

whatever the employer has to pay, whether directly by way of compensation, or if he insures against his liability by paying insurance premiums, forms part of the cost of that which he produces and is added to the selling price.

Mr. Sherman's view is that insurance should be made compulsory "only if and when reasonably necessary in order to assure to the injured workmen the payment of their compensation," and that "in no event should those concerns that are amply able to carry their own insurance be required to buy insurance or contribute to a State scheme, for that," he says, "would be pure economic waste."

I do not understand the latter argument or how there can be said to be economic waste if the "concerns" he mentions are not required to do more than contribute with other employers to the payment of compensation according to the hazard of their respective businesses. I could understand that there might be economic waste if it were incumbent on such an employer to insure with a joint stock company which would require him to pay a premium sufficient to provide for the cost of securing the business and a reasonable dividend to its shareholders as well as to indemnify against the risk undertaken.

There was much discussion as to the basis on which the assessments to provide the compensation should be made. The German law provides for assessing only for the amounts required to meet the payments of compensation which fall due during the year next preceding that in which the assessments are made, with an added percentage to provide a reserve fund to meet deficiencies in the accident fund in the event of an unusual catastrophe or a depression in trade, but no assessment is made beyond that to meet the deferred payments of compensation, i.e., the payments which are to become due in future years. This plan, popularly called the current cost plan, is that proposed by the Canadian Manufacturers Association, and Mr. Dawson favours it as not only expedient because it does not involve making the heavy assessments which would have to be made at the outset if the capitalized value of the deferred payments had to be provided for by the assessments, but also as "not unfair to the employers in future years, or economically unsound."

On the other hand the current cost plan is vigorously denounced by Mr. Sherman, who contends that it is manifestly unfair to the employer of the future because it shifts upon his shoulders part of the burden of compensating for accidents which have happened before he became an employer, and that it results in low assessments in the early years of the operation of the law, and necessarily increases in the later years, until in a measurable period of time they become a burden too oppressive for the employer of the future to bear.

In support of his view Mr. Sherman referred to the rates in Germany, which he said, "now average about double what they were at the beginning," and he added that "it is calculated that they will not reach their stable maximum for some twenty years more. How much more they will then be no one knows, but the majority guess is they will then double."

Mr. Wolfe is equally emphatic in his condemnation of the current cost plan, and in addition to his oral testimony presented a table which appears on page 147 of the appendix to this report, and which he contended demonstrates the accuracy of his conclusions.

The views of Mr. Sherman and Mr. Wolfe were controverted by Mr. Wegenast, who contended that statistics prove that in some instances the stable maximum has already been reached and that there is nothing to justify the gloomy forebodings of Mr. Sherman as to the future.