

WORKMEN'S COMPENSATION IN SASKATCHEWAN*.

The plan for the government operation of workmen's compensation in Saskatchewan is being pushed by the builders' exchanges. The move is an astute one on their part. They hope to kill two birds with one stone—lower the cost of this insurance to themselves while at the same time obtaining the favor of the labor unions.

AN UNFORTUNATE MODEL.

It is stated that the recommendations to be made to the Saskatchewan Government are likely to be based upon the scheme now in force in the state of Washington. If this be the case, those concerned with the new movement appear to have chosen a particularly unfortunate model. The state of Washington scheme includes the "current-cost" fallacy, which is akin to the fallacy upon which assessment life insurance is going to smash and has been definitely and explicitly rejected by Sir William Meredith in his recommendations for a new workmen's compensation law in the province of Ontario. The operation of the state of Washington law early gave an illustration of the remarkable results which may be achieved through this "current-cost" plan. Two years ago eight girls were killed in a powder mill. Under the state scheme of compensation insurance, in the powder mill class there were five risks who were compelled to insure each other, these five risks totalling 196 employees. Of this number of employees, there were in one plant 160, and that plant was accordingly compelled to insure approximately 82 per cent. of the risk on every plant. This large plant used every known precaution for safeguarding their plant and employees from accidents; the small plant where the accident took place did not. The commission figured out the total compensation to be awarded for the accident in question at \$8,250, the large plant being called upon for \$7,600. At that time the powder mill class fund had assets of \$463, plus a law suit. The large powder plant refused to pay; the fund was insolvent and the majority of claimants instead of getting cash compensation were awarded warrants drawn on the insolvent fund. Whether they have yet succeeded in cashing those warrants, we are not aware; probably not, for there began a long train of litigation from this case which would probably take years to settle.

TWO IMPORTANT POINTS.

This concrete instance of how in one case the state of Washington law worked brings out two important points. In the first place, the employees fared badly. If the insurance fund had been established on a sound footing or if the various powder

mills had been insured in casualty companies the claims would have been paid promptly; as it was claimants were compelled to wait indefinitely pending the settlement of complex litigation. Secondly, this case brings out the fact that under legislation of this kind, careful employers are compelled to pay for the accidents of those less careful. Not only so, but there is an actual incentive in this sort of legislation for the employer who hitherto has taken a great amount of care to safeguard his workmen to lower his standard, since it is fairly obvious that the amount which he would be called upon to pay as the proportion of his own compensation for additional accidents would be somewhat less than the cost of his former standard of safety appliances and care in operation.

"If insurance," says Mr. Tecumseh Sherman, "enables an employer to shift the excess of his liabilities (over the average) upon his competitors, the effect will be to encourage him to continue the use of dangerous processes, practises and equipment, obsolete machinery and cheap and unskilled labour, to increase the intensity of his labor and to relax his care and efforts for safety."

How do the Saskatchewan labour unions—in whose interests partly the builders' exchanges are pushing these new proposals—like that outlook?

PROBLEMATICAL CHEAPNESS.

Again, it is claimed by the builders' exchanges that the system of compensation by commission which they advocate would be cheaper than insurance with the casualty companies now transacting business in the province. Such a claim may be a pious hope, but it is nothing more, since there is no accumulated experience under the existing workmen's compensation Act of the province to show what the proper charge for that compensation should be. Ever since that Act came into operation the builders' exchanges have been busy trying to persuade the companies to cut rates, and as a matter of fact rates in the province of Saskatchewan have always been below the companies' manual rates. It must be remembered in this connection that the indefinite character of the Saskatchewan Act gives the insurers no material on which to base their rates. No schedule of compensation appears in the Act, and until that is added or the rates of compensation are defined authoritatively by the Courts, rate-making for workmen's compensation business in Saskatchewan will be the merest guess-work, with the odds in favor of the fact that universal experience will be followed and the companies' rates be below what it will be found that they should be when an experience has been developed. It would be a remarkable fact if at the outset of such a plan of action as

* A previous article on this subject appeared in our issue of November 14 (page 1575).