

## The Alberta Star

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FEBRUARY 26, 1909.

Worry kills its thousands—but  
Don't Worry kills its tens of  
thousands.

A scientist says the day is  
coming when it will be possible  
to foretell earthquakes. Good.  
That will give us a chance to  
make use of our airship and get  
off the earth till the trouble is  
over.

A Chicago man has been sent  
to jail for having fifty wives.  
That is not punishment.  
It is a conspiracy to allow the  
prisoner to escape the conse-  
quence of his crimes.

Licensed to wed in Chicago:  
A. Mocsiulewski and H. Golubie-  
wska; also Joseph Stfzyewski  
and Maria Swiatkowski. Mush-  
ski joyska!

Winnipeg is considering the  
remodelling of her sewage sys-  
tem. The project outlined, if  
carried through, will cost in the  
neighborhood of seven million  
dollars.

The western printer who set up  
the voters' list in a Hungarian  
settlement has nervous prostra-  
tion. The easiest name in the  
bunch was Sevcickz.

A Detroit newspaper has es-  
tablished "wireless information  
parlors," and tells its readers to  
drop in and "hear King Edward  
ordering his lunch." We pre-  
sume this is a good thing.

Wars and rumors of wars in  
different quarters of the world  
continue to agitate the nations.  
The situation in the Balkans is  
again rather alarming, and those  
in touch with conditions there  
believe the moment is fraught  
with grave threatenings to the  
people of Europe. On this con-  
tinent, Guatemala and Honduras  
are reported on the verge of hos-  
tilities.

### INSURANCE UNDER THE WORK MEN'S ACT

To what extent, if any, is there  
any substance in the complaint of  
the employers that because of the  
uncertainty as to the length of  
time weekly payments may be  
continued under the Alberta  
Workmen's Compensation Act, it  
is impossible for them to obtain  
insurance fully covering the risks  
imposed upon them by this Act?  
Let us examine the question dis-  
passionately in the light of known  
and ascertainable facts. First of  
all, let us ascertain, if possible,  
what is the maximum of risk of  
any employer under the Act.  
Clearly, if this is ascertainable in-  
surance to the amount of that risk  
is an absolute protection to that  
employer.

In case accident results in death  
no difficulty is experienced, be-  
cause the limit or maximum of  
risk is fixed by the Act itself at  
\$1,800, so that so far as death is  
concerned insurance on each  
employee to the extent of \$1,800  
would meet his risk. Under the  
British Columbia Workmen's  
Compensation Act, where the  
limit of compensation, both in the  
case of death and permanent dis-  
ability, is \$1,500, the rate for such  
insurance in bituminous coal mines  
is \$3.02 upon every hundred dol-

lars of pay roll, of the employees  
insured. The insurance companies  
will give insurance to the extent  
of \$1,800 in the same way for a  
very small additional rate. But  
it is by reason of the outstanding  
difference between the Alberta and  
British Columbia Acts with regard  
to permanent disablement that the  
employers claim that they find it  
impossible to estimate their total  
risk. As has been stated, the  
British Columbia Act limits the  
weekly payments payable in case  
of disablement—whether perma-  
nent or otherwise—to the same  
sum as is placed as the limit in  
case of death, namely, \$1,500.  
The Alberta Act places no such  
limit upon the amount of the  
weekly payments. Clause 14 of  
the first schedule to the Act, how-  
ever states as follows:—

"Where any weekly payment has  
been continued for not less than  
six months, the liability therefor  
may, on application by or on be-  
half of the employer, be redeemed  
by the payment of a lump sum of  
such an amount as the court shall  
deem just, and such lump sum may  
be ordered by the court to be in-  
vested or otherwise applied for the  
benefit of the person entitled  
thereto; provided that nothing in  
this paragraph shall be construed  
as preventing agreements being  
made for the redemption of a  
weekly payment by a lump sum."

So the only limit placed upon  
the amount of the weekly pay-  
ments under the Alberta Act is  
that at the instance of the em-  
ployer, and after such payments  
have been continued for six  
months, they may be redeemed by  
the payment of such a lump sum  
as the court shall deem just.

The difference between the two  
Acts rests upon the fact that the  
Alberta Government realized and  
provided for the very important  
circumstance that a man who is  
permanently disabled and is de-  
prived of all his earning capacity  
by an accident but who never-the-  
less survives, is a very considerable  
expense to his family, and that his  
family are consequently entitled  
to a very much larger sum by way  
of compensation than if he had  
been killed outright. This prin-  
ciple has been recognized for many  
years by courts of justice in con-  
nection with claims and verdicts  
of damages for accidents. It is a  
very common thing, as everybody  
knows, to find juries and courts  
giving much larger damages in  
cases of accidents that cripple a  
man for life than in cases of fatal  
accidents; and the reason is simply  
because the damages suffered by  
the injured man's family are in  
fact much greater in the one case  
than in the other. To limit the  
compensation in case of permanent  
disability, except as it is done in  
the Alberta Act, by leaving it to  
the court to say what the amount  
should be, is illogical and unjust.

But is there any reason why  
this liability cannot be insured  
against? Let us stick to our  
original enquiry. What is the  
maximum risk under this clause  
of the Alberta Act that any em-  
ployer of labor is liable to? We  
know, for instance, that the same  
provision in substance was con-  
tained in the English Workmen's  
Compensation Act of 1897. What  
basis was adopted under that Act  
of determining the amount at  
which any weekly payment should  
be redeemed by a lump sum pay-  
ment? We find that in one case  
in England the Court of Appeal  
refused to interfere with an award  
of a County Court judge who had  
redeemed the weekly payments by  
an award of a sum arrived at by  
taking the actuarial value of an  
annuity, calculated on the weekly  
payments, less twenty per cent.  
for the contingencies of the work-  
man recovering or dying at an  
earlier age than contemplated by  
the annuity tables. In the sched-  
ule to the English Act of 1906  
the amount is put at 75 per cent.  
So we have a basis for the courts  
to follow. We know that the  
English annuity tables calculate  
the cost of an annuity by reference  
to its investment at about three  
and a half per cent. In this  
country, where the standard rate

of interest ranges from six to  
eight per cent, the amount of the  
lump sum that would be set by  
the court for the redemption of  
weekly payments, could not, under  
such circumstance, fairly be more  
than one half of a similar amount  
under the English Act. Take the  
case, for instance, of a man of  
thirty years of age drawing the  
maximum weekly payment under  
the Alberta Act, namely, ten dol-  
lars a week. We will suppose  
him to have been permanently  
disabled by accident so that he  
has no hope or prospect of ever  
earning a dollar again, but he  
nevertheless still survives and re-  
covers his health so that in spite  
of his incapacity he has every pros-  
pect of going on living for years.  
Cases of this kind are rare, as  
everybody knows, but assume such  
a case. A reference to the En-  
lish annuity tables shows that  
such a man could buy an annuity  
of \$520 a year (the total annual  
sum of his weekly payments under  
the Alberta Act), for \$10,400,  
seventy-five per cent of which is  
\$7,800. Now, allowing for the  
difference in the interest rate here  
and in England, there is every  
reason to suppose that the amount  
that would be fixed by our courts  
in such a case would not be greater  
than one-half this amount, or  
\$3,900. At all events, the Act  
will not be in operation long until  
the courts lay down a definite rule  
on the subjects, which rule will  
apply as long as the rate of in-  
terest falls the courts will increase  
the redeemable amount. The  
provision of the Alberta Act leav-  
ing this matter in the hands of the

court is, under the circumstances  
present in this country at the  
present time, a wise one. But  
allowing for a very much greater  
latitude than that indicated, and  
for variances in the average age of  
employees, an employer would be  
absolutely protected under the  
Alberta Act by insuring to the  
extent of \$5,000 against permanent  
injury of the kind mentioned that  
do not prove fatal, it would seem  
that the addition to the premium  
already mentioned cannot be  
substantial.

Moreover, it should not be for-  
gotten in this connection that  
under the Act where a  
lump sum is arrived at at  
which weekly payments may be  
redeemed, and is paid by the em-  
ployer, if death afterwards results  
from the accident such sum must  
be deducted from the compensa-  
tion due to the dependants. The  
Act has been carefully drawn so  
that no injustice can be done  
either to the workmen under it by  
limiting the amount of the weekly  
payments arbitrarily, but on the  
contrary, leaving this to be decided  
by the court on application of the  
employer, or to the employer by  
forcing him to pay twice for the  
same accident, once to the work-  
man and again to the dependants  
of the workman in the event of  
death resulting from the accident.  
And while it is true that nothing  
humane is perfect, it would seem  
that the Government of Alberta  
have put a measure upon the  
statute books in the Workmen's  
Compensation Act that comes as  
near doing justice to all parties  
concerned as can well be devised.

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