them with statistics when they were crying for bread. * * *

In my judgment, the design of the framers has been misconstrued and perverted. A law thought by them to be endowed with strength and virility, aiming at the correction of abuses in the field of labor, has been disfigured by its interpreters—its true purpose denied. Strained and imaginary reasons are put forward as excuses for its existence, and explanations made of its utility which are highly fanciful and speculative. By a process of refined construction its original identity has been effectively destroyed until recognition by its creators is now impossible.

Another law¹ passed several years later has not yet been tested.

Arkansas.—An Arkansas law² provided that, no mine operator employing more than 10 men underground at quantity rates should pass the coal over a screen or other device which took away part of the value before it was weighed and credited. Employees were forbidden to waive this provision. The coal operators could accept or reject the coal mined when it was sent to the surface, but if accepted it must be weighed according to the act.

Woodson was fined for failing to weigh coal before it was screened and to pay for the coal according to the weight so ascertained. In the State supreme court³ the act was declared constitutional.

After several changes and additions were made to the act⁴ by the legislature, the courts were called upon to deal again with a case under this law. McLean was managing agent of a mining company and contracted with his employees to pay them at a fixed rate per ton, the coal to be screened before weighing. The State supreme court sustained the law⁵ in the following language:

This legislation is clearly within the scope of the police power. The manifest purpose of the statute is to prevent those who operate coal mines from perpetrating frauds upon laborers whom they have employed to mine coal by the quantity. It

¹ Kansas.—Acts of 1905, ch. 325, p. 393.

² Arkansas.—Acts of 1899, ch. 102, pp. 163, 166.

³ *Woodson v. State*, 69 Ark. 521-537, Oct. 26, 1902.

⁴ Arkansas.—Acts of 1901, ch. 114, p. 181; 1905, ch. 212, pp. 553, 556; 1915, ch. 49, pp. 157-159.

⁵ *McLean v. State*, 81 Ark. 304-311, Dec. 19, 1908.

will be observed that the act does not interfere with the right of the operator to contract with the miners in his employ for the mining of coal by the hour or day, or in any other manner, regardless of quantity, that he deems proper. He is not compelled to have his coal mined and pay for same according to the quantity produced. But if he elects to employ miners to mine coal and to pay for same according to the quantity produced, then the purpose of this law is to secure the laborers against the use by him of any screen or other device "that shall take any part from the value thereof before the same shall have been weighed and duly credited to the employee" producing same. Under the provisions of the statute, the operator who has contracted to have his coal mined by the quantity is not required to accept the coal sent to the surface by the miners. The coal "shall be accepted or rejected." But "if accepted," then it "shall be weighed in accordance with the provisions of the act." The plain purpose of the act, therefore, is not to prevent the parties from contracting in any manner they deem proper for the production of coal, but * * * to see that such quantity is ascertained by a fixed and definite standard by which neither of the parties can be defrauded * * *.

* * * It is certainly within the police power of the State to adopt a uniform system of weights and measures, and to require that all persons whose business transactions require the use of same conform thereto * * *.

* * * As the object of such legislation is to protect those miners who need protection from fraud, broad latitude must be given the legislature in the matter of classification of mines and miners * * *.

* * * It must be presumed that the legislature through the local members from the districts affected especially by the legislation, or its committees appointed for the purpose, received information of the conditions which made such legislation necessary or expedient, and that it intended to put its enactments in the form to meet the requirements.

Following this adverse decision, McLean appealed to the Supreme Court of the United States. Again the constitutionality of the law was upheld,¹ but with Justices Brewer and Peckham dissenting. The opinion of the court was delivered by Mr. Justice Day, in the course of which he said:

The objections to the judgment of the State supreme court of a constitutional nature are twofold: First, that the statute is an unwarranted invasion of the liberty of contract secured by the fourteenth amendment to the Constitution of the United States; second, that the law being applicable only to mines where more than 10 men are employed, is discriminatory, and deprives the plaintiff in error of the equal protection of the laws within the inhibition of the same amendment.

* * * The liberty of contract is not universal, and is subject to restrictions passed by the legislative branch of the Government in the exercise of its power to protect the safety, health, and welfare of the people.

It is also true that the police power of the State is not unlimited, and is subject to judicial review; and when exerted in an arbitrary or oppressive manner such laws may be annulled as violative of rights protected by the Constitution * * *.

The legislature being familiar with local conditions is, primarily, the judge of the necessity of such enactments. The mere fact that a court may differ with the legislature in its views of public policy, or that judges may hold views inconsistent with the propriety of the legislation in question, affords no ground for judicial interference, unless the act in question is unmistakably and palpably in excess of legislative power.

¹ McLean v. Arkansas, 211 U. S. 530-552, Jan. 4, 1908.

If the law in controversy has a reasonable relation to the protection of the public health, safety, or welfare it is not to be set aside because the judiciary may be of the opinion that the act will fail of its purpose, or because it is thought to be an unwise exertion of the authority vested in the legislative branch of the Government.

A review of State cases that have been decided on this question is then considered by the court and a careful résumé of the testimony given before the industrial commission is reviewed. The opinion then continues:

We are unable to say, in the light of the conditions shown in the public inquiry referred to, and in the necessity of such laws evinced in the enactments of the legislatures of various States, that this law has no reasonable relation to the protection of a large class of laborers in the receipt of their just dues and in the promotion of the harmonious relations of capital and labor engaged in a great industry in the State.

The law is attacked upon the further ground that it denies the equal protection of the law, in that it is applicable only to mines employing 10 or more men. * * * There is no attempt at unjust or unreasonable discrimination. The law is alike applicable to all mines in the State employing more than 10 men underground. * * * We can not say that there was no reason for exempting from its provisions mines so small as to be in the experimental or formative state and affecting but few men and not requiring regulation in the interest of the public health, safety, or welfare. We can not hold, therefore, that this law is so palpably in violation of the constitutional rights involved as to require us, in the exercise of the right of judicial review, to reverse the judgment of the Supreme Court of Arkansas, which has affirmed its validity * * *.

Ohio.—An Ohio law¹ made it unlawful for any operator employing miners at bushel or ton rates to pass the output of coal mined over any device which would take away any part of its value before it had been weighed and credited.

Gilbert D. Preston was convicted for violating the act. He petitioned the supreme court of the State for discharge on a writ of habeas corpus and the request was granted. The court held:

That the Constitution gives inviolability to the right to make contracts, and that the legislature may deny the right only when it is required for the general welfare, and when it is promotive of public health or morals, are propositions established by familiar authorities * * *.

* * * The effect of the act is that the total compensation to be paid by an operator is to be determined by agreement, but that it must be paid to miners without discrimination on account of their skill and care. Why the general assembly selected this class of laborers for discrimination—why they are deemed less entitled than others to compensation which encourages merit by rewarding it—we do not know, nor inquire. For, however unjust to this class of laborers the act may be, we can inquire only whether the general assembly had power to pass it. It is suggested, as the basis of the act, that frauds may be perpetrated in the screening and weighing of coal under the contracts heretofore entered into. To this suggestion it is sufficient to answer that if such danger exists it may well justify appropriate legislation for the prevention of such fraud. But this legislation does not seek to prevent fraud nor to provide for the health or safety of those engaged in mining. Its sole pur-

¹ *Ohio.*—Acts of 1898, pp. 33, 34.

pose is to establish a uniform standard of compensation among those upon whom it operates * * *.¹

Another act² authorized the industrial commission of the State to fix a proper tare for impurities in coal where the amount mined was used as a basis of wage payments.

The Rail & River Coal Co., a West Virginia corporation and a large producer of coal and employer of mine labor in Ohio, assailed the constitutionality of the law in the Federal district court.³ The court held that the law was sustainable under the police power; that it did not impair the freedom of contract and that it was not repugnant to any constitutional provision, State or Federal.

Upon appeal to the United States Supreme Court the judgment of the district court was upheld.⁴ Mr. Justice Day delivered the opinion of the court and said in part:

The objection that the law is unconstitutional as unduly abridging the freedom of contract in prescribing the particular method of compensation to be paid by employers to miners for the production of coal was made in the case of *McLean v. Arkansas* [211 U. S. 539 (see pp. 140, 141)] * * *. In that case the constitutional objections founded upon the right of contract which are made here were considered and disposed of. This court has so often affirmed the right of the State, in the exercise of its police power, to place reasonable restraints, like that here involved, upon the freedom of contract that we need only refer to some of the cases in passing * * *.

SUMMARY.

The following summary shows the contrasts brought out in the laws and cases reviewed:

1. The legislation concerning the wages of discharged employees has usually been unquestioned or the cases arising under this head have been dependent on peculiar State constitutional provisions or legal phraseology. In Arkansas, so far as they apply to natural persons, laws requiring payment on discharge are held to interfere with freedom of contract. As to corporations the regulation has been sustained in both the State courts and the United States Supreme Court.

2. The constitutionality of statutes on the payment of wages owed to deceased employees has not been tested.

3. Laws intended to protect employers against fraud in contracts involving wages advanced have been passed in a number of States in both the North and the South. These statutes have given rise to the

¹ In re Preston, 63 O. S. 428-440, Nov. 27, 1900.

Similar laws not yet passed upon are—

Missouri.—Acts of 1885, pp. 207, 208; 1899, pp. 303, 304.

Iowa.—Acts of 1888, ch. 54, pp. 77, 78; 1900, ch. 80, p. 61.

Wyoming.—Acts of 1890, ch. 79, p. 156; 1911, ch. 74, pp. 98, 99.

Washington.—Acts of 1891, ch. 161, pp. 414, 415.

Colorado.—Acts of 1901, ch. 91, p. 286; 1915, ch. 56, p. 191.

Oklahoma.—Acts of 1907-8, ch. 54, pp. 521, 522; 1910 (ex. sess.), ch. 7, pp. 7, 3

² Ohio.—Acts of 1914, pp. 181, 182; 1915, p. 350.

³ Rail & River Coal Co. v. Yaple, 214 Fed. 278-283, May 20, 1914.

⁴ Rail & River Coal Co. v. Yaple, 35 Sup. Ct. 359-363, Feb. 26, 1915.

"peonage cases." The Alabama law has been declared unconstitutional by the Federal Supreme Court because in violation of the prohibition of involuntary servitude. A similar fate met the former South Carolina law in the Federal district court. The latest form was declared void by the State supreme court. The North Carolina law was held void for conflict with the State constitution. The Louisiana and Georgia statutes have been sustained in the State courts. There is no doubt that, barring peculiar provisions of the State constitutions, the abuse which is the alleged ground for legislation of this nature can be reached by laws directed against the element of fraud. The decisions declaring the acts void are due to elements which do not necessarily involve the right of contract or personal liberty.

4. Laws regulating deductions from wages are also uniformly sustained when the legislature attempts merely to secure fair conditions of employment.

5. In the case of laws seeking to place special safeguards about wages that have already been earned, viz, providing against any refusal to pay wages due, seeking to compel an employer to give a prior notice of reduction of wages, and regulating the place of payment of wages, no court decisions have been rendered testing their constitutionality.

6. Statutes protecting the rights of mine labor are numerous and the court decisions are far from harmonious.

Laws designed to secure fair and accurate weighing of coal at mines have usually been held unconstitutional. The Illinois cases sustain the right of the legislature to compel the use of fair weights and measures where contracts are made on the basis of weight, but deny the right to regulate the contracts by compelling them to be made on the basis of weight. The Supreme Court of Colorado adopted the same view.

Laws providing that coal is to be weighed before screening are on the statute books of every State where coal is mined. The West Virginia law as applied to corporations and licensees has been held constitutional by the supreme court of appeals. In Illinois such a law was declared unconstitutional as class legislation, but a later decision evaded the question as to whether such a law was an invasion of the right to contract. The tenor of the Indiana supreme court decisions in similar cases not in point would seem to indicate the unconstitutionality of such laws, although no cases have directly raised the question. The Superior Court of Pennsylvania held such an act unconstitutional as a violation of the right to contract. A decision of the Kansas court of appeals sustained by the supreme court of the State declared such a law constitutional, and in doing so exhibited a clear appreciation of the social necessity for such

legislation. An Arkansas law was upheld in the denial by the supreme court of the State that such legislation was an arbitrary and unreasonable example of class legislation. Later, the same court held the law constitutional as clearly within the police power of the State, and upon appeal the United States Supreme Court sustained the State court in its opinion. All doubt as to the constitutionality of such laws is removed by the McLean decision, and later by the Yapple decision, and the question of a denial of the liberty to contract as secured by the fourteenth amendment has been met squarely.

This review of various sorts of restrictions on the employment contract which have been attempted shows the chaotic condition of our labor decisions. State courts differ widely as to what is constitutional under similar provisions of the State constitutions. The decisions of the Federal judicial authorities are of decidedly broader view. They show a willingness to consider economic facts and a realization that if legal theory ceases to fit our rapidly changing life it must yield as far as possible under the Constitution to the standards set by our legislatures. Too many of our State courts construe a constitution to be a power of attorney and not a frame of government. The following table shows the variety of court decisions in this field of legislation:

DECISIONS ON WAGE-PAYMENT LEGISLATION IMPOSING VARIOUS RESTRICTIONS.

Year.	Date.		Title of case.	State.	Subject.	Decision.
	Month and day.					
1884	Sept.	27	Jones v. People.....	Illinois.....	Weighing..	Constitutional.
1886	June	12	Millett v. People.....	do.....	do.....	Unconstitutional.
1889	Dec.	16	Pierce v. Whittlesey.....	Connecticut.....	Discharge..	Construction.
1891	Oct.	31	Smith v. State.....	Tennessee.....	Weighing..	Do.
1891	Nov.	term.	Ex parte Riley.....	Alabama.....	Advances..	Do.
1891	Dec.	1	Commonwealth v. Perry.....	Massachusetts.....	Deductions.	Unconstitutional.
1892	Jan.	term.	Lewis v. Pierson.....	Louisiana.....	Advances..	Do.
1892	Feb.	term.	State v. Norman.....	North Carolina.....	do.....	Constitutional.
1892	June	26	San Antonio, etc. v. Wilson.....	Texas.....	Discharge..	Unconstitutional.
1892	Oct.	6	State v. Coal Co.....	West Virginia.....	Screening..	Constitutional.
1892	Oct.	31	Ramsey v. People.....	Illinois.....	do.....	Unconstitutional.
1894	Feb.	3	Leep v. Railway Co.....	Arkansas.....	Discharge..	Do.
1895	Mar.	1	In re House Bill No. 203.....	Colorado.....	Weighing..	Do.
1896	Jan.	29	Martin v. State.....	Indiana.....	Screening..	Construction.
1896	Mar.	30	Harding v. People.....	Illinois.....	Weighing..	Unconstitutional.
1896	Dec.	15	Railway Co. v. Cox.....	Ohio.....	Deductions.	Do.
1897	Dec.	10	Cote v. Bates Mfg. Co.....	Maine.....	Discharge..	Construction.
1898	Oct.	10	Com. v. Brown.....	Pennsylvania.....	Screening..	Unconstitutional.
1898	Oct.	24	Whitebread v. People.....	Illinois.....	do.....	Constitutional.
1899	Mar.	6	Railway Co. v. Paul.....	Arkansas.....	Discharge..	Do.
1899	Oct.	10	State v. Pasco.....	Indiana.....	Screening..	Construction.
1899	Nov.	11	State v. Henry Wilson.....	Kansas.....	do.....	Constitutional.
1900	Feb.	16	State v. Chapman.....	South Carolina.....	Advances..	Do.
1900	Oct.	26	Woodson v. State.....	Arkansas.....	Screening..	Do.
1900	Nov.	27	In re Preston.....	Ohio.....	do.....	Unconstitutional.
1901	July	10	State v. Easterlin.....	South Carolina.....	Advances..	Constitutional.
1901	Nov.	18	State v. Goff.....	Louisiana.....	do.....	Do.
1904	Feb.	17	Kelleyville, etc. v. Harrier.....	Illinois.....	Deductions.	Unconstitutional.
1904	Nov.	term.	Toney v. State.....	Alabama.....	Advances..	Constitutional.
1906	Feb.	8	State v. Thomas.....	do.....	do.....	Do.
1906	Mar.	26	State v. Murray.....	Louisiana.....	do.....	Do.
1907	Mar.	2	State v. Vann.....	Alabama.....	do.....	Do.

RESTRICTIONS IN THE EMPLOYMENT CONTRACT.

DECISIONS ON WAGE-PAYMENT LEGISLATION IMPOSING VARIOUS RESTRICTIONS—Concluded.

Date.		Title of case.	State.	Subject.	Decision.
Year.	Month and day.				
1907	May 23	Ex parte Drayton.....	South Carolina..	Advances...	Unconstitutional.
1907	July 11	Vance v. State.....	Georgia.....	do.....	Constitutional.
1908	Jan. 16	Ex parte Hollman.....	South Carolina..	do.....	Unconstitutional.
1909	Jan. 4	McLean v. Arkansas.....	Arkansas.....	Screening.....	Constitutional.
1909	Mar. 10	State v. Williams.....	North Carolina..	Advances.....	Unconstitutional.
1911	Jan. 3	Bailey v. State.....	Alabama.....	do.....	Do.
1911	Mar. 11	Railway Co. v. Braddy.....	Texas.....	Discharge.....	Do.
1912	June 18	Com. v. Lancaster Mills.....	Massachusetts..	Deductions..	Constitutional.
1913	Oct. 6	Wynne v. Railway Co.....	South Carolina..	Discharge.....	Do.
1914	June 2	Railway Co. v. Schuler.....	Indiana.....	do.....	Unconstitutional.
1915	May 20	Rail & River Coal Co. v. Yapple.....	Ohio.....	Screening.....	Constitutional.
1915	June 30	Thomas v. State.....	Alabama.....	Advances.....	Unconstitutional.
1916	Feb. 5	Olson v. Idora Hill Mining Co.....	Idaho.....	Discharge.....	Constitutional.

Summary: Discharge—3 cases held constitutional; 4 cases held unconstitutional; 2 cases construction of statute. Advances—9 cases held constitutional; 6 cases held unconstitutional; 1 case construction of statute. Deductions—1 case held constitutional; 3 cases held unconstitutional. Weighing—1 case held constitutional; 3 cases held unconstitutional; 1 case construction of statute. Screening—6 cases held constitutional; 3 cases held unconstitutional; 2 cases construction of statute.

CHAPTER VIII.—CONFLICT BETWEEN INDIVIDUALISM AND SOCIAL CONTROL.¹

The review which has been given of wage-payment legislation and the decisions in the cases which have arisen under these laws make clear the fact that there are developing two groups of cases strongly contrasted in the philosophy which prompts their reasoning. Our judicial decisions in this field are undergoing the gradual modification which has always been the saving feature of Anglo-Saxon law. A wrong case, or an outgrown principle, even after it becomes in-crested with the weight of long-established precedents, will gradually be abandoned by the slow process of differentiation and exception. This development is taking place before our eyes in the attitude of the courts toward protective legislation. The line of cases which insist on a theoretical equality (which is an element of *laissez faire* theory) is yielding before decisions which look back of technical jural relations to the facts of present-day industrial life. We are approaching the time when we shall recognize in law the inequality that exists in fact. We shall rely upon the strong arm of the law to protect for the weaker brother the equality which he has lost, not by any failure of his own but by the industrial conditions among which it has been his lot to be born.

To bring out this contrast and development, let us review the more important conclusions in both groups of cases.

WHAT IS FREEDOM IN WAGE CONTRACTS?²

The leading authority for decisions depending upon the *laissez faire* theory was long drawn from the *Slaughterhouse Cases*³ and curiously enough, from the minority opinion. No more interesting example of the lack of uniformity in our judicial system can be cited than this. Though not originally the opinion of the court, this minority declaration by that staunch individualist, Mr. Justice Field, has been one of the favorite arguments for the overthrow of social legislation. To state this paradox in another way, the State courts quoted the dissent in a Federal Supreme Court case as a ground for upsetting the constitutionality of State laws. It mattered not that the alleged unconstitutionality was that of infringement of State or Federal Constitution; there was no appeal.⁴ Mr. Justice Field in

¹ Frank Parsons: *Legal Doctrine and Social Progress*, New York, 1911.

² G. G. Groat: *Attitude of American courts in labor legislation*, in *Columbia University Publication*, New York, 1911, vol. 42, No. 108.

³ 16 Wall. 36-130, Apr. 14, 1873. Mr. Justice Miller delivered the opinion of the court.

⁴ Recently changed by Congress, Stat. of 1914, vol. 38, p. 790.

summing up a long argument supporting the right of the individual to enter any lawful calling declared:

This equality of right, with exemption from all disparaging and partial enactments, in the lawful pursuits of life, throughout the whole country, is the distinguishing privilege of citizens of the United States. To them, everywhere, all pursuits, all professions, all avocations are open without other restrictions than such as are imposed equally upon all others of the same age, sex, and condition. * * * This is the fundamental idea upon which our institutions rest, and unless adhered to in the legislation of the country our Government will be a republic only in name.¹

The same sort of argument 11 years later found its way into a concurring opinion given by three justices² and thereafter came to be frequently relied on by State courts. The influence of such reasoning is shown in the decision in the New York Sweatshop Case. The law in question had been introduced in the legislature for unorganized cigar makers, chiefly foreign born. The legislative committee to which it was referred was relied upon to kill it, but after making an investigation it found the conditions of manufacture so bad that it pushed the measure to adoption. In passing on the constitutionality of the measure the New York court of appeals declared that under the law a man—

* * * may desire the advantage of cheap production in consequence of his cheap rent and family help and of this he is deprived. * * * It (the law) arbitrarily deprives him of his property and of some portion of his personal liberty. * * * In its exercise (of the police power) the legislature must respect the great fundamental rights guaranteed by the Constitution. * * * It has never been said * * * that (its) preparation and manufacture into cigars were dangerous to the public health. * * * We certainly know enough about it to be sure that its manipulation in one room can produce no harm to the health of the occupants of other rooms in the same house. * * * What possible relation can cigarmaking in any building have to the health of the general public? * * * Such legislation may invade one class of rights to-day and another tomorrow. * * *

CHECK UPON NEEDED LEGISLATION.

Not only did this decision defer for 15 or 20 years anything like effective regulation of tenement houses in New York, but the court by its categorical language gave a strong impetus to the restrictive attitude encouraged in the State courts by the cases already cited. By 1885, though public opinion had begun to shift strongly in favor of the regulation of the hours of labor, conditions of employment, and wage payment, the courts had developed a line of decisions which could not but be the prelude to decided opposition to social control. The individualism of a generation before had just come to its full expression in the law.

¹ Slaughterhouse Cases, 16 Wall. 360, 110.

² Butchers' Union v. Crescent City Live Stock Landing & Slaughterhouse Co., 111 U. S. 765-766, May 5, 1884.

³ In re Application of Peter Jacobs, 86 N. Y. 104, 105, 110, 112, 114, Jan. 20, 1855.

The year following the New York Sweatshop Case saw the first declarations against the regulation of wage payments. The decisions were in neither case impartially argued. In fact, there was an off-hand dismissal of moot points possible only to a court strongly imbued with the philosophy of laissez faire and its accompaniment, freedom of contract. The cases came from Pennsylvania and Illinois, where, because of the importance of their industrial development, protection from the abuses of free contract is especially needed, and where the courts have until recently shown no disposition to modify the extreme conservatism voiced by these early cases.

In the Pennsylvania case a law of 1881 required that the payment of wages of laborers in and about iron mills should take place at regular intervals and be in lawful money. Such provisions the court declares—

are utterly unconstitutional and void, inasmuch as by them an attempt has been made by the legislature to do what, in this country, can not be done; that is, prevent persons who are sui juris from making their own contracts. The act is an infringement alike of the right of the employer and the employee * * * it is an insulting attempt to put the laborer under a legislative tutelage, which is not only degrading to his manhood but subversive of his rights as a citizen of the United States. He may sell his labor * * * just as his employer may sell his iron or coal, and any and every law that proposes to prevent him from so doing is an infringement of his constitutional privileges and consequently vicious and void.¹

The language in the Illinois case is no less decisive. The law called in question required that all coal mined be weighed on a standard scale which the operator must keep and that the weights thus ascertained should be the basis of the wage payments. Justification was attempted on the ground that this was a regulation under the police power with the object of preventing fraud, but the court saw in it an attempt to destroy the property rights of contract. After considering the application of the police power to the provisions of the law the court concluded that "it is quite obvious that they are not justified on that ground." Then as a rhetorical question it is asked:

What is there in the condition or situation of the laborer in the mine to disqualify him from contracting in regard to the price of his labor or in regard to the mode of ascertaining the price?²

It seems never to have entered the mind of the court that in fixing the terms of the contract the bargaining power of the operator and that of the miner were at all different or that the miner, who could not know, except by a provision similar to that in the law, what was the real weight of the coal mined, was in no position to defend himself against fraud in the computation of his wages.

In 1889 West Virginia came into line. A law forbidding the use of store orders for wage payments in mines and manufactories was held

¹ *Godcharles & Co. v. Wiggman*, 112 Pa. 58, 437, Oct. 4, 1886.

² *Millett v. People*, 117 Ill. 308, June 12, 1886.

unconstitutional. Quoting and following the arguments of *Godcharles v. Wigeman* and *Millett v. People*, the court declared:

* * * If the legislature, without any public necessity, has the power to prohibit or restrict the right of contract between private persons in respect to one lawful trade or business, then it may prevent the prosecution of all trades and regulate all contracts.¹

The next decade saw the high tide of individualistic argument in the courts. The four cases cited above were accepted as good doctrine almost without question. California in 1890 annulled an ordinance regulating hours of labor on public work. The argument that a public authority might be considered an employer who could dictate the terms on which work was to be done seems to have been overlooked in the desire to protect the alleged property rights of the contractor who was to do the work.² In 1891 the Massachusetts court in *Commonwealth v. Perry*³ used the arguments and cases already indicated to hold void a law concerning fines in factories. In 1892 the Supreme Court of Illinois strengthened its declaration in *Millett v. People* by three more decisions of a similar sort. Two, *Frorer v. People*⁴ and *Braceville Coal Co. v. People*,⁵ involved the truck store and weekly payment acts of 1891.⁶

The laws are annulled by practically the same arguments. One feature of the *Frorer* case deserves special mention. The fact that laws regulating the rate of interest were sustained, though they cut down the right of contract, had already been noted in several of the previous decisions. The exception was generally justified by reference to the fact that regulation of those agreements had been a common practice before the Constitution and must be held to have been adopted with other constitutional rules taken over from England. But the judge in *Frorer v. People* gives an argument which, placed beside his conclusion on the case in hand, makes the position of the court seem peculiarly inconsistent. The judge one moment recognizes fact as a reason for an exception to the general rule and the next moment turns his back on the same sort of evidence.

* * * Usury laws proceed upon the theory that the lender and the borrower of money do not occupy toward each other the same relations of equality that parties do in contracting with each other in regard to the loan or sale of other kinds of property, and that the borrower's necessities deprive him of freedom in contracting and place him at the mercy of the lender. And such laws may be found on the statute books of all civilized nations of the world, both ancient and modern.⁷

¹ *State v. Goodwill* and *State v. Minor*, 33 W. Va. 184, Nov. 18, 1889. The same arguments were also used in *State v. Fire Creek Coal & Coke Co.*, 33 W. Va. 188-194, Nov. 18, 1889.

² Ex parte *Kubank*, 83 Cal. 374-376, Aug. 4, 1890.

³ 155 Mass. 117-126, Dec. 1, 1891.

⁴ 141 Ill. 171-183, June 15, 1892.

⁵ 147 Ill. 66-73, Oct. 26, 1892.

⁶ For a discussion of these cases see Roscoe Pound: *Liberty of contract*, in *Yale Law Journal*, May, 1909, vol. 18, No. 7, pp. 454-457.

⁷ *Frorer v. People*, 141 Ill. 186.

But it did not appear to the judge that there were any similar necessities that would deprive a miner of "freedom of contract and place him at the mercy of" his employer, when the employer had power to refuse to pay him in anything but orders for goods receivable at the company store. Nor was it any argument that the employer could withhold payment of wages, so as practically to force him to remain in the employ of the operator and to trade at his store, where credit would be advanced against the wages he would receive. On the contrary, the court held to the technical argument.

The privilege of contracting is both a liberty and a property right, and if A is denied the right to contract and acquire property in a manner which he has hitherto enjoyed under the law, and which B, C, and D are still allowed by the law to enjoy, it is clear that he is deprived of both liberty and property * * *. The right to contract necessarily includes the right to fix the price at which labor will be performed and the mode and time of payment.¹

Thus, out of the "liberties" of the man whom the law was framed to protect is woven the web which limits his actual freedom. Ramsey v. People,² the third Illinois case, breathes the same spirit. Because of equality of liberty no law can be allowed to require the weighing of coal mined before it is screened. The operator and the miner must be allowed to fix the contract as free bargainers, equally able to protect their rights.

State v. Loomis, a Missouri case,³ next held that a law requiring payment of wages in money in mines and factories was unconstitutional, basing the opinion, as usual, on the arguments of the New York, Pennsylvania, Illinois, and West Virginia precedents. The law "is purely arbitrary, because the ground of classification has no relation whatever to the natural capacity of persons to contract."

The Supreme Court of Arkansas the following year declared "natural persons do not derive the right to contract from the legislature; corporations do," and it was held that since that was the case an act to penalize nonpayment of wages to discharged employees on the day of discharge was unobjectionable as applied to corporations, but could not be enforced on wage contracts between individuals.⁴

In 1895 the Supreme Court of Colorado in *In re House Bill No. 203*,⁵ gave an opinion that a law could not require that coal be weighed at the mine for the purpose of determining miners' wages. It was declared that such an act was contrary to both State and Federal Constitutions.

¹ *Braceville Coal Co. v. People*, 147 Ill. 71, 75, Oct. 26, 1898.

² 142 Ill. 380-387, Oct. 31, 1892.

³ 115 Mo. 307-330, Mar. 26, 1893.

⁴ *Leep v. St. Louis, Iron Mountain & Southern Ry. Co.*, 58 Ark. 407-446, Feb. 3, 1894. But the law in a later case was upheld in its entirety; see *McLean v. State*, 81 Ark. 304-311, Dec. 10, 1908.

⁵ 21 Colo. 27-29, Mar. 1, 1895.

The next decision touching wage payments is another Illinois case, *Harding v. People*,¹ involving a screening law applying to coal shipped from mines by rail or water. The statute was held void because of the classification, but the dicta of the court clearly showed the acceptance of the arguments made familiar in cases cited above. In 1899 the California law requiring corporations to pay their laborers at least once a month was held invalid.²

In the years from 1895 to 1900 the courts continued to follow the arguments already outlined. The Nebraska supreme court declared an eight-hour law for all but farm laborers unconstitutional.³ In Missouri a law forbidding the discharge of an employee because of membership in a labor union was annulled,⁴ and an Illinois case, *Ritchie v. People*, marked the extreme point in the swing of the pendulum toward individualistic philosophy. In this case a law regulating the hours of labor for women in the clothing trade was declared unconstitutional because it deprived one class of rights allowed other persons under like conditions, and because in limiting the right to contract it violated a property right which the legislature could not abridge.⁵ The court refused to consider whether or not reason lay back of the classification, but contented itself with the bare assertion of legal equality. A Federal circuit court held that a law forbidding railway employees to contract away their right to sue for injuries was unconstitutional,⁶ and Colorado denied the right of the legislature to regulate hours of labor in underground mines and in smelters.⁷

RECENT LIBERAL INTERPRETATION.

Even after 1900 there are examples of extreme decisions which rest on the same philosophy,⁸ but the tide was already beginning to turn in the opposite direction. The contrast between jural equality and actual inequality was becoming so marked that the courts could

¹ 160 Ill. 459-467, Mar. 30, 1896.

² *Johnson v. Goodyear Mining Co.*, 127 Cal. 4-21, Nov. 20, 1898.

³ *Low v. Rees Printing Co.*, 41 Nebr. 137-147, June 6, 1894.

⁴ *State v. Julow*, 129 Mo. 163-173, June 18, 1895; followed in *Gillespie v. People*, 183 Ill. 176-187, Dec. 20, 1900; *State v. Kreutzberg*, 114 Wis. 530-550, June 13, 1902; *Coffeyville Vitrified Brick & Tile Co. v. Perry*, 99 Kans. 297-305, May 7, 1904; and *People v. Marcus*, 135 N. Y. 257-265, May 25, 1904.

⁵ *Ritchie v. People*, 165 Ill. 99-123, Mar. 14, 1895.

⁶ *Shaver v. Pennsylvania Co.*, 71 Fed. 921-932, Jan. 25, 1895.

⁷ *In re Morgan*, 25 Colo. 415-451, September term, 1893.

⁸ Cases of this nature involving wage payments are: *People ex rel. Rodgers v. Colar*, 165 N. Y. 1-44, Feb. 23, 1904, annulling laws regulating wages and hours of labor in public contracts; *Street v. Varney Electrical Supply Co.*, 160 Ind. 336-343, Apr. 1, 1903, involving similar questions; *State v. Missouri Tie & Timber Co.*, 181 Mo. 536-563, May 11, 1904, annulling a law requiring wages to be paid in cash or negotiable instruments.

Other cases showing individualistic arguments are: *Mathews v. People*, 202 Ill. 329-410, Apr. 24, 1898 (though not the point on which the case turned it was held that the law violated liberty of contract); *Lochner v. New York*, 198 U. S. 45-76, Apr. 17, 1905, in which the United States Supreme Court by a divided court passed adversely on a law regulating hours of labor in bakeries; *People v. Marcus*, 135 N. Y. 257-265, May 25, 1904, declaring that a law forbidding discharge of an employee for membership in a labor union can not be sustained; a holding sustained in the Federal Supreme Court in *Adair v. United States*, 200 U. S. 161-182, Jan. 27, 1906.

not longer maintain the one and disregard the other. Individualism was coming to be recognized as not only no longer the doctrine unqualifiedly given the support of public opinion, but that which formed no concrete part of the Constitution. As Mr. Justice Holmes declared in his dissenting opinion in the *Lochner v. New York* case involving the constitutionality of a 10-hour law in bakeries:

* * * State constitutions and State laws may regulate life in many ways which we as legislators might think as injudicious or if you like as tyrannical as this, and which equally with this interfere with the liberty to contract. Sunday laws and usury laws are ancient examples. A more modern one is the prohibition of lotteries. The liberty of the citizen to do as he likes so long as he does not interfere with the liberty of others to do the same, which has been a shibboleth for some well-known writers, is interfered with by school laws, by the post office, by every State or municipal institution which takes his money for purposes thought desirable, whether he likes it or not. The fourteenth amendment does not enact Mr. Herbert Spencer's Social Statics. The other day we sustained the Massachusetts vaccination law. * * * United States and State statutes and decisions cutting down the liberty to contract by way of combination are familiar to this court. * * * Two years ago we upheld the prohibition of sales of stock on margins or for future delivery in the constitution of California. * * * The decision sustaining an eight-hour law for miners is still recent. * * * Some of these laws embody convictions or prejudices which judges are likely to share. Some may not. But a constitution is not intended to embody a particular economic theory, whether of paternalism and the organic relation of the citizen to the State or of laissez faire. It is made for people of fundamentally differing views, and the accident of our finding certain opinions natural and familiar or novel and even shocking ought not to conclude our judgment upon the question whether statutes embodying them conflict with the Constitution of the United States. * * * I think that the word liberty in the fourteenth amendment is perverted when it is held to prevent the natural outcome of a dominant opinion, unless it can be said that a rational and fair man necessarily would admit that the statute proposed would infringe fundamental principles as they have been understood by the traditions of our people and our law. It does not need research to show that no such sweeping condemnation can be passed upon the statute before us. * * *

¹ *Lochner v. New York*, 198 U. S. 75, 76.

CHAPTER IX.—CHANGING ATTITUDE OF THE COURTS TOWARD WAGE-PAYMENT LEGISLATION.

Legislation on wage payments is, of course, only a branch of that larger group of laws which aim to give the laborer protection in liberties which he otherwise would not enjoy. Regulation of hours of labor, the use of protective devices on machinery, the fulfillment of sanitary requirements, and many similar subjects are gradually finding places upon the pages of statute books as a recognition of a new attitude toward the man who wins his livelihood with his hands. Wage legislation is one of the centers around which the struggle for betterment has been made.¹ Hours may be shortened, machinery made safe, and health protected, yet if the laborer is not guaranteed the fair payment of wages and is not able to use the reward of his labor as he wishes he can not be said to enjoy the liberty which a broad interpretation of the Constitution should guarantee.

FIRST FAVORABLE AMERICAN DECISIONS.

The pioneer case sustaining a statute affecting wage payments was a Maryland case in 1880, *Shaffer & Munn v. Union Mining Co.*² The arguments presented by the court are interesting not so much because they make use of the conventional phrases about liberty and property but rather because they adopt the point of view of the employee instead of that of the employer in the application of these phrases. The question under consideration was a law which required the payment of wages to employees of manufacturing, mining, and railroad corporations, employing 10 or more hands, in Allegany County, in legal tender money of the United States. Judge Irving delivered the unanimous opinion for the court of appeals, in which he said in part:

The main questions for consideration are, first, is this act a valid exercise of power by the legislature so far as it affects the Union Mining Co.? And, secondly, if it was constitutional and valid as to the appellees, was it intended to restrict, and does it restrict the powers of the employees of the corporation, so as to prevent their assigning what was due them from the appellees to the appellants; and if it was so intended was it competent for the legislature to impose such restriction?

The court answered the first question in the affirmative, on the ground of the reserved right of the legislature to alter or amend charters granted by it to corporations. This reserved right the court

¹ G. G. Great: *Attitude of American courts in labor cases*, in *Columbia University Publication*, New York, 1911, vol. 42, No. 106.

J. R. Commons and J. B. Andrews: *Principles of Labor Legislation*, New York, 1914.

² 45 Md. 74-87, Dec. 9, 1880.

held included the power to control corporations in respect to their contracts with their employees and the mode of paying them.

In answer to the second question the court said:

This statute was evidently conceived and enacted for the purpose of correcting some evil which had resulted to the employees of such corporations as are described in the act, and perchance to the community also, from the mode in which those corporations had been wont to deal with their operatives. The statute was manifestly intended to be in the interest of the employees. We suppose it must have been intended to protect the employees from future exactions, extortion or overreaching, supposed to have affected them injuriously in the past * * *.

To accord to this law the construction contended for by the appellee, * * * would be doing unwarranted violence to the rights of the employees over the fruits of their own labor. It would be preventing their use of their wages, which might have been accumulating in the employer's hands * * *.

* * * It is a penal statute, and must be construed strictly. What it denounces as void is the contract of the corporation to pay its hands in any other way than in money. What it expressly prohibits, is the making of such contract with the employee in another way than as the law directs; and the payment in any other way than it by its terms allows. The making of such contract, or the payment of wages in any other way than the law directs, is made an indictable offense, which is heavily punishable by fine. It is the corporation which is punished—not the employee. The latter is treated as the party injured by the corporation dealing with him in the inhibited way; and he is allowed to recover his wages without abatement for the dealings of the corporation in violation of the act, * * *.¹

We do not find here any artificial theory of classification as adopted in later cases arising to trouble the judges in reaching conclusions.

Another early case in this field of legislation was one that arose in Illinois in 1884, *Jones v. People*.² A law provided that where coal was mined and paid for by weight, the operator should keep standard scales and correct records of weights obtained on the scales. The State supreme court, without dissent, upheld the law in an opinion delivered by Judge Sheldon, in the course of which he said:

The statute under which this proceeding is had is assailed by appellant's counsel as unconstitutional. It is said the act in effect deprives every coal operator in the State of the power to make any contracts to have coal mined, except the wages of the persons mining the coal be computed upon the weight of the coal mined, and that the right to make contracts about the free use and enjoyment of one's own private property is a right of property, and secured by the constitutional guaranty that no person shall be deprived of property without due process of law. As we read the statute it is not obnoxious to the objection made * * *.

* * * Taking all of its sections together, the design of the act appears to be for the protection of miners who are paid according to the weight of coal dug—to provide a correct basis, in the determining of the weight, upon which their wages shall be computed * * *.³

Better known than these cases is that of *Hancock v. Yaden*, which arose in Indiana in 1890, and which judged by later decisions must be

¹ *Shaffer & Munn v. Union Mining Co.*, 55 Md. 79-83.

² 110 Ill. 501-504, Sept. 27, 1884.

³ *Jones v. People*, 110 Ill. 503, 504.

held, though right in principle, to be a conspicuous example of judicial hedging.

A dispute arose under a law forbidding truck payments. The law required biweekly payments in lawful money of the United States. Yaden had contracted to waive the law and "accept his pay or any part thereof at the option of said Hancock and Conkel in goods and merchandise at their store." On his trying to secure payment as the statute provided, the operators answered that the law abridged freedom of contract. The State supreme court gave an undivided opinion sustaining the law.¹ Its reasoning admits that the law limits the right of contract, but, after citing many other relations in which such limitation is sustained, it is held that this law does not violate the freedom protected by the Constitution.

* * * The right to contract is not, and never has been, in any country where, as in ours, the common law prevails and constitutes the source of all civil law, entirely beyond legislative control. * * * That this legislative authority is limited no one doubts; but it is limited only by the Constitution. But no limitation in that instrument so operates as to prevent the lawmaking power from prohibiting classes of citizens from contracting in advance that the wages of miners shall not be paid in lawful money of the United States.

The argument, after having shown the right of the legislature to pass laws affecting the right to contract, sustains the law in question on the ground that it is justified as a measure to protect what the National Government has decreed shall be money.

The last part of the argument is weak. The discussion of the power of the legislature over contracts to be made, however, is vigorous and is a forecast of what was slowly to be admitted by other courts. It betokened a new point of view when a court could conclude its examination of a law of this sort with the declaration—

The statute operates upon both the employer and the employee. It may, it is true, in its practical operation especially benefit the wage earner, but that is no fault; at all events the fault is not such a grievous one as to compel the courts to strike it down.

It is the more remarkable that the principles of *Hancock v. Yaden* should have had so little influence. It is unfortunate that the court, after the argument as to the legality of laws interfering with the conditions of contracts, passed to the advantages to be reaped from laws protecting the value of United States money, rather than to the general ground of the police power. Since that was done, the final conclusion became inapplicable to cases other than those involving the mode of payment, and the way seems to have been left clear for the general adoption of the sweeping arguments of *Godcharles v. Wigeman*, announced four years earlier.

¹ *Hancock v. Yaden*, 121 Ind. 366-373, Jan. 7, 1890.

CLASSES OF WAGE-PAYMENT LEGISLATION RECENTLY SUSTAINED.

Wage legislation which came to trial in the courts after *Hancock v. Yaden* was generally annulled up to the end of the nineteenth century. Since then the courts, especially the Supreme Court of the United States, have gradually become more lenient with social legislation in general, including wage laws. The decisions may be grouped according to the sort of regulation attempted.

REGULATION ON PUBLIC WORK.

These laws usually involve hours of labor as well as the wages to be paid. Only one case in the nineteenth century recognized the right of the public to stipulate the wage conditions under which its own work should be done.

In 1876 the law of 1869 of the United States Government providing an eight-hour day was sustained,¹ but only after an interpretation which made it merely directory to the agent, and gave him power to reduce the wages, if only eight hours were worked, or at his wish to make agreements for a working-day of more than eight hours. The point was raised squarely in the case of *State of Kansas v. Atkin*, decided in 1902. The court sustained the right of the State to regulate the conditions of labor in municipal contracts on the ground of State control over municipalities. No specific pleading was made of the right of free contract.²

The next year the same case came up on appeal in the United States Supreme Court and was again sustained. As to the plea of violation of freedom of contract the court says, after discussing the right of the State to make its own terms on public work, " * * * It can not be deemed a part of the liberty of any contractor that he be allowed to do public work in any mode that he may choose to adopt, without regard to the wishes of the State * * *." The decision in this case was followed in the next year by the *State of Washington*.⁴

The contrast between these cases and those State cases which have taken the opposite point of view is striking. New York before the *Atkin* case and Indiana afterwards had cases passing on substantially the same questions. The New York law required that the rate of wages on public work be the prevailing rate in similar employments in the locality in which the work was done. A contractor who took public work in New York City paid less than the current

¹ *United States v. Martin*, 94 U. S. 400-404, October term, 1876.

² *State v. Atkin*, 64 Kans. 174-180, Jan. 11, 1902.

³ *Atkin v. Kansas*, 191 U. S. 207-224, p. 222, Nov. 30, 1903.

⁴ *In re Broad*, 36 Wash. 449-462, Dec. 30, 1904. The following remark of the court as to suits of this sort is suggestive: "It is a notable fact, in this connection, that the alleged constitutional right of the laborer to contract his labor at any price which seems to him desirable is not in this, or any other reported case, a claim urged by the laborer, but the earnest contention in his behalf is made by the contractors who are reaping the benefits of the violation of that contract in paying the laborer a less remuneration than he is entitled to under the statute * * *."

wages and sued to compel payment on the contract which was withheld under the provisions of the law. The court declared the law unconstitutional because it denied to the city and the contractor the right to enter agreements as to the rate of wages. It was declared void also because the practices prohibited were in themselves innocent and harmless.¹ This extreme opinion was later modified as to the rights of the city, and employment directly by the city was admitted to be under the control of the State.²

Even this modification of the opinion did not meet the approval of the people of the State, and a constitutional amendment was passed giving the legislature authority to regulate labor conditions on public works whether done through contractors or directly. The legislature then reenacted the law in practically its original form and the courts have sustained the law.³

An Indiana law required that upon public work of the State or its subordinate agents, unskilled laborers should be paid not less than 30 cents per hour. The law was declared void by the State supreme court because it denied due process, and was class legislation. The remarkable statement is made that the counties, cities, and towns are corporations with a right to make contracts for the expenditure of money raised by local taxation and are not subject to the arbitrary control of the legislature.⁴

It is hardly to be contended in the light of the Atkin case and the generally accepted doctrine as to the legal position of American municipalities that either the New York or the Indiana case is good law. Whatever may be the uncertainties as to other classes of legislation affecting labor, there is practically no doubt that we are coming to recognize the right of the State to regulate the conditions upon which its own work shall be done without any limitation due to the "liberty of contract" of him who does the work.

LABOR CONTRACTS OF CORPORATIONS.

This sort of limitation of free contract is one which began to be sustained almost a decade before even *State v. Wilson*.⁵ It has been generally recognized that artificial persons have not the same rights as natural persons, and the tendency seems to be to hold that, as to contract, the individual's right is not so extensive that he can insist on the right to enter any contract he pleases even with an artificial person. This, taken with the right of the State to limit the contracts which a corporation may enter, insures the right to control the hours, conditions, and wages of labor for corporations even

¹ *People ex rel. Rodgers v. Cohn*, 108 N. Y. 1-44, Feb. 26, 1902.

² *Ryan v. City of New York*, 177 N. Y. 271-282, Jan. 20, 1904.

³ *People ex rel. Williams, Eng. & Const. Co. v. Metc.*, 108 N. Y. 142-162, Oct. 23, 1902.

⁴ *Street v. Varnum Electrical Supply Co.*, 160 Ind. 325-342, Apr. 1, 1903.

⁵ 61 *Kans.* 33-47, Nov. 11, 1899; also 7 *Kans. App.* 426-428, May 19, 1898.

to a greater extent than is ordinarily the case under the police power. The first case adopting this argument was one in Maryland in 1880,¹ but the doctrine was not followed in any other State until 12 years later. Then within seven years six courts, including the Supreme Court of the United States, approved the argument.²

Both these classes of cases may be supported by arguments which consider the character or position of the employers, and the right of the State to stipulate the conditions upon which contracts may be entered with them, quite apart from any consideration of the police power. Laws regulating labor on public work, or on works carried on by artificial persons dependent on the State for their franchises, do not raise the same question of freedom of contract as is raised when the agreement involves two natural persons. As the court says in a West Virginia case “* * * where peculiar privileges are granted by the State, peculiar responsibilities supervene, and special regulations may be proposed.”³

ASCERTAINMENT OF WAGES.

A third class of regulations has relation to the means to be used in the ascertainment of wages. These laws must rest solely on the police power for justification unless the authority for regulation can be brought under one of the preceding classes. The court in the *State v. Wilson* case adopts the view that the regulation is one to prevent fraud and does not interfere with the actual contract as to how much shall be paid the laborer for a day's work or for mining a ton of coal. Only one other State, Arkansas, has a decision sustaining a law of this sort.⁴ All other States hold such statutes—chief among which are the screening laws—to be unjustifiable under the police power.

The West Virginia case, *State v. Peel Splint Coal Co.*, argues that the regulation is justified under the police power, but the main reliance of the court is that the dispute involves a corporation which may be subject to special burdens.

Fortunately, however, the Arkansas case was carried to the Supreme Court of the United States and it is now authoritatively established that no Federal guaranty can be pleaded as a bar to such regulation. If laws of this character are hereafter held void the State constitutions alone must furnish the reasons.

¹ *Shaffer & Munn v. Union Mining Co.*, 55 Md. 74-87, Dec. 9, 1880.

² *State v. Brown & Sharpe Mfg. Co.*, 18 E. I. 16-33, Oct. 3, 1892.

State v. Peel Splint Coal Co., 36 W. Va. 802-853, Oct. 6, 1892.

Leep v. Railway Co., 58 Ark. 407-446, Feb. 3, 1894.

Dugger v. Insurance Co., 96 Tenn. 245-261, June 23, 1895.

Railway Co. v. Paul, 64 Ark. 83-96, May 1, 1897.

Railway Co. v. Paul, 173 U. S. 404-410, Mar. 6, 1899.

But the same doctrine in the same period was passed upon and rejected by four States: *State v. Ham*, 61 Kans. 146-180, Dec. 9, 1899; *Johnson v. Goodyear Mining Co.*, 127 Cal. 4-31, Nov. 20, 1899; *Braceville Coal Co. v. People*, 147 Ill. 66-75, Oct. 26, 1893; *State v. Missouri Tie & Timber Co.*, 181 Mo. 539-563, May 11, 1904.

³ *State v. Peel Splint Coal Co.*, 36 W. Va. 811, Oct. 6, 1892.

⁴ *McLean v. State* 81 Ark. 304-311, Dec. 10, 1906.

The Arkansas case is valuable also because the court drops any attempt to argue that the right of contract is not interfered with, but admits the limitation and then justifies it under the police power. Freedom of contract in the United States Supreme Court has ceased to be the last word in determining the constitutionality of social legislation. The adoption of the contrary holding would have made advance in legislation on labor questions impossible except to the extent that the courts were willing to adopt a meaning for freedom of contract which would not have been indicated by the words.

The law in question was a screen law, the phraseology of which was practically the same as that of the Illinois act held void in *Ramsey v. People*.¹ The court cites the cases in which freedom of contract had previously been recognized by the Supreme Court as a right not unlimited in character and declares:

* * * when the right to contract * * * conflicts with laws declaring the public policy of the State, enacted for the protection of the public health, safety, or welfare, the same may be valid, notwithstanding they * * * limit the freedom of contract. * * * It is * * * the established doctrine of this court that the liberty of contract is not universal, and is subject to restrictions passed by the legislative branch of the Government in its exercise of its power to protect the safety, health, and welfare of the people.

The legislature, being familiar with local conditions, is, primarily, the judge of the necessity of such enactments. The mere fact that the court may differ with the legislature in its views of public policy, or that judges may hold views inconsistent with the propriety of the legislation in question, affords no ground for judicial interference unless the act is * * * palpably in excess of legislative power.

The court then cites the investigation of the United States Industrial Commission under the act of Congress of June 18, 1898, which showed the existence of evils in the weighing of coal at mines which needed remedy, and concludes:

We are unable to say, in the light of the conditions shown * * * and in the necessity for such laws, evinced in the enactments of the legislatures of various States, that this law had no reasonable relation to the protection of a large class of laborers in the receipt of their just dues and in the promotion of the harmonious relations of capital and labor engaged in a great industry in the State.²

MEDIUM OF PAYMENT.

A fourth class of regulation which seems destined to be supported in an increasing number of States is that regulating the medium in which wages must be paid, requiring that they be paid in money or negotiable paper. The abuses connected with company stores and the payment of employees in scrip have long been familiar.

¹ 142 Ill. 330-337, Oct. 31, 1893.

² *McLean v. Arkansas*, 29 Sup. Ct. 397-399.

It should be noted, however, that though the United States Supreme Court sustains laws of this sort the majority of State decisions are to the contrary, though in some States the regulations would stand when not applied to natural persons.

Their prototypes, the old English truck acts, date from 1464 and can thus be argued to involve a principle adopted along with the English common law.¹ They were extended from one branch of manufacture to another and finally collected and consolidated into one act by Truck Act, 1, 2 William IV, 1831, c. 37. They were part of a system of regulation of the relations of master and servant, the latter being deemed the weaker and, therefore, liable to oppression by the former.² Laws of this sort are often objected to because they merely remove one sort of coercion to make way for another. Even if sustained it is asserted that they do not prevent the employer from instituting a more covert coercion in trading which will escape the terms of the law. But remedial statutes of this sort are not to be judged by the abuses actually remedied so much as by the abuses prevented by the knowledge that the law forbids the act,³ and in any event the efficiency of the law should be a matter for the judgment of the legislature, not for that of the court. The first case in the United States sustaining legislation against such abuses was the contest decided in *Hancock v. Yaden* already discussed.

The legality of laws regulating the issuance of scrip came up in two cases in Tennessee a decade after the *Hancock v. Yaden* decision. In the leading case, *Harbison v. Knoxville Iron Co.*, a law much more skillfully worded than many of those similar acts which have been annulled in State courts was involved. It was general in terms, enforceable by ordinary suit, and allowed the issuance of scrip providing it was redeemable in money at a pay day not more than 30 days from the date of issuance. It was unimpeachable on any constitutional ground, if not as a violation of freedom of contract. The court's well-argued opinion⁴ holds:

* * * The right of contract is undoubtedly an inherent part of the right of liberty, and also of the right of property, and deprivation of it is equally forbidden. But none of them are unlimited rights. All are subject to the law's control, and may, at any time, be abridged or enlarged or even destroyed within constitutional bounds. The act does, undoubtedly, abridge or qualify the right of contract. * * * The legislature evidently deemed the laborer at some disadvantage under existing laws and customs, and, by this act, undertook to ameliorate his condition in some measure. * * * Its tendency, though slight it may be, is to place the employer and employee upon equal ground in the matter of wages, and so far as calculated to accomplish that end, it deserves commendation.⁵

¹ This would justify these laws by the same arguments used to sustain usury acts.

² *Archer v. James*, 2 Best & Smith, 59-105, Nov. 4, 1850. " * * * They were applied first to one branch of manufacture * * * then * * * to others * * * till they embraced the whole or nearly the whole of the manufactures of England. They established the obligation * * * of uniformly paying the whole wages of artificers in the current coin of the realm. * * * They were * * * part of a system of legislation regulating the relation of master and workman, this part of it being in favor of the workman who * * * was deemed weaker than his master. * * * On the other hand existed regulations in favor of the master. * * * These were the laws against combinations and strikes." Byles, J., at p. 82.

³ See Byles, J., in *Archer v. James*, 2 Best & Smith, 82.

⁴ *Harbison v. Knoxville Iron Co.*, 103 Tenn. 421-428, Nov. 3, 1890.

⁵ *Idem*, 433, 440. To the same effect *Dayton v. Barton*, 108 Tenn. 604-615, Nov. 20, 1890.

Two years later the case came up before the Supreme Court of the United States and was sustained, the court quoting at length the Tennessee decision and modifying none of its conclusions.¹

Most State courts which have passed on the point, however, continue to hold scrip payment laws unconstitutional,² though the grounds alleged are not always based on the contract right, and in some instances decisions on other branches of social legislation seem to indicate that if the same question were raised at the present time the decision might be modified.

TIME OF PAYMENT.

Some courts are coming to recognize that the time of payment of wages may properly be regulated by the legislature. If the laborer is not paid at reasonably short intervals his need of credit or his inability to leave the district in which he is already employed may be used to limit his actual freedom. Ten States now have acts requiring weekly payment.

Court decisions have not been reached on all these laws. Where they have been held void the court has usually alleged an interference with contract in addition to violation of the State constitution. Weekly payment laws have been held unconstitutional in Indiana,³ Illinois, and Ohio⁴ as a deprivation of property without due process. In Pennsylvania semimonthly payments are held void

¹ Knoxville Iron Co. v. Harrison, 183 U. S. 18-22, Oct. 21, 1901; Dayton Coal & Iron Co. v. Barton, 183 U. S. 26-28, Oct. 21, 1901.

² Godcharies v. Wigeman, 113 Pa. St. 431-437, Apr. 28, 1896.

³ Frorer v. People, 141 Ill. 171-186, June 15, 1892. Void for classification; included only corporations, companies, and associations.

⁴ State v. Paint Rock Coal & Coke Co., 92 Tenn. 81-84, Nov. 18, 1892. Held void because of offense to peculiar provision of State constitution on imprisonment for debt.

State v. Loomis, 116 Mo. 307-336, Mar. 25, 1893.

Marsh v. Poston & Co., 35 O. L. B. 327-331, May 19, 1898. Void because discriminatory.

State v. Goodwill, 33 W. Va. 179-187, Nov. 18, 1898. Void as special legislation, but a law of similar character which did not classify employers was sustained by an evenly divided court in State v. Peal Splint Coal Co., 36 W. Va. 808-833, Oct. 6, 1892.

State v. Fire Creek Coal & Coke Co., 33 W. Va. 189-191, Nov. 18, 1898. Void for interference with contract.

Luman v. Hitchens Bros. Co., 90 Md. 14-29, Nov. 23, 1899. Void as violating equal protection.

State v. Haun, 61 Kans. 146-180, Dec. 9, 1898. Void for discrimination and for interference with contract.

Dixon v. Poe, 139 Ind. 429-500, Nov. 26, 1902. Void as special legislation, though the act had defects in drafting which may explain the decision.

Kellyville Coal Co. v. Harrier, 307 Ill. 624-632, Feb. 17, 1904. Void as special legislation and because of contract right.

State v. Missouri Tie & Timber Co., 181 Mo. 536-563, May 11, 1904.

Leach v. Missouri Tie & Timber Co., 111 Mo. App. 650-653, Apr. 4, 1905.

Jordan v. State, 51 Tex. Crim. App. 531-539, June 5, 1907.

State v. Nashville, etc. Ry. Co., 124 Tenn. 1-15, Mar. 4, 1911.

The question of freedom of contract does not arise in all of these cases, and even where it does arise it is not always the sole or main ground on which invalidity is urged. Often peculiar State constitutional provisions are offended. The law may be special where it is required to be general; it would be invalid because it affects natural persons, whereas it would stand if it applied only to corporations; or some other local consideration may influence the decision.

³ Republic Iron & Steel Co. v. State, 160 Ind. 379-392, Apr. 5, 1903.

⁴ Braecville Coal Co. v. People, 147 Ill. 68-75, Oct. 24, 1892; State v. Lake Erie Iron Co., 28 O. L. B. 6-8 June 19, 1894; classification was also objected to in this case.

for that reason and because of offense to State constitutional provisions relating to special legislation.¹

Monthly payment laws have been held to violate the constitution in Indiana because of discrimination against the classes to which the laws applied. The element of due process relied upon in the similar case on weekly payments was not urged,² and in California the courts in two cases have held void laws creating preferred liens for laborers for wages not paid weekly or monthly, regardless of whether the employer is a corporation or a natural person.³ The acts were declared unconstitutional because of discrimination, for violation of freedom of contract, and for technical objections to the right of attachment created.

Contrary to these holdings are the decisions in Rhode Island where periodical payment has been sustained as applied to corporations,⁴ and in Massachusetts and Vermont where even individuals are held to be properly under the act.⁵

In this class of cases should be mentioned the laws which fix the time of payment under special circumstances. Laws are found which require payment of the employee at the time of his discharge irrespective of the time of the regular pay day, under penalty of adding a percentage to the amount due or continuation of wages for a period at the former rate, in case the law is not obeyed. The latter sort of regulation has been sustained as applied to corporations in Arkansas,⁶ but a Texas law applying to railroad employees only has been held void as a discrimination between classes.⁷

The later cases, especially those in the Supreme Court of the United States, indicate that the fourteenth amendment with its due process guaranty, which is supposed to include a right of liberty of contract, is not to be allowed to stand in the way of the progress of social legislation. The *Lochner* case represents a philosophy of private right which is fast yielding to a philosophy of social control. We now have declarations by the United States Supreme Court⁸ which uphold:

1. The regulation of labor conditions on public work.
2. The control by the State of the means to be used in ascertaining wages, through screen laws and the like.

¹ *Com. v. Isenberg*, 4 Pa. Dist. Ct. 579-588, Aug. 3, 1895.

² *Toledo, etc. Ry. Co. v. Long*, 169 Ind. 316-318, Nov. 20, 1907.

³ *Shocum v. Bear Valley Irrigation Co.*, 122 Cal. 565-567, Dec. 5, 1898; *Johnson v. Goodyear Mining Co.*, 127 Cal. 4-21, Nov. 20, 1899.

⁴ *State v. Brown & Sharpe Mfg. Co.*, 18 R. I. 16-33, Oct. 3, 1892.

⁵ *In re House Bill No. 1280*, 163 Mass. 599-600, May 8, 1896; *Lawrence v. Bufland Railroad Co.*, 80 Vt. 370-390, Nov. 16, 1907.

⁶ *Union Sawmill Co. v. Felsenthal*, 84 Ark. 494, 495, Dec. 9, 1907.

⁷ *San Antonio & A. P. R. Co. v. Wilson*, 4 Tex. Civ. App. (Willson) 565-576, June 26, 1892.

⁸ *B. F. Moore: The Supreme Court and unconstitutional legislation*, in *Columbia University Studies in Hist. Econ. & Pub. Law*, 1913, vol. 54, No. 2, pp. 99-158.

3. The regulation of the medium in which wages are to be paid, resulting in the removal of at least some of the abuses connected with scrip payment and company stores.

4. The regulation of the minimum rate of wages to be paid women and children in private employments.

There can be little doubt that a law regulating the time of wage payments can be drawn which will be sustained. Besides there are the State cases adopting the more liberal view of the power and duty of the State. The outlook for wage-payment legislation in the face of these facts can not be considered discouraging. We have still the possibility of reactionary decisions such as the Missouri case, which though later, does not follow the holding of the Supreme Court in *McLean v. Arkansas*; but with the development of a public opinion more favorable to the real rights of man as against the rights of property, even such failure by the courts to realize the demands of our industrial life will become less frequent, if they do not disappear.

CHAPTER X.—IS FREE CONTRACT A CONSTITUTIONAL RIGHT?

The natural-law philosophy that underlies the political theories of our Supreme Court and that, partly on that account, partly for other causes, continues to be the background from which most of our State courts speak, keeps alive the idea of natural rights—unexpressed constitutional rights which the legislature can not infringe even though in neither State nor Federal constitutions is there any mention of their existence. To be sure, these inalienable rights are spoken of only occasionally in any other form than dicta supporting rights sustainable under some written constitutional provision, but the contention that there are inalienable rights appears early in our history. The Declaration of Independence holds their existence as “self-evident.” In 1798 Mr. Justice Chase, in the Supreme Court of the United States, declared:

* * * I can not subscribe to the omnipotence of a State legislature, * * * or that it is absolute and without control; although its authority should not be expressly restrained by the constitution, or fundamental law, of the State. * * * To maintain that our Federal, or State, legislature possesses such powers, if they (have) * * * not been expressly restrained, would, in my opinion, be a political heresy, altogether inadmissible in our free republican governments.¹

Similar expressions run through our Federal cases even to the present time.

“It may well be doubted whether the nature of society and of government does not prescribe some limits to the legislative power * * *,” says Mr. Chief Justice Marshall in 1810,² and in 1874 Mr. Justice Miller insists that—

It must be conceded that there are such rights in every free government beyond the control of the State. A government which recognized no such rights (would be) * * * after all but a despotism * * *. There are limitations * * * which grow out of the essential nature of all free governments. Implied reservations of individual rights, without which the social compact could not exist * * *.³

In 1884 we are told that acts under the police power are valid when they “do not conflict with any constitutional inhibition or natural right * * *.”⁴ Examples of similar language could be multiplied almost at will from the State cases. The Massachusetts court declares that certain rights “* * * are recognized in the organic law of all our free American States. A statute which violates any of these rights is unconstitutional and void, even though the enact-

¹ In *Calder v. Bull*, 3 Dallas, 287-299, August term, 1798.

² *Fletcher v. Peck*, 6 Cranch, 125, February term, 1810.

³ *Loan Association v. Topeka*, 20 Wall. 652-663, October term, 1874.

⁴ *Butchers' Union v. Crescent City Co.*, 111 U. S. 754, May 4, 1884.

ment of it is not expressly forbidden * * *." The Wisconsin supreme court in a late case thinks that "the fallacy of the idea that the Government creates or withholds property rights at will is very apparent * * *" and a lengthy argument is given to prove that certain inherent rights existed in the people prior to the making of any of our constitutions is " * * * a fact recognized and declared by the Declaration of Independence, and by practically every State constitution * * *."

Among these unexpressed rights, which, nevertheless, the Constitution protects, as the courts have often intimated is to be found the right to contract, at least as it is possessed by natural persons. " * * * Natural persons do not derive the right to contract from the legislature * * *" declares an Arkansas court.¹

" * * * This denial of the right to contract," says the Supreme Court of Missouri in passing on a company-store act "is based upon a classification which is purely arbitrary, because the ground of the classification has no relation whatever to the natural capacity of persons to contract,"² and the Indiana court, in declaring a law unconstitutional, states that " * * * even if no express provision of any constitution forbade such legislative interference with the right of contract, it would be void for the reason that the authority to fix by contract the prices to be paid for property, including human labor, is not ordinarily within the domain of legislation * * *." Such a law is " * * * objectionable as an invasion of natural and constitutional rights * * *."³

But these are not the main grounds on which the courts have relied in declaring legislation void. From the first, indeed, there has been strong dissent as to the existence of any inalienable rights.

In the *Calder v. Bull* case Justice Iredell, concurring in the decision, dissented as to the dicta on unexpressed constitutional rights. He says:

* * * It is true that some speculative jurists have held that a legislative act against natural justice must, in itself, be void; but I can not think that, under * * * a government * * * composed of legislative, executive, and judicial departments * * * established by a Constitution which imposed no limits on the legislative power * * * any court of justice would possess a power to declare it so. If * * * the Legislature of the Union or the legislature of any member of the Union, shall pass a law within the general scope of their constitutional power, the court can not pronounce it to be void merely because it is, in their judgment, contrary to the principles of natural justice * * *.

This is practically the accepted view of the courts, however much they may insist that there are rights to which every man

¹ *Commonwealth v. Perry*, 135 Mass. 121, Dec. 1, 1881.

² *Nunnemacher v. State*, 126 Wis. 193, June 21, 1904.

³ *Leep v. St. Louis, Iron Mountain & Southern Ry. Co.*, 53 Ark. 437, Feb. 2, 1894.

⁴ *State v. Loomis*, 115 Mo. 314, Mar. 25, 1898. Quoted with approval in *State v. Ma. Tie & Timber Co.*, 181 Mo. 536-563, May 11, 1904.

⁵ *Street v. Varney Electrical Supply Co.*, 163 Ind. 341, 346, Apr. 1, 1896.

⁶ *Calder v. Bull*, 3 Dallas, 306-308, August term, 1796.

is born. With the exception of a few doubtful State cases¹ there are no decisions where natural rights have appeared as more than dicta to support conclusions arrived at on specific constitutional grounds. The most that can be said for unexpressed constitutional rights is stated by Cooley in his *Constitutional Limitations*. There are some rights, he says, which "spring from the very nature of free governments," but his discussion admits that "the courts can enforce only those limitations which the Constitution imposes; not those implied restrictions which, resting in theory only, the people have been satisfied to leave to the judgment, patriotism, and sense of justice of their representatives."²

For any real guaranty of these unexpressed rights we must depend, therefore, upon some expressed constitutional guaranty which will include them by implication. In the case of freedom of contract the phrases usually construed by the courts to be thus comprehensive are the clauses referring to the protection of personal liberty and property, especially the latter, which on this point is held to include the former. A typical point of view is that, "Labor is property. It is exchangeable for food, raiment, and comforts, and may be bought and sold and contracts made in relation thereto, the same as concerning any other property."³

The latter part of this statement is open to question. Mr. Cooley says that—

when the Constitution was adopted there were known and settled rules and usages forming a part of the law of the country in reference to which the Constitution has evidently been framed, * * * the Constitution itself must be understood as requiring them because * * * it has in effect adopted them as part of itself.⁴

What were these rules and customs which thus became parts of the Constitution? It was long contended that the use of the jury was a custom thus adopted and therefore beyond statutory modification, a view now repudiated by the Supreme Court.⁵ It has been even more strenuously asserted that the unrestricted right to contract with respect to labor is one which must be protected as a part of the Constitution. But this contention also is doubtful.

There were, at the time of the adoption of our Constitution, statutes of long standing in England which regulated the employment of servants and laborers. It is patent that they could not have existed if it had been English belief that the contract relation involved a property right which must be left untouched by legislation. If the right to enter into contracts with respect to labor was a property right, it was one which could be regulated by law. It did not

¹ *State v. Redmon*, 134 Wis. 89-116, Dec. 12, 1907, for example.

² T. M. Cooley: *Constitutional Limitations*, ed. 1890, Boston, p. 152.

³ *Republic Iron & Steel Co. v. State*, 160 Ind. 383, Apr. 3, 1903.

⁴ T. M. Cooley: *Constitutional Limitations*, ed. 1890, Boston, p. 152.

⁵ *Hurtado v. California*, 110 U. S. 516-558, Mar. 2, 1884.

stand in exactly the same legal position as a man's right to a dwelling owned in fee simple. It was not then true that contracts to labor could be made just as was allowed "concerning any other property."

At that time it seems to have been thought in America, too; that a contract to perform personal services was not an ordinary property right but involved the exercise of a liberty or privilege rather than a property right in the usual sense of the term. Mr. Justice O. W. Holmes states that:

* * * So far as we are aware, the capacity to make such a contract was not, in the discussions concerning the (Massachusetts) constitution, ever spoken of as property, although that capacity may be necessary for the acquisition of property * * *.¹

Further, during the Revolutionary period the States passed laws regulating the prices of commodities and in some respects the prices of labor,² indicating that regulations of the right to enter into contracts were not in conflict with even the natural rights enthusiasm of the time. It is not too much to say that neither in England nor in America at the time of the adoption of the Constitution was there any generally accepted idea that the right to enter into contracts was a property right in the same sense that there might be a right to property which arose by an executed contract. It was not the accepted doctrine either in England or America that an inalienable or unalterable character should be recognized as a part of the "right to contract."

Limitations in the right of contract have been recognized at common law, by equity, and in the legislation which has been sustained under our constitutions. Though the examples which follow do not attempt to exhaust the list that might be given, they will serve to illustrate the sorts of restraint which already exist in our law.

At common law some contracts have always been void. Married women were under general disability to make contracts during coverture, and, though these disabilities have been largely removed by statute, it still remains the rule that husband and wife can not make contracts with each other.

Equity, too, has recognized limitations on free contract. Sailors' contracts have long been closely scrutinized by the courts to protect what is assumed to be a class who have peculiarly weak bargaining power. Needy borrowers are not allowed to destroy their equities of redemption by any collateral provisions, though their need and the arguments of the lenders may convince them that such action be ever so necessary.

But the legislation which the courts have sustained is the strongest argument against considering freedom of contract an unqualified

¹ In re House Bill No. 1230, 163 Mass. 593, May 6, 1896.

² See Massachusetts Provincial Statutes, 1776, 1777, ch. 24, 42; 5 Provisional Laws (State ed.), 353, 643.

property right. Usury legislation has so long been sustained as to constitute almost a class by itself. Laws have been passed which forbid agreements by parties that part payment of a debt shall extinguish it.¹ Contracts waiving homestead exemptions have been forbidden.² A debtor can not waive stay of execution by contract.³ Seamen's wage contracts have been regulated by Federal law.⁴ Contracts not to resort to courts have been prohibited.⁵ A contract not to remove a case to a Federal court is void.⁶ Parties have been forbidden to contract without limitation that they will not engage in a particular business.⁷ Certain notes must have "given for a patent" written on the face.⁸ Priority of claims may be regulated by the legislature.⁹ Liens for miners' wages may be given preference over other claims.¹⁰ Agreements made to evade laws imposed on grounds of public policy, such as laws abolishing the fellow-servant doctrine on railroads, are illegal.¹¹ Laws have been sustained even though they prohibit parties from contracting to pay attorneys' fees.¹² The Federal courts uphold restraint upon the contracting powers of insurance companies.¹³

By custom before the adoption of the Constitution certain businesses were considered legitimate. If the law were to remain fixed at the standard then prevalent, these businesses and contracts in relation to them would not now be subject to limitation, but the sale of intoxicating liquors and the running of lotteries have now been subjected to severe police regulation or prohibited altogether. Such limitations of contract the courts have repeatedly sustained.¹⁴

Liberty of contract is a concept that, in the form in which it is pleaded by the followers of *laissez faire*, is a development of the last three decades.¹⁵ It is an outgrowth, not a true part of the liberalistic ideas

¹ *Osborn v. Hoffman*, 52 Ind. 439-442, May term, 1876.

² *Maloney v. Newton*, 85 Ind. 565-571, November term, 1882; *Kneettle v. Newcomb*, 22 N. Y. 249-253, September term, 1860; *Curtis v. O'Brian*, 20 Iowa, 376-378, June 9, 1866; *Moxley v. Ragan*, 73 Ky. 156-159, Mar. 14, 1873.

³ *Develin v. Wood*, 2 Ind. 102-105, June 3, 1850.

⁴ 30 St. at L. 755, 763, ch. 28, U. S. Comp. Stat. 1901, pp. 3071, 3080; *Patterson v. Bark Eudora*, 100 U. S. 160-179, June 1, 1903.

⁵ *Dugan v. Thomas*, 79 Me. 221-223, Mar. 3, 1887; *Bauer v. Samson Lodge*, 102 Ind. 262-271, June 13, 1886.

⁶ *Insurance Co. v. Morse*, 20 Wall. 445-459, October term, 1874.

⁷ *Taylor v. Saurman*, 110 Pa. St. 3-9, Apr. 24, 1885.

⁸ *New v. Walker*, 108 Ind. 365-376, Dec. 7, 1890; *Herdic v. Roessler*, 109 N. Y. 127-134, Apr. 10, 1896.

⁹ *United States v. Fisher*, 2 Cranch, 358-405, February term, 1805.

¹⁰ *Warren v. Sohn*, 112 Ind. 213-221, Nov. 3, 1887.

¹¹ *Missouri Pacific R. R. Co. v. Mackey*, 127 U. S. 206-210, Apr. 23, 1888.

¹² *Churchman v. Martin*, 64 Ind. 380-389, November term, 1875.

¹³ *Orient Ins. Co. v. Daggs*, 173 U. S. 557-567, Jan. 16, 1900; *Phoenix Ins. Co. v. Levy*, 13 Tex. Civ. App. 45-48, Dec. 4, 1895.

¹⁴ *Stone v. Mississippi*, 101 U. S. 814-821, October term, 1879; *Douglas v. Kentucky*, 168 U. S. 488-506, Nov. 20, 1897; *Gioux v. Tiernan*, 148 U. S. 657-662, Apr. 10, 1903; *Kidd v. Pearson*, 128 U. S. 1-26, Oct. 23, 1888; *Crowley v. Christensen*, 137 U. S. 86-95, Nov. 10, 1900.

¹⁵ At the present time the phrase is not made a topic in the more serious recent discussions of the Constitution—see Willoughby on the Constitution (1910) and Watson on the Constitution (1910)—though of course the principles it involves are considered at length under due process of law and various other heads.

as to legislation prevalent in the eighteenth and early nineteenth centuries. The courts which insist on freedom of contract as a constitutional right have adopted as a part of our Constitution the economic theory prevalent at the time the Constitution was made, but they have not worked out a line of argument consistent with history nor consistent with that theory. Reference is made in the decisions to a "natural capacity of persons to contract"¹ and laws are held void because of conflict with "natural and constitutional rights,"² but these expressions have no definite meaning. The rights referred to are not rights under the common law because there were limitations upon contract at common law. These limitations, it is admitted, it is within the power of the legislature to abolish. They stand on no footing different from that held by other common-law rules. But if these rights to contract refer to common-law capacity merely, then they have no special protection under the constitutions, a conclusion which the courts would not accept. Do the courts mean, however, that no incapacities can be created other than those which existed under common law, though these may be abolished if the legislature so wills? Have our constitutions adopted some provisions of the common law as unalterable? Have they determined that while the common-law capacities may be widened they can not be decreased? Some cases seem to indicate that that is the standard adopted. In *Ritchie v. People* the court seems to believe that the common-law capacities of married women can not be further limited,³ but that standard can not be maintained in the face of the numerous laws and decisions which have created incapacities unknown to the common law. The same court which issued the *Ritchie* decision has in fact since reversed its opinion as to the power of the legislature over the contractual rights of women.⁴

The fact is that in the present state of our decisions there is no right of free contract which lends itself to precise statement. The more vague and general the terms employed the greater the chance that the definition will receive the assent of a large number of critics. Prof. Freund has defined what can be done under the police power to affect the freedom of contract as follows:

* * * Where a contractual relation is voluntarily entered into, rights and obligations, which are conformable to the nature of the relation, may be defined by the law and made conclusive upon the parties irrespective of stipulations attempting to set them aside, especially where such stipulations involve the waiver of valuable personal rights, or where they are virtually imposed by one party without power of choice on the part of the other.⁵

¹ *State v. Loomis*, 115 Mo. 307-336, Mar. 25, 1893.

² *Street v. Varney Electrical Supply Co.*, 169 Ind. 333-343, Apr. 1, 1903.

³ *Ritchie v. People*, 155 Ill. 93-133, Mar. 14, 1905.

⁴ *Ritchie v. Wayman*, 344 Ill. 509-521, Apr. 23, 1916; see also *State v. Muller*, 45 Oreg. 253-258, June 26, 1904; *Muller v. Oregon*, 26 Sup. Ct. 324-327, Feb. 24, 1908.

⁵ Ernst Freund: *Police Power*, Chicago, 1904, sec. 303, p. 539.

But such a definition destroys the categorical standard set up by the extreme advocates of *laissez faire*. It opens a wide field for difference of opinion as to what the terms mean.

What are the rights and obligations which would be conformable to a particular contract? They would evidently depend upon the character of the agreement, which, as we have seen, is not a fixed quantity but often depends on facts rather than law, and the facts are the same in no two sorts of contracts nor in the same sort of contracts at different times. It will, therefore, be exceedingly difficult to define the rights and obligations referred to, especially if by "law" is meant what the court will support rather than what the legislature enacts. Further, what are the valuable personal rights spoken of in the latter part of the definition? Both sides might claim the protection of their personal rights; the one, those alleged to be guaranteed by the Constitution; the other, those assured by the law alleged to infringe the Constitution. Then the question would arise here, as before, whether the will of the legislature or of the courts should be the final measure in interpreting rights under that instrument.

But this is not meant as criticism of the definition. It is only meant to show that broad definitions are the only ones that can be attempted and that even they lead us but a short distance in the search for the standard which we shall probably adopt as the limit beyond which the legislature can not go. The difficulty we encounter is due partly to the confused state of our law, partly to the nature of the facts with which the courts and legislature are called upon to deal.

Is freedom of contract, then, a constitutional right? Not in the sense in which the individualist uses the term. The decisions which maintain it in its unqualified terms represent a fast passing legal and economic philosophy. They do not express a constitutional principle. Freedom of contract, if the phrase be used at all, must be held to represent that residuum of individual free choice in contract which remains after society has determined what shall not be done. It is illogical to suppose that the framers of the Constitution intended to bind society to any fixed economic doctrine popular at the time the instrument was made, but which did not allow for adjustment to new conditions. They could not have meant to establish as a part of the Constitution something which in its strict form was not adhered to in either the history or contemporary practice of Anglo-Saxon peoples. Freedom of contract, if indeed it was in the minds of those who made the Constitution, meant a broad principle of protection, not an arbitrary, logical rule. It is no well-defined sphere of action into which the legislature may not intrude, but one constantly changing, a constitutional right which, if it be a right at all, is not only unexpressed, but, because of its shifting character, unexpressible.

Even the representatives of the English school of thought which made *laissez faire* so prominent a part of their country's national policy do not argue for the standard indorsed by the extreme decisions of our courts. They have adopted, in fact, the opposite philosophy. The new liberalism of contemporary English politics is often charged with being false to the ideals of the true *laissez faire* philosophy. That it has gone far from the standards for which the Cobdenites strove is undoubted. Present-day liberalism no longer insists that the unrestricted action of the individual is essential for all progress and the first condition of true liberty. The viewpoint of the school of Cobden was economic; modern liberalism has broadened its horizon to include the social as well as the economic good of the community.

The chief ambition of the Cobdenites was to free foreign trade; that accomplished the good workman would get the full value of his work and become free. Restraint which sacrificed the common good to that of a class was to be broken down. But Cobden himself admitted that the State might step in for the protection of the child laborer. Free contract could not be applied in strictness to him. The community owed it to itself that not only should oppression by restraint be abolished but that oppression caused by a false idea of liberty should not be tolerated. Once this argument was admitted it was capable of expansion. If the child was a weak bargainer, might not the same be true of women, and of some men? Liberalism has come to recognize that in proportion as any group is weak it must, if unaided, accept unfavorable terms in the wage bargain. Gradually, almost against its will at times, English liberalism has been forced to recognize that if liberty and freedom are to be joined with equality in labor conditions, the State must control the hours, and finally the rate of remuneration of the laborer without limitation as to age or sex. This was the result of the development of an argument which was accepted even by the advocates of *laissez faire*. True it is that the social responsibility of the State was grudgingly admitted by Cobden and Bright and in the beginning factory legislation in England owed much to Conservative support. But, on the other hand, Hobhouse among early Radicals was an active supporter of the restrictive legislation, and the important acts of 1833 and 1847 were passed by Whig Governments.

The new attitude is not so much a change of ground as a facing in a new direction to protect from a new attack upon the same position. A free bargain, the ideal of the older liberalism, does not involve, say its later representatives, freedom to force a bargain. Where one party is not willing in a true sense there is no free contract. Social freedom is a broader ideal, and under mundane conditions must rest

on restraint. Only when the actions by which one man may injure another are restrained does the whole community enjoy freedom, and this is true even though those actions involve a contract and mask themselves behind a right of property. It is entirely consistent, say the modern liberals, to oppose economic protection while supporting protective social legislation. Both actions have as their object the securing of a greater measure of true freedom, an approach to equality in industrial relations.

English legislation, under the guidance of those who still champion what was true and vital in the old *laissez faire* philosophy, has already arrived at the acceptance of a degree of social control, the importance of which we in America have been slower to realize. What is got in England by the direct means of legislation we shall achieve less directly through a new appreciation of what our constitutions mean.

CHAPTER XI.—FUTURE OF WAGE-PAYMENT LEGISLATION.

UNSETTLED STATE OF OUR LABOR LAW.

Unsettled conditions in any branch of law are always a cause of uneasiness. Our labor-law decisions are so discordant that until the State courts, at least, have passed on any act we can not be measurably sure of what the law really is, even though similar legislation has been sustained in the neighboring Commonwealths. But such uncertainty, while disquieting to us at present, need not be discouraging as to the probable future of this branch of legislation. Unsettled conditions may indicate only a phase of development preceding the adjustment of legal principles to new conditions. This is doubtless the condition of our law as to free contract. The doctrine of public control declared in the Granger cases is only a generation old. Even that doctrine has been subjected to gradual modification. Judicial review of the control established by the legislature has been recognized. We no longer believe, as the court declared, that in case of confiscatory legislation the appeal is to the electorate and not to the courts. On the other hand the court intimated that the ground of public control was that the business was "affected with a public interest" and that under the Constitution the people had no right to control interests purely private. We are now less sure that this is the case, or, at least, we have been expanding our definition of what is the public interest and in that way including among those affected thereby an increasing number of industrial relations.¹

That we have arrived at no fixed interpretation of the limits of public control, exasperating though that be when the attitude of the courts of some States is considered, may be, after all, a reason for congratulation rather than regret. We have still preserved the power to adjust our legal concepts to further changes, should our industrial development show their necessity. The courts have not so crystallized the doctrine of freedom of contract—the novel concept introduced in the Pennsylvania and the Illinois courts in 1836—into a fixed principle of our fundamental law that to change it we must call upon the ponderous machinery of constitutional amendment. It must be admitted that arithmetical computation shows that the great majority of decisions on the subject have been against the constitutionality of the social legislation on trial. It must also be admitted that many of the laws which have been passed for the protection of the laborer in his hours of labor or in his wages, while they make an imposing array on paper, have in large measure remained uncontested not because of the unquestioned acceptance of their constitutionality but because, due to their lax enforcement, they have not been restrictive enough to

¹ For example the recent decision of the United States Supreme Court on the so-called Adamson law

induce anyone to test them before the courts. We, therefore, do not know how many more would be declared void if tested.

But it has been shown that the developments of the past 10 years give evidence of a changing attitude in the courts, an attitude which is a tardy reflection of public opinion. It is even more true that public opinion has forced upon the legislature greater care in the framing of labor statutes, so that they may not run foul of the limitations the courts have pointed out, and has given the administration greater zeal in the enforcement of the laws passed. When decisions have alleged general labor laws to be in conflict with State constitutions, there have been instances where public opinion has forced the passage of constitutional amendments which have placed such acts under the control of the Federal Constitution alone. These changes both within and without the courts show that there is great progress being made not only in the conception of the courts of rights under the Constitution, but also in public opinion, in the realization of the advantage and necessity of social control. The grounds on which laws on wage payments can be sustained vary with the character of the law in question. Some examples of social legislation, notably those against the use of scrip in wage payments, are comparatively easy to sustain under the usual interpretation of the police power. The antiquity of such legislation, which dates from at least the fifteenth century, justifies putting cases of this sort on a par with usury laws—the constitutionality of which the courts do not question—even if the concrete evidence of abuse at the present time were not so clear as to force attention.

But the most difficult cases, and the ones in which it is often most important to have the laws sustained, are those in which some indefensible practice does not lie on the surface but in which the harm is ascertainable only after detailed and careful study. It is in just such cases that the courts finding information of abuse lacking or not well substantiated, are apt to fall back upon laissez faire principles and give categorical decisions such as started the antisocial holdings in New York,¹ Pennsylvania,² and Illinois.³

In justification of the usual attitude of the courts in such cases can be cited the difficulties that have arisen occasionally where the social legislation has been sustained. Weekly or biweekly payment laws, enacted for the alleged benefit of the laborer, by their disarrangement of an established custom of a longer period of payment have been found to work such hardship in some States that a rigorous enforcement of the laws was at first impracticable,⁴ and it is never exactly certain what the effect of the new law on the industries will be.⁵

¹ In re Jacobs, 96 N. Y. 98-115, Jan. 20, 1895.

² Godcharles v. Wigaman, 113 Pa. St. 431-437, Apr. 28, 1896.

³ Millett v. People, 117 Ill. 294-305, June 12, 1896.

⁴ See Report of the Factory Inspector of New York, Albany, N. Y., 1890, pp. 102, 108.

⁵ See U. S. Industrial Commission, Report, 1901, vol. 12, LXV-LXXII, Washington, D. C., as to Colorado mining and as to Illinois; Report of the Bureau of Labor Statistics, 1890, appendix.

DETERMINATION OF FACTS.

This brings us to one of the most important present questions in connection with wage-payment legislation and social legislation in general: How are the facts to be determined upon which the necessity of the law shall be judged? In the past, it must be frankly admitted, they have not, as a rule, been determined at all. The courts have had neither agencies nor financial means to make investigations as to whether special conditions made the law a justified exercise of the police power.¹ Counsel in the average case has been limited in presenting the evidence justifying the law, frequently by the attitude of the court, almost always by the resources of his client; and in any case such evidence must be *ex parte*. Since in the trial of the case neither the court nor the parties involved can make adequate investigation of the justification of the law under the police power, the only other recourse would seem to be to shift that responsibility to the legislature. In fact, the rules of interpretation which the courts follow, requiring the proof of an unmistakable violation of the Constitution before they will declare a law invalid, seem to speak for a standard of this sort. But especially in recent years, as has often been pointed out, the courts have shown a tendency to question the impartiality of the legislatures' conclusions as to necessity. The courts are now far from accepting the statement made in an Illinois case concerning the police power:

As a general proposition, it may be stated, it is the province of the lawmaking power to determine when the exigency exists, calling into exercise this power. What are the subjects of its exercise is clearly a judicial question * * *.

To accept this statement would practically destroy judicial review. Practically all that would be necessary to protect the law against being declared void would be a title declaration that the law was passed to promote the public health or convenience. To repose such a degree of confidence in the State legislatures would hardly meet the approval even of the public opinion which demands social legislation. That the courts generally are indisposed to recognize any such limitation of their power of review is abundantly shown from the cases.²

EXPEDIENTS FOR OBTAINING FACTS.

There is not now any impartial agency to which the courts can appeal to determine a doubtful issue of the fact, the decision of which will determine the constitutionality of a law. Several methods conceivably might be followed to loosen the too rigid rule by which many of our courts now interpret our social legislation.

¹ It is but fair to say, also, that some courts have shown unwillingness to consider evidence of such conditions even when presented. In some cases the evidence of experts has been rejected as tending to put the law "upon a very weak and unstable foundation." *State v. Cantwell*, 175 Me. 265-269, Feb. 1, 1904.

² *Lake View v. Rose Hill Cemetery Co.*, 70 Ill. 194-204, September term, 1872.

³ In the New York *Bakeries Case* the court expressly states that it will not be bound by a legislative declaration of necessity under the police power. In *In re Jacobs* the law was declared to be one to improve public health, but was declared void.

induce anyone to test them before the courts. We, therefore, do not know how many more would be declared void if tested.

But it has been shown that the developments of the past 10 years give evidence of a changing attitude in the courts, an attitude which is a tardy reflection of public opinion. It is even more true that public opinion has forced upon the legislature greater care in the framing of labor statutes, so that they may not run foul of the limitations the courts have pointed out, and has given the administration greater zeal in the enforcement of the laws passed. When decisions have alleged general labor laws to be in conflict with State constitutions, there have been instances where public opinion has forced the passage of constitutional amendments which have placed such acts under the control of the Federal Constitution alone. These changes both within and without the courts show that there is great progress being made not only in the conception of the courts of rights under the Constitution, but also in public opinion, in the realization of the advantage and necessity of social control. The grounds on which laws on wage payments can be sustained vary with the character of the law in question. Some examples of social legislation, notably those against the use of scrip in wage payments, are comparatively easy to sustain under the usual interpretation of the police power. The antiquity of such legislation, which dates from at least the fifteenth century, justifies putting cases of this sort on a par with usury laws—the constitutionality of which the courts do not question—even if the concrete evidence of abuse at the present time were not so clear as to force attention.

But the most difficult cases, and the ones in which it is often most important to have the laws sustained, are those in which some indefensible practice does not lie on the surface but in which the harm is ascertainable only after detailed and careful study. It is in just such cases that the courts finding information of abuse lacking or not well substantiated, are apt to fall back upon *laissez faire* principles and give categorical decisions such as started the antisocial holdings in New York,¹ Pennsylvania,² and Illinois.³

In justification of the usual attitude of the courts in such cases can be cited the difficulties that have arisen occasionally where the social legislation has been sustained. Weekly or biweekly payment laws, enacted for the alleged benefit of the laborer, by their disarrangement of an established custom of a longer period of payment have been found to work such hardship in some States that a rigorous enforcement of the laws was at first impracticable,⁴ and it is never exactly certain what the effect of the new law on the industries will be.⁵

¹ *In re Jacobs*, 98 N. Y. 98-115, Jan. 20, 1885.

² *Godcharles v. Wigeman*, 113 Pa. St. 431-437, Apr. 28, 1896.

³ *Millett v. People*, 117 Ill. 294-305, June 12, 1896.

⁴ See Report of the Factory Inspector of New York, Albany, N. Y., 1890, pp. 102, 108.

⁵ See U. S. Industrial Commission, Report, 1901, vol. 12, LXV-LXXII, Washington, D. C., as to Colorado mining and as to Illinois; Report of the Bureau of Labor Statistics, 1900, appendix.

DETERMINATION OF FACTS.

This brings us to one of the most important present questions in connection with wage-payment legislation and social legislation in general: How are the facts to be determined upon which the necessity of the law shall be judged? In the past, it must be frankly admitted, they have not, as a rule, been determined at all. The courts have had neither agencies nor financial means to make investigations as to whether special conditions made the law a justified exercise of the police power.¹ Counsel in the average case has been limited in presenting the evidence justifying the law, frequently by the attitude of the court, almost always by the resources of his client; and in any case such evidence must be *ex parte*. Since in the trial of the case neither the court nor the parties involved can make adequate investigation of the justification of the law under the police power, the only other recourse would seem to be to shift that responsibility to the legislature. In fact, the rules of interpretation which the courts follow, requiring the proof of an unmistakable violation of the Constitution before they will declare a law invalid, seem to speak for a standard of this sort. But especially in recent years, as has often been pointed out, the courts have shown a tendency to question the impartiality of the legislatures' conclusions as to necessity. The courts are now far from accepting the statement made in an Illinois case concerning the police power:

As a general proposition, it may be stated, it is the province of the lawmaking power to determine when the exigency exists, calling into exercise this power. What are the subjects of its exercise is clearly a judicial question * * *.

To accept this statement would practically destroy judicial review. Practically all that would be necessary to protect the law against being declared void would be a title declaration that the law was passed to promote the public health or convenience. To repose such a degree of confidence in the State legislatures would hardly meet the approval even of the public opinion which demands social legislation. That the courts generally are indisposed to recognize any such limitation of their power of review is abundantly shown from the cases.²

EXPEDIENTS FOR OBTAINING FACTS.

There is not now any impartial agency to which the courts can appeal to determine a doubtful issue of the fact, the decision of which will determine the constitutionality of a law. Several methods conceivably might be followed to loosen the too rigid rule by which many of our courts now interpret our social legislation.

¹ It is but fair to say, also, that some courts have shown unwillingness to consider evidence of such conditions even when presented. In some cases the evidence of experts has been rejected as tending to put the laws "upon a very weak and unstable foundation." *State v. Cantwell*, 178 Me. 265-269, Feb. 1, 1904.

² *Lake View v. Run Hill Cemetery Co.*, 76 Ill. 191-204, September term, 1872.

³ In the New York *Bakeries Case* the court expressly states that it will not be bound by a legislative declaration of necessity under the police power. In *In re Jacobs* the law was declared to be one to improve public health, but was declared void.

1. It is possible to attach to the courts special counsel,¹ temporary or permanent, who, with the court, will undertake an independent review of the abuses which the law aims to remedy. Such an expedient would certainly furnish sufficient protection to private rights. It might still occur that the juridical training of counsel and the court would prevent the evidence of actual inequality as opposed to legal equality from having its proper weight.

2. A group of administrative officers in charge of the administration of social legislation might be given the duty, at the request of the court, to make an investigation of the object and probable effects of the law for the information of the court. Bodies of this sort, for the ascertainment of facts in relation to labor legislation, might come to hold a position similar to that held by the public utilities commission of some of our States for the ascertainment of facts in relation to the rates to be charged on public utilities.

3. The State legislatures might voluntarily give us, through their regular committee hearings, or by investigations by committees authorized to meet during recess, means of collecting facts, which could be taken by the courts as an aid in judging the constitutionality of laws. If legislative investigations developed a more impartial semijudicial character there is no doubt that the courts would not so frequently be found declaring that the laws passed under the police power could not be held by reasonable men to have any relation to the public health. The development of some agency which could place before the courts the results of investigations of labor and social conditions which have "at least some of the guaranties of impartiality that are supposed to belong to judicial procedure"² would be one of the greatest aids that could be given to progressive social legislation. So long as the courts are under the necessity of depending on facts of which they can not take judicial notice when they depart from the established arguments of individualism, just so long will their support of social legislation lack the clear-cut character which should be its dominant characteristic. We can not afford to let our social advance depend upon the degree to which the partisan counsel who defends the law can convince the judge that new conditions demand new remedies, in spite of the equally partisan arguments of his opponent. There should be some agency which can submit an impartial statement of facts ascertained upon hearing, upon which the court may rely in reaching its conclusions.³ So long as conditions remain as they are at present, when legislatures only too often are willing under the pressure of class interests to shift their responsibility to investigate the need for labor laws upon the courts, which

¹ See U. S. Commission on Industrial Relations, Final Report, 1915, p. 261, Washington, D. C., recommendations on this point.

² See a similar argument in Ernst Freund: Constitutional limitations and labor legislation, 25 *Ill. L. Rev.*, April, 1910, vol. 4, No. 9, pp. 609-623.

³ Note the readiness of the court in *McLean v. Arkansas* to accept as such evidence the conclusions of the Industrial Commission, 211 U. S. 529-552, Jan. 4, 1908. The briefs in support of the law in the cases of *Curt Muller v. Oregon*, 26 Sup. Ct. 324-327 (1908); in *Stettin v. O'Hara*, 69 *Greg.* 519-641, Mar. 17, 1914; and in *Bunting v. State of Oregon*, U. S. Sup. Ct., October term, 1915, show the use of similar material.

in turn have no means of determining the need, just so long will the actual conditions be known to both parties only by conjecture. If our constitutional rights, too, are to be made the subject of guess-work, perhaps we are quite as safe in leaving to the courts rather than to the legislatures the determination as to what they include.

The creation of a semijudicial agency of review will preserve for us that flexibility in our Constitution which is nowhere more important than in labor legislation. It will preserve us from the crystallization of the economic theories of one time into permanent rules of law. Our views of social needs change with the economic conditions in which we live. Our constitutional rules must be so interpreted that they are declaratory of principles, not of detailed rules of action. They must protect our real freedom, not our formal jural freedom. In no branch of lawmaking is it so important as in labor legislation that the Constitution should prove itself a guide but not a bar to our progress.

TREND TOWARD PUBLIC CONTROL OF WAGE CONDITIONS.

The vague and shifting rules which we find in the interpretation of legislation on wage payments may be, therefore, a blessing in disguise. The very lack of unity of principle which the cases show indicates that we are passing through a period of growth in constitutional interpretation. Our old ideas have become confused; the new standard is not yet clear. None of the rules laid down in the Supreme Court of the United States, at least, and but few of those adopted by the State courts have been given such definiteness that it will not be possible to escape from them by the familiar process of distinction of precedents. As the evidence of changed conditions is brought before the courts, either through our present slow and halting process or through other methods, new ways will be found to protect the substance of our constitutional rights.

Another generation with new problems may find our present standards anachronistic, but to escape from them they will seldom need to resort to amendments of the constitutions. Many of the forms which to-day seem essential parts of our liberties may have vanished, to become only additional evidence for the legal historian of the flexibility of our written constitutions.

All present indications are in favor of the view that we shall abandon our jural technical definition of free contract, or to put it more directly, will come to admit that real freedom does not lie in the liberty to enter into any contract which the individual may be willing to accept. We will place more insistence on the essence of the right; less on the observance of its form.

But suppose the opposite development should occur. Even if the courts should adopt a hard and fast insistence upon the right to contract as a property right not susceptible of abridgment under the fourteenth amendment, the result would be a degree of public control

over the conditions of labor not the less real because more indirect. What would happen is indicated by what has already happened in many cases where the constitutionality of the laws passed for the protection of the laborer has been denied. When the class struggle ends in the courts, it begins again between the contestants outside of court, surrounded with fewer of the safeguards which make a legal battle one which more than others must be fought within the rules of the game.

If the law can not give the protection sought, the laborers are thrown back on free association as a means of securing what the law denies. In the case of wage-payment laws, such as those affecting screening and weighing, the laborers have often followed their defeat in the courts by securing the same ends through their trade-unions. Strikes and disorder with their attendant interruption and harm not only to the businesses directly involved but to the community at large have only too often been among the after effects of adverse court decisions. This of course only raises the question whether the law itself as well as the demand made subsequent to its annulment was or was not justifiable. The answer would depend on the particular case. What is shown, however, is that to the extent to which the courts or legislatures refuse or neglect to give just protection to the laborer in his conditions of work, to that extent will the unions be justified in their attempt to force on the employers extra legally the acceptance of conditions which will guarantee protection similar to that unprovided by the law.

If the courts are unable to grant just protection, and insist on the absolute jural liberty of individuals to accept unfavorable conditions of labor, then the labor unions will have an added appeal by which they can strengthen their organization. In fact, if the burden of raising the conditions of labor be thrown upon the unions alone, it is patent that these organizations will become so much a factor in our public life that they can no longer be left in the extra legal position they now hold. Their management will become a matter "affected with a public interest," and we shall have introduced from another direction a degree of public control over the labor contract quite as great as that we may see by direct regulation through the legislature and the courts. It should be borne in mind, too, that this is a development that may occur within States to rectify the adverse decisions of State courts which may have brought the adoption, locally, of a standard less broad than that set by the National Constitution.

If the courts, as now seems highly improbable, avoid the direct regulation of the labor contract, they will find themselves called upon to deal with the same problem through the control of labor organization, in which case adequate remedies may be more difficult because less direct. Whatever solution be adopted, there seems to be no doubt that the old "freedom of contract" is a concept which in its extreme form will prove but a passing phase in our constitutional interpretation.

APPENDIX.—LIST OF CASES CITED.

Title.	Year.	Citation.	Cited in this bulletin, p.—
Abrams v. State.....	1906	126 Ga. 591.....	127
Ackley v. Black Hawk Gravel Mining Co.....	1896	112 Cal. 42.....	89
Adair v. United States.....	1908	208 U. S. 161.....	22, 29, 151
Agee v. Smith.....	1893	7 Wash. 471.....	110
Archer v. James.....	1859	2 Best & S. 59.....	94, 160
Arkansas Stave Co. v. State.....	1910	94 Ark. 27.....	86
Ashby, In re.....	1898	60 Kans. 101.....	57
Atkin v. Kansas.....	1903	191 U. S. 207.....	58, 156
Atkins v. Grey Eagle Coal Co.....	1915	76 W. Va. 27.....	106
Attoyac River Lumber Co. v. Payne.....	1909	57 Tex. Civ. App. 327.....	115
Avent-Beattyville Coal Co. v. Commonwealth.....	1894	96 Ky. 218.....	111
Balley v. State.....	1908	158 Ala. 18.....	123
Balley v. State.....	1909	161 Ala. 75.....	124
Balley v. State of Alabama.....	1908	211 U. S. 452.....	123
Balley v. State of Alabama.....	1911	219 U. S. 219.....	124
Baltimore & Ohio S. W. R. R. Co. v. Burdalow.....	1914	57 Ind. App. 267.....	121
Baltimore & Ohio S. W. R. R. Co. v. Harmon.....	1903	161 Ind. 358.....	89
Baltimore & Ohio S. W. R. R. Co. v. Hollenback.....	1903	161 Ind. 452.....	89
Baltimore & Ohio S. W. R. R. Co. v. Manning.....	1896	16 Ind. App. 408.....	89
Banks v. State.....	1905	124 Ga. 15.....	126
Bauer v. Reynolds.....	1894	14 Pa. Co. Ct. 497.....	79
Bauer v. Bainsan Lodge.....	1885	102 Ind. 262.....	168
Board v. Board of Com. Sedgwick Co.....	1901	63 Kans. 348.....	57
Boeman v. State.....	1916	17 Ga. App. 752.....	126
Bell v. Town of Sullivan.....	1902	153 Ind. 199.....	54
Biggs v. St. L., I. M. & S. Ry. Co.....	1906	91 Ark. 122.....	86, 120
Billingsley v. Board of Com.....	1897	5 Kans. App. 435.....	57
Bogni v. Perotti.....	1916	224 Mass. 152.....	23
Bohnan v. Metz.....	1908	193 N. Y. 676.....	62
Dopp v. Clark.....	1914	165 Iowa. 697.....	56
Braceville Coal Co. v. People.....	1893	147 Ill. 66.....	29, 73, 149, 150, 156, 161
Bradon v. Poland.....	1862	51 Me. 325.....	133
Branley v. Norton.....	1897	5 Ohio N. P. 183.....	45, 69
Bridges v. State.....	1906	126 Ga. 91.....	126
Broad, In re.....	1904	36 Wash. 449.....	156
Brown v. State.....	1910	8 Ga. App. 211.....	126
Bunting v. State of Oregon.....	1917	37 Sup. Ct. 435.....	41, 177
Burdon v. Woodside Cotton Mills.....	1916	104 S. C. 435.....	121
Burnetts v. Marcoline Coal Co.....	1904	180 Mo. 241.....	81
Burns v. Fox.....	1904	90 N. Y. Supp. 354.....	59
Butchers' Union v. Crescent, etc., Co.....	1884	111 U. S. 746.....	147, 164
Butler v. Chambers.....	1886	36 Minn. 69.....	19
Byrnes v. City of New York.....	1912	150 N. Y. App. 333.....	62
Calder v. Bull.....	1785	3 Dallas. 386.....	164, 165
Caldwell v. R. R. Co.....	1904	14 O. D. (N. P.) 375.....	139
Calhoun v. State.....	1904	119 Ga. 312.....	126
Champion v. Hermitage Cotton Mills.....	1914	98 S. C. 418.....	121
Chicago & Erie R. R. Co. v. Ebersola.....	1910	173 Ind. 332.....	74
Chicago, M. & St. P. Ry. Co. v. State of Minnesota.....	1880	134 U. S. 418.....	16
Chicago, R. I. & P. Ry. Co. v. Langley.....	1906	78 Ark. 207.....	120
Chicago & S. E. Ry. Co. v. Glover.....	1901	159 Ind. 166.....	86
Chism v. Schipper.....	1888	51 N. J. L. 11.....	17
Churchman v. Martin.....	1876	54 Ind. 380.....	163
City of Cleveland v. Clements Bron. Construction Co.....	1902	67 Ohio St. 197.....	55, 55
Clark v. State of New York.....	1894	142 N. Y. 104.....	23, 54, 63
C. C. C., etc., Ry. Co. v. Schuler.....	1914	182 Ind. 57.....	121
Coffeyville, etc., Co. v. Perry.....	1904	69 Kans. 297.....	151
Coleman v. State.....	1909	6 Ga. App. 398.....	127
Commonwealth v. Bethlehem Steel Co.....	1901	25 Pa. C. C. 225.....	120
Commonwealth v. Brown.....	1888	8 Pa. Super. Ct. 339.....	123
Commonwealth v. Dunn.....	1888	170 Mass. 146.....	74
Commonwealth v. Hillside Coal Co.....	1900	109 Ky. 47.....	85, 112
Commonwealth v. Isenberg & Rowland.....	1865	4 Pa. Dist. Ct. R. 579.....	80, 162
Commonwealth v. Lancaster Mills.....	1912	212 Mass. 315.....	123
Commonwealth v. Marsh.....	1894	14 Pa. Co. Ct. 369.....	79
Commonwealth v. Perry.....	1881	155 Mass. 117.....	125, 146, 163
Commonwealth v. Potomack Mills Corp.....	1901	153 Mass. 122.....	123
Commonwealth v. Reznick Coal Mining Co.....	1904	117 Ky. 885.....	35
Commonwealth v. Rochester & Pitts. C. & I. Co.....	1901	26 Pa. C. C. 681.....	120
Copeland v. State.....	1892	97 Ala. 39.....	123
Cobb v. Bates Mfg. Co.....	1887	61 Me. 59.....	123

List of cases cited—Continued.

Title.	Year.	Citation.	Cited in this bulletin, p.—
Crane, In re.....	1914	26 Cal. App. 22.....	91, 121
Crall v. R. R. Co.....	1903	3 O. C. D. 696.....	130
Crawford v. Wick.....	1868	18 Ohio St. 190.....	90
Crowley v. Christensen.....	1800	137 U. S. 86.....	166
Cullison v. R. R. Co.....	1897	7 O. D. (N. P.) 209.....	130
Cumberland Glass Mfg. Co. v. State.....	1896	58 N. J. L. 224.....	113
Curtis v. O'Brien.....	1866	20 Iowa, 378.....	166
Dalton, In re.....	1909	61 Kans. 257.....	57
Daniels v. People.....	1884	15 Ill. App. 241.....	133
Davidson v. New Orleans.....	1877	96 U. S. 97.....	15
Dayton Coal & Iron Co. v. Barton.....	1899	103 Tenn. 604.....	107, 160
Dayton Coal & Iron Co. v. Barton.....	1901	183 U. S. 23.....	161
Dayton Coal & Iron Co. v. Barton.....	1901	22 Sup. Ct. 4.....	108
Devellin v. Wood.....	1850	2 Ind. 102.....	166
Diamond State Iron Co. v. Bell.....	1897	2 Marr. (Del.) 303.....	119
Dixon v. Peck.....	1902	159 Ind. 492.....	102, 161
Dorsey v. State.....	1895	111 Ala. 40.....	123
Douglas v. Kentucky.....	1897	168 U. S. 488.....	166
Downey v. Bender.....	1901	57 N. Y. App. 310.....	62
Drayton, Ex parte.....	1907	153 Fed. 986.....	125
Dugan v. Thomas.....	1897	79 Me. 221.....	166
Dugger v. Ins. Co.....	1895	95 Tenn. 245.....	176
Dyas v. State.....	1906	126 Ga. 556.....	126
Eight-Hour Law, In re.....	1895	21 Colo. 29.....	80
Ellis v. United States.....	1907	206 U. S. 246.....	59
Ellis v. United States.....	1907	27 Sup. Ct. 600.....	59
Equitable Life Assurance Society v. Clements.....	1891	140 U. S. 226.....	15
Erie R. R. Co. v. Williams.....	1909	136 N. Y. App. Div. 902.....	64
Erie R. R. Co. v. Williams.....	1910	199 N. Y. 525.....	64
Erie R. R. Co. v. Williams.....	1914	24 Sup. Ct. Rep. 761.....	64
Evans v. Kingston Coal Co.....	1890	6 Kulp, 351 (Pa.).....	97
Ewen v. Thompson-Starrett Co.....	1913	208 N. Y. 245.....	63
Farrell v. Board of Education.....	1906	98 N. Y. Supp. 1046.....	59
Farrow v. R. R. Co.....	1895	7 O. N. P. 608.....	130
Ferry v. Latour Creek R. Co.....	1916	29 Idaho, 371.....	123
Ferry v. Kinsley.....	1907	185 Mass. 548.....	74
Fletcher v. Peck.....	1810	6 Cranch, 87.....	161
Fordyce et al. v. Gorey.....	1901	69 Ark. 344.....	129
Frable v. Snyder.....	1884	3 Northampton Co. R. 191.....	79
Frame v. Felix.....	1895	167 Pa. St. 47.....	121
Franklin v. T. H. Lilley Lumber Co.....	1909	66 W. Va. 164.....	56
Friskie v. United States.....	1895	157 U. S. 160.....	34
Frerer et al. v. People.....	1892	141 Ill. 171.....	22, 28, 73, 76, 100, 127, 149, 161
Gallagher v. Hathaway Mfg. Co.....	1896	172 Mass. 280.....	74, 128
Gartside v. People.....	1884	15 Ill. App. 241.....	133
Gerlach v. City of Spokane.....	1912	68 Wash. 589.....	56
Gillespie v. People.....	1900	158 Ill. 176.....	151
Gilligan v. Town of Watertford.....	1895	26 N. Y. Supp. 88.....	53
Giozza v. Tiernan.....	1898	148 U. S. 657.....	166
Glenn v. State.....	1905	123 Ga. 585.....	126
Godcharles & Co. v. Wigman.....	1896	113 Pa. St. 431.....	22, 29, 82, 99, 104, 165, 161, 174
Granby Mercantile Co. v. Webster.....	1899	95 Fed. 604.....	114
Hall v. Chicago, R. I. & P. Ry. Co.....	1910	96 Ark. 624.....	120
Hamilton v. Junke, etc., Co.....	1895	16 Pa. Co. Ct. 198.....	79, 97
Hancock et al. v. Yaden.....	1890	121 Ind. 308.....	77, 135
Harbison v. Knoxville Iron Co.....	1899	103 Tenn. 421.....	107, 160
Harding et al. v. The People.....	1896	160 Ill. 459.....	134, 151
Harwell v. State.....	1907	2 Ga. App. 612.....	126
Herdie v. Roessler.....	1898	109 N. Y. 127.....	168
Hollman, Ex parte.....	1908	79 S. C. 9.....	125
House Bill No. 107, In re.....	1905	21 Colo. 32.....	80
House Bill No. 147, In re.....	1897	23 Colo. 404.....	100
House Bill No. 203, In re.....	1895	21 Colo. 77.....	128, 150
House Bill No. 1230, In re.....	1895	163 Mass. 589.....	73, 74, 77, 162, 167
Howard v. State.....	1906	126 Ga. 528.....	126
Hudnall v. Watts Steel & Iron Synd.....	1890	20 Ky. L. Rep. 1211.....	112
Hudson v. State.....	1914	14 Ga. App. 490.....	126
Hurtado v. California.....	1894	110 U. S. 516.....	8, 14, 166
Illinois Central R. R. Co. v. Gheen.....	1902	112 Ky. 695.....	130
Insurance Co. v. Morse.....	1874	20 Wall. 445.....	166
International Text Book Co. v. Westingers.....	1902	180 Ind. 249.....	74
Isaacs v. McAndrew.....	1872	1 Mont. 437.....	133
Jackson v. State.....	1894	105 Ala. 126.....	128

List of cases cited—Continued.

Title.	Year.	Citation.	Cited in this bulletin, p.—
Jacobs, In re.....	1885	98 N. Y. 98.....	22, 60, 147, 174, 175
Jahn Contracting Co. v. City of Spokane.....	1913	74 Wash. 208.....	56
Johnson v. Goodyear Mining Co.....	1899	127 Cal. 4.....	62, 91, 151, 153, 162
Johnson Lytle & Co. v. Spartan Mills.....	1904	68 S. C. 339.....	114
Johnson v. State.....	1906	125 Ga. 243.....	126
Johnson v. State.....	1913	13 Ga. App. 586.....	126
Jones v. State.....	1915	15 Ga. App. 642.....	127
Jones v. People.....	1884	110 Ill. 590.....	183, 154
Jordan v. State.....	1907	51 Tex. Cr. App. 531.....	115, 161
Kansas v. Atkin.....	1902	64 Kans. 174.....	57
Kansas City, etc., Ry. Co. v. Moon.....	1899	66 Ark. 409.....	120
Kouser v. Eagle Lake Land & Irrigation Co.....	1895	110 Cal. 627.....	89
Kollyville Coal Co. v. Harrier.....	1904	207 Ill. 624.....	129, 161
Kentucky Coal Mining Co. v. Mattingly.....	1909	133 Ky. 526.....	112
Kookes Consolidated Coal Co. v. Taylor.....	1914	34 Sup. Ct. 856.....	113
Kidd v. Pearson.....	1838	124 U. S. 1.....	168
Knecht v. People.....	1884	15 Ill. App. 241.....	133
Kneettle v. Newcomb.....	1890	22 N. Y. 249.....	168
Knowles v. New York.....	1902	75 N. Y. Supp. 189.....	61
Knoxville Iron Co. v. Harbison.....	1901	183 U. S. 13.....	161
Knoxville Iron Co. v. Harbison.....	1901	22 Sup. Ct. 1.....	108, 115
Kulback, Ex parte.....	1890	85 Cal. 274.....	149
Lake View v. Rose Hill Cemetery Co.....	1873	70 Ill. 191.....	175
Lamar v. Prosser.....	1904	121 Ga. 153.....	126
Lamar v. State.....	1904	120 Ga. 312.....	126
Larfont v. Arkansas, N. W. R. Co.....	1916	183 S. W. 836.....	120
Larkin v. Village of Brookport.....	1895	34 N. Y. Supp. 551.....	53
Latson v. Wells.....	1911	136 Ga. 681.....	127
Lawrence v. Rutland R. R. Co.....	1907	80 Vt. 570.....	75, 76, 162
Leach et al. v. Missouri Tie & Timber Co.....	1905	111 Mo. App. 650.....	110, 161
Leach v. St. Louis Iron Mountain & S. Ry. Co.....	1894	58 Ark. 407.....	119, 150, 153, 165
Lents v. Post.....	1886	2 Pa. C. C. 431.....	79
Lewis v. Dunne.....	1901	134 Cal. 291.....	51, 131
Lewis v. State.....	1914	15 Ga. App. 405.....	127
Lloyd's Appeal.....	1880	95 Pa. 518.....	79
Loan Ass'n v. Topoka.....	1874	87 U. S. 655.....	12
Loan Ass'n v. Topoka.....	1874	20 Wall. 663.....	104
Lochner v. New York.....	1905	198 U. S. 45.....	151, 152
Louisiana & N. W. Ry. Co. v. Phelps.....	1901	70 Ark. 17.....	120
Low v. Rees Printing Co.....	1894	41 Neb. 137.....	151
Luman v. Hitchens Bros. Co.....	1899	90 Md. 14.....	22, 102, 161
Macheth-Evans Glass Co. v. Amans.....	1911	176 Ind. 1.....	73
Macheth-Evans Glass Co. v. Jones.....	1911	176 Ind. 221.....	73
Macheth-Evans Glass Co. v. Van Blarcom.....	1911	176 Ind. 69.....	73
Malotts v. City of Spokane.....	1912	68 Wash. 578.....	56
Malotts v. City of Spokane.....	1913	77 Wash. 205.....	56
Makoney v. Newton.....	1882	85 Ind. 565.....	108
McAvey v. New York.....	1900	52 N. Y. App. Div. 485.....	59
McAnn v. New York.....	1901	166 N. Y. 587.....	59
McCarthy v. O'Bryan.....	1897	137 Mo. 584.....	81, 108
Mc Coy v. State.....	1905	124 Ga. 218.....	126
McUnnney v. New York.....	1899	58 N. Y. Supp. 133.....	59
McWhigan v. Brown Automatic Hose Coupling Co.....	1915	17 O. N. P. (N. S.) 183.....	84
McLean v. State.....	1906	61 Ark. 304.....	130, 150, 153
McLean v. Arkansas.....	1909	211 U. S. 539.....	140, 142, 177
McLean v. Arkansas.....	1909	20 Sup. Ct. 207.....	159
McMahon v. New York.....	1897	47 N. Y. Supp. 301A.....	59
McManaman v. Hanover Coal Co.....	1880	6 Kulp. 181.....	97
Marriner v. Roper Co.....	1885	112 N. C. 164.....	110
Marsh v. Poston & Co.....	1896	35 Ohio W. L. B. 337.....	95, 164
Marsh-Alexander Lumber Co. v. Johnson.....	1912	70 Ark. 215.....	115
Martin v. State.....	1896	143 Ind. 545.....	137
Mason v. Torrell.....	1908	3 Ga. App. 348.....	126
Mathews v. People.....	1903	203 Ill. 539.....	151
Meyers v. Penn. Steel Co.....	1912	17 N. Y. App. 337.....	59
Millett v. People.....	1886	117 Ill. 394.....	134, 145, 163, 174
Millinder v. State.....	1905	124 Ga. 433.....	127
Missouri, etc., Ry. Co. of Texas v. Braddy.....	1911	125 S. W. 1039.....	119
Missouri, etc., Ry. Co. v. Mackay.....	1888	127 U. S. 205.....	102
Mitchell v. Burwell.....	1889	110 Iowa. 10.....	65, 115
Mobley v. State.....	1912	13 Ga. App. 728.....	126
Moody et al. v. Jones.....	1886	37 S. W. (Tex.) 379.....	221
Morgan, In re.....	1899	26 Colo. 414.....	151

List of cases cited—Continued.

Title.	Year.	Citation.	Cited in this bulletin, p.
Morgan v. St. L. I. M. & S. Ry. Co.	1912	106 Ark. 74.	120
Moseley v. State.	1907	2 Ga. App. 180.	127
Moxley v. Ragan.	1873	73 Ky. 156.	100
Mugler v. State of Kansas.	1887	123 U. S. 623.	101
Mulkey v. State.	1907	1 Ga. App. 521.	120
Muller v. State of Oregon.	1908	208 U. S. 412.	120
Muller v. Oregon.	1908	28 Sup. Ct. 324.	30, 160, 177
Munn v. State of Illinois.	1876	94 U. S. 113.	101
Naglebaugh v. Harder & Hofer Coal Mining Co.	1898	21 Ind. App. 551.	101
New v. Walker.	1896	108 Ind. 365.	164
New York v. Lochner.	1904	177 N. Y. 145.	81
New York Central & Hudson R. R. Co. v. Williams.	1909	118 N. Y. Supp. 785.	81
New York Central & Hudson R. R. Co. v. Williams.	1910	199 N. Y. 108.	81
Nunnemacher, Trustee, v. State.	1906	129 Wis. 190.	28, 167
Oglesby v. State.	1905	123 Ga. 506.	127
Olson v. Idora Hill Mining Co.	1916	28 Idaho, 504.	122
Orient Ins. Co. v. Daggs.	1869	172 U. S. 557.	164
Osborn v. Hoffman.	1876	52 Ind. 439.	164
Paschal v. State.	1915	16 Ga. App. 370.	127
Patterson v. Bark Eudora.	1903	100 U. S. 169.	164
Patterson v. State.	1907	1 Ga. App. 782.	126
Pearson v. Mills Mfg. Co.	1909	82 S. C. 506.	116
Pennington v. Thompson Bros. Lumber Co.	1909	122 S. W. (Tex. Civ. App.) 923.	134
P. C. C. & St. L. Ry. Co. v. Cox.	1896	55 O. S. 497.	134
Pennsylvania v. Powell.	1886	114 Pa. St. 265.	101
People v. City of Buffalo.	1890	57 Hun, 677.	70
People v. Grout.	1904	179 N. Y. 417.	89
People v. Marcus.	1906	185 N. Y. 257.	161
People v. Metz.	1908	193 N. Y. 148.	62
People v. Orange Co. Road Construction Co.	1903	175 N. Y. 84.	62, 63
People ex rel. Hansauer-Jones Printing Co. v. Zimmerman.	1908	109 N. Y. Supp. 393.	83
People ex rel. North v. Featherstonhaugh.	1902	172 N. Y. 112.	84
People ex rel. Rodgers v. Coler.	1901	166 N. Y. 1.	28, 50, 61, 151, 177
People ex rel. Treat v. Coler.	1901	166 N. Y. 144.	101
People ex rel. Usoy v. Waring.	1900	34 N. Y. Supp. 865.	83
People ex rel. Van Valkenburgh v. Myers.	1890	23 N. Y. 18.	70
People ex rel. Warren v. Beck.	1894	144 N. Y. 226.	25
People ex rel. Williams, etc., Co. v. Metz.	1908	193 N. Y. 148.	177
People of New York v. Aransburg.	1887	105 N. Y. App. 123.	70
Pere Marquette R. R. Co. v. Baerts.	1905	36 Ind. App. 408.	101
Phoenix Ins. Co. v. Levy.	1895	12 Tex. Civ. App. 45.	108
Pierce v. Van Dusen.	1897	78 Fed. 693.	120
Pierce v. Whittlessey.	1899	58 Conn. 104.	130
Pollack v. Farmers' Loan & Trust Co.	1895	157 U. S. 429.	29
Pond Creek Coal Co. v. Riley, Lester & Bros.	1916	171 Ky. 811.	112
Powell v. Pennsylvania.	1888	127 U. S. 678.	101
Presley v. State.	1905	124 Ga. 446.	127
Preston, In re.	1900	63 Ohio St. 428.	101
Queen Ins. Co. v. Leslie.	1890	47 Ohio St. 409.	101
Quinby v. Slipper.	1862	7 Wash. 475.	101
Rail & River Coal Co. v. Yapple.	1914	214 Fed. 273.	101
Rail & River Coal Co. v. Yapple.	1915	35 Sup. Ct. 359.	101
Ramsey v. People.	1892	142 Ill. 380.	137, 177
Regan v. Tremont Lumber Co.	1913	134 La. 199.	101
Reiley et al. v. Franklin Ins. Co.	1877	43 Wis. 449.	101
Reinecke v. People.	1894	15 Ill. App. 241.	101
Republic Iron & Steel Co. v. State.	1908	160 Ind. 379.	74, 82, 124, 161, 177
Riggs v. Eagle Lake Land & Irrigation Co.	1895	110 Cal. 627.	101
Riley, Ex parte.	1901	94 Ala. 52.	12
Ritchie v. People.	1895	155 Ill. 98.	29, 177
Ritchie v. Wayman.	1910	244 Ill. 509.	101
Robinson v. Texas Pine Land Ass'n.	1907	40 S. W. 843.	101
Row v. Haddock.	1895	3 Kulp, 501 (Pa.).	101
Ryan v. City of New York.	1904	177 N. Y. 271.	62, 63, 101
Sally v. Berwind-White Coal, etc., Co.	1896	5 Pa. Dist. R. 316.	70, 101
San Antonio & Ark. Pass. Ry. Co. v. Wilson.	1892	4 Tex. Civ. App. (Wilson) 565.	118, 177
Sanders v. State.	1909	7 Ga. App. 46.	101
Schlosser v. Bethlehem Iron Co.	1883	1 Lehigh Rep. 6.	101
Seeleyville Coal & Min. Co. v. McGlannon.	1905	166 Ind. 561.	101
Senate Bill No. 27, In re.	1901	28 Colo. 359.	101
Shaffer & Munn v. Union Mining Co.	1890	56 Md. 74.	104, 124, 154, 161
Shaver v. Pennsylvania Co.	1896	71 Fed. 681.	130, 131
Sheffield v. State.	1913	13 Ga. App. 78.	127

List of cases cited—Continued.

Title.	Year.	Citation.	Cited in this bulletin, p.—
Shortall v. Puget Sound Bridge, etc., Co.	1907	45 Wash. 290.	111
Showalter v. Ehlman.	1897	5 Pa. Super. Ct. 242.	98
Shull v. Mo. P. Ry. Co.	1909	221 Mo. 140.	91
Simpson v. O'Hara.	1914	70 Oreg. 261.	39
Skillet v. People.	1884	15 Ill. App. 241.	133
Skinner v. Garnett Gold Mining Co.	1899	96 Fed. 735.	93
Slaughterhouse Cases.	1872	16 Wall. 36.	140
Bloucu v. Bear Valley Irrigation Co.	1898	122 Cal. 655.	90, 162
Smith v. Ohio Oil Co.	1909	43 Ind. App. 735.	89
Smith v. State.	1891	90 Tenn. 575.	135
Smucker v. Duncan et al.	1891	10 Pa. C. C. 430.	97
Solomon v. State.	1913	14 Ga. App. 115.	127
Sorenson v. Webb.	1916	71 So. 273.	92
St. Louis, Iron Mt. & So. Ry. Co. v. Balfey.	1908	87 Ark. 131.	120
St. Louis, Iron Mt. & So. Ry. Co. v. Broomfield.	1907	83 Ark. 288.	120
St. Louis, Iron Mt. & So. Ry. Co. v. Brown.	1905	75 Ark. 137.	120
St. Louis, Iron Mt. & So. Ry. Co. v. Bryant et al.	1909	92 Ark. 425.	120
St. Louis, Iron Mt. & So. Ry. Co. v. Hill.	1909	92 Ark. 484.	120
St. Louis, Iron Mt. & So. Ry. Co. v. Leop.	1894	15 Sup. Ct. 1042.	119
St. Louis, Iron Mt. & So. Ry. Co. v. McJerkkin.	1908	83 Ark. 277.	120
St. Louis, Iron Mt. & So. Ry. Co. v. Paul.	1897	64 Ark. 83.	120, 158
St. Louis, Iron Mt. & So. Ry. Co. v. Paul.	1899	173 U. S. 404.	158
St. Louis, Iron Mt. & So. Ry. Co. v. Paul.	1899	19 Sup. Ct. 419.	120, 122
St. Louis, Iron Mt. & So. Ry. Co. v. Pickett.	1902	70 Ark. 226.	120
St. Louis, Iron Mt. & So. Ry. Co. v. Walsh.	1908	86 Ark. 147.	120
Starling v. State.	1908	5 Ga. App. 171.	127
State v. Addington.	1882	12 Mo. App. 231.	12
State v. Addington.	1882	77 Mo. 110.	19
State v. Atkin.	1902	64 Kans. 174.	156
State v. Atkins et al.	1900	104 La. 37.	114
State v. Balch.	1903	178 Mo. 392.	109
State v. Bein.	1902	95 Mo. App. 516.	109
State v. Brown & Sharpe Mfg. Co.	1892	18 R. I. 16.	72, 158, 103
State v. Bunting.	1914	71 Oreg. 259.	41
State v. Cantwell.	1904	179 Mo. 245.	175
State v. Chapman.	1900	56 S. C. 420.	125
State v. Chenthal Furniture & Mfg. Co.	1907	47 Wash. 378.	110
State v. Cullom.	1915	138 La. 395.	88
State ex re. Chicago & P. S. Ry. Co. v. Superior Court of King Co.	1913	73 Wash. 33.	111
State v. Easterlin.	1901	61 S. C. 71.	125
State v. Ferguson et al.	1900	104 La. 249.	114
State v. Fire Creek Coal & Coke Co.	1889	33 W. Va. 188.	29, 29, 90, 149, 161
State v. Goff.	1901	108 La. 270.	124
State v. Goodwill.	1889	33 W. Va. 179.	22, 23, 105, 149, 161
State of Kansas v. Haun.	1898	7 Kans. App. 508.	161
State of Kansas v. Haun.	1899	61 Kans. 146.	101, 29, 161, 158, 161
State v. Howard.	1883	88 N. C. 650.	137
State v. Jenkins.	1891	90 Tenn. 580.	135
State v. Julow.	1898	139 Mo. 163.	151
State ex re. Zillmer v. Kreutzberg.	1902	114 Wis. 530.	151
State v. Lake Erie Iron Co.	1894	33 Ohio W. L. B. &.	80, 161
State ex re. Lewis v. Pearson.	1892	44 La. 90.	124
State v. Lounis.	1892	30 S. W. 332.	108
State v. Lounis.	1893	115 Mo. 307.	108, 157, 161, 165, 166
State v. Martindale.	1901	47 Kans. 147.	57
State v. McArroll.	1915	138 La. 454.	88
State v. Minor.	1889	33 W. Va. 179.	106, 149
State v. Missouri Pacific Ry. Co.	1912	242 Mo. 329.	81, 82
State v. Missouri Tie & Timber Co.	1904	181 Mo. 538.	28, 114, 151, 158, 161, 165
State v. Muller.	1906	48 Oreg. 252.	109
State v. Murray.	1906	116 La. 655.	124
State v. Nashville, Chattanooga & St. Louis R. R. Co.	1911	134 Tenn. 1.	108, 162
State v. Norman.	1892	116 N. C. 654.	127
State v. Pains Rock Coal Co.	1892	92 Tenn. 41.	88, 107, 161
State v. Pasco.	1899	153 Ind. 214.	136
State v. Paul Spauld Coal Co.	1889	36 W. Va. 282.	105, 134, 158, 161
State v. Potomac Valley Coal Co.	1911	116 Md. 308.	85
State v. Prudential Coal Co.	1914	130 Tenn. 275.	88, 108, 166
State v. Redman.	1907	134 Wis. 99.	166

List of cases cited—Concluded.

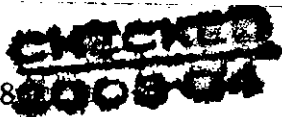
Title.	Year.	Citation.	Cited in this bulletin, p.—
State v. Robinson.....	1907	143 N. C. 620.....	127
State v. Sanders.....	1898	52 S. C. 580.....	125
State v. Thomas.....	1906	144 Ala. 77.....	123
State v. Torrence.....	1900	127 N. C. 550.....	127
State v. Vann.....	1907	150 Ala. 66.....	123
State v. Whidbee.....	1899	124 N. C. 796.....	127
State v. Williams.....	1909	150 N. C. 802.....	127
State v. Williams.....	1890	32 S. C. 123.....	125
State v. Wilson.....	1898	7 Kans. App. 428.....	138, 157
State v. Wilson.....	1899	61 Kans. 22.....	138, 157
State v. Wilson.....	1902	65 Kans. 237.....	57
State Industrial Commission v. Interborough Rapid Transit Co.....	1915	154 N. Y. Supp. 627.....	72
Sterling v. State.....	1906	126 Ga. 92.....	127
Stettler v. O'Hara.....	1914	69 Oreg. 519.....	39, 40, 177
Stewart & Alex. Lumber Co. v. Weaver.....	1907	53 Ark. 445.....	120
Stewart et al. v. Stearns & Culver Lumber Co.....	1908	66 Fla. 570.....	102
Stimson Mill Co. v. Braun.....	1902	136 Cal. 122.....	115
Stone v. Mississippi.....	1879	101 U. S. 814.....	166
Street v. Varney Electrical Supply Co.....	1903	160 Ind. 328.....	54, 151, 157, 165, 169
Taylor v. Saurman.....	1885	110 Pa. St. 3.....	166
Taylor v. State.....	1906	124 Ga. 798.....	126
Tennyson v. State.....	1902	97 Ala. 78.....	123
Terre Haute & Ind. R. R. Co. v. Baker.....	1900	122 Ind. 433.....	106
Terre Haute & Ind. R. R. Co. v. Baker.....	1892	4 Ind. App. 66.....	39, 106
Thomas v. State.....	1915	13 Ala. App. 431.....	124
Thompson v. Phelan.....	1851	22 N. H. 336.....	70
Thorn v. State.....	1913	13 Ga. App. 10.....	126
Thorpe v. White.....	1816	13 Johnsons Rep. (N. Y.) 53.....	70
Toch v. People.....	1884	15 Ill. App. 241.....	133
Toledo, St. L. & West. R. R. Co. v. Long.....	1907	169 Ind. 316.....	32, 39, 162
Toledo, St. L. & West. R. R. Co. v. Long.....	1908	160 Ind. 564.....	99
Toney v. State.....	1904	141 Ala. 120.....	123
Townsend v. Broach.....	1906	124 Ga. 69.....	125
Trammell v. Victor Mfg. Co.....	1915	102 S. C. 483.....	121
Union Sawmill Co. v. Felsenthal.....	1907	84 Ark. 494.....	162
Union Sawmill Co. v. Felsenthal.....	1908	85 Ark. 346.....	115
United States v. Fisher.....	1806	2 Cranch, 358.....	164
United States v. Martin.....	1876	94 U. S. 400.....	54, 156
United States v. Reynolds.....	1914	235 U. S. 133.....	124
Vance v. State.....	1907	128 Ga. 661.....	127
Veitkunas v. Morrison.....	1915	114 Me. 256.....	77
Vinson v. State.....	1905	124 Ga. 19.....	126
Wabash R. R. Co. v. Kelly.....	1898	153 Ind. 119.....	129
Walsh v. City of Albany.....	1898	52 N. Y. Supp. 936.....	53
Warren v. Sohn.....	1887	112 Ind. 213.....	168
Watson v. State.....	1905	124 Ga. 454.....	125
Wells v. State.....	1909	6 Ga. App. 162.....	127
Welliver v. Fox.....	1905	4 Pa. Dist. R. 197.....	97
Wheeling Bridge & Terminal Ry. Co. v. Gilmora.....	1894	4 Ohio C. D. 366.....	80
Whitebreast Fuel Co. v. People.....	1898	175 Ill. 51.....	112, 137
Wilson v. New et al.....	1917	37 Sup. Ct. 268.....	43
Wilson v. State.....	1905	124 Ga. 22.....	126
Wilson v. State.....	1912	138 Ga. 490.....	126
Winkler v. Racine Wagon & Carriage Co.....	1898	99 Wis. 194.....	121
Wisconsin & A. Lumber Co. v. Reaves.....	1907	82 Ark. 377.....	120
Wisconsin & A. Lumber Co. v. Thompson.....	1908	87 Ark. 574.....	120
Wolcott v. Frissell.....	1883	134 Mass. 1.....	34
Woodson v. State.....	1900	69 Ark. 521.....	139
Wright v. Huctor.....	1914	95 Nebr. 342.....	64
Wynhamer v. People.....	1856	13 N. Y. 396.....	28
Wynne v. Seaboard Air Line Ry. Co.....	1913	96 S. C. 1.....	121

INDEX.

	Page.
Basis of legislation, determination of.....	176-177
Contract, freedom of:	
As a constitutional right.....	164-172
Early conditions in America.....	11-13
Individual rights.....	23, 24
Limitations on.....	17-19
Theoretical consideration.....	6, 6
Corporations, labor contracts of.....	167, 158
Courts:	
Attitude of, toward freedom of contract.....	14-17, 146-163
Organization of.....	25-27
Relation of, to public opinion.....	20-23, 27-32
Deductions from wages, legal regulation of.....	128-131
Illinois.....	129
Indiana.....	129
Maryland.....	130
Massachusetts.....	128, 129, 130
Michigan.....	130
New York.....	130
New Jersey.....	131
Ohio.....	129, 130
Tennessee.....	130
Due process of law.....	15, 16
Future of wage-payment legislation.....	173-179
Individualism and social control.....	146-152
"Laissez faire," abandonment of doctrine of.....	30-32, 153-163, 168-172
Mine labor, protection of.....	133-143, 158, 159
Screening coal.....	136-142
Weighing coal at mines.....	133-135
Mode of payment of wages.....	94-117, 159-161
English truck laws.....	94-96
State legislation.....	96-115
Arkansas.....	115
Colorado.....	100, 101
Florida.....	102
Illinois.....	100, 112, 114
Indiana.....	102, 106
Kansas.....	101
Kentucky.....	111
Louisiana.....	114
Maryland.....	101, 102, 104
Missouri.....	108-110
New Jersey.....	112, 113
North Carolina.....	110
Ohio.....	99
Pennsylvania.....	97, 99, 104, 105
South Carolina.....	114
Tennessee.....	108, 108-108
Texas.....	112-115
Virginia.....	113
Washington.....	110, 111
West Virginia.....	99, 100, 105, 106
Payments due deceased employees.....	122, 123
Payments to discharged employees.....	118-122
Arkansas.....	118, 120
Connecticut.....	118
Idaho.....	122
Indiana.....	121, 122
Maine.....	119
South Carolina.....	120, 121
Texas.....	118, 119
Place of payment of wages.....	132, 133
Public control of wage conditions, trend toward.....	177-179
Rates of wages, legal regulation of.....	33-67
In private employments.....	33-67, 66, 67
Minimum wages.....	34-67
Adams law.....	63-67
Foreign legislation.....	35-37
State legislation.....	37-62

	Page.
Rates of wages, etc.—Continued.	
On public work.....	47-64, 156, 187
Foreign legislation.....	47-49
State legislation.....	50-64
California.....	51, 52
Indiana.....	50, 64, 55
Iowa.....	55
Kansas.....	56-59
Nebraska.....	53, 53, 64
New York.....	51, 53, 54, 59-64
Ohio.....	55
Pennsylvania.....	55
Washington.....	55, 56
Wyoming.....	50, 51
Reduction of wages.....	121, 122
Refusal to pay wages.....	121
Repayment of advances.....	123-127
Alabama.....	123, 124
Georgia.....	126, 127
Louisiana.....	124, 125
North Carolina.....	127
South Carolina.....	125, 126
Restrictions on payments of wages, summary of.....	142-145
Social control and individualism.....	146-152
Social legislation:	
Backwardness of America in regard to.....	25
Changing attitude of courts toward wage-payment legislation.....	153-163
"Statutes of laborers".....	8-10
Time of payment of wages.....	68-93, 161, 162
Foreign legislation.....	68, 69
State legislation.....	70-93
Arkansas.....	86, 87
California.....	89-91
Colorado.....	86
Connecticut.....	71
Illinois.....	73
Indiana.....	74, 75, 77-79, 89
Iowa.....	84, 85
Kentucky.....	85, 86
Maine.....	77
Maryland.....	85
Massachusetts.....	70, 73, 74
Mississippi.....	91, 92
Missouri.....	81, 82
New Hampshire.....	71
New York.....	71, 72, 82-84
Ohio.....	80, 81
Pennsylvania.....	79, 80
Rhode Island.....	72, 73
Tennessee.....	87, 88
Vermont.....	75, 76
Biweekly payments.....	76-88
Monthly payments.....	88-92
Weekly payments.....	70-76

1800804



INDEX.

	Page
Rates of wages, etc.—Continued.	
On public work.....	47-64, 156, 187
Foreign legislation.....	47-49
State legislation.....	50-64
California.....	51, 52
Indiana.....	50, 54, 55
Iowa.....	56
Kansas.....	56-59
Nebraska.....	52, 53, 60
New York.....	51, 53, 54, 59-64
Ohio.....	56
Pennsylvania.....	55
Washington.....	55, 56
Wyoming.....	50, 61
Reduction of wages.....	131, 132
Refusal to pay wages.....	131
Repayment of advances.....	123-127
Alabama.....	123, 126
Georgia.....	126, 127
Louisiana.....	124, 125
North Carolina.....	123
South Carolina.....	125, 126
Restrictions on payments of wages, summary of.....	142-149
Social control and individualism.....	146-150
Social legislation:	
Backwardness of America in regard to.....	2
Changing attitude of courts toward wage-payment legislation.....	153-155
"Statutes of laborers".....	8-16
Time of payment of wages.....	63-68, 161, 162
Foreign legislation.....	68, 69
State legislation.....	70-94
Arkansas.....	86, 87
California.....	80-91
Colorado.....	85
Connecticut.....	73
Illinois.....	73
Indiana.....	74, 75, 77-79, 86
Iowa.....	84, 85
Kentucky.....	85, 86
Maine.....	77
Maryland.....	68
Massachusetts.....	70, 73, 74
Mississippi.....	91, 92
Missouri.....	81, 82
New Hampshire.....	71
New York.....	71, 72, 82-94
Ohio.....	80, 81
Pennsylvania.....	79, 80
Rhode Island.....	72, 73
Tennessee.....	87, 88
Vermont.....	75, 76
Biweekly payments.....	76-78
Monthly payments.....	85-92
Weekly payments.....	70-76