

AMERICAN RAILWAY RELIEF FUNDS *

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I. HOSPITAL DEPARTMENTS NOT USING THE RELEASE CONTRACT

I

The purpose of the present article is to discuss some of the social and economic aspects of the hospital and relief departments organized by American railroads for the care of sick and injured employees.

Railroads operating in the United States may with reference to the character of their relief organizations be divided into three groups. The railroads of the first group have organized no relief departments or funds for the benefit of their employees. They employ surgeons and hospitals and treat their men for occupational injuries, paying all bills for such treatment without seeking reimbursement from the men. The roads of the second group have introduced mutual relief department funds, but do not require their men, in consideration of special relief provided, to sign contracts releasing the company from further liability for damages. The third group comprises railroads which have added to the original and limited scope of the relief department a comprehensive scheme of indemnity for all forms of disability, based largely on a formal contract between employer and employee releasing the former from claims for damage through injury inflicted on the latter while at work. Technical legal phases at once develop in connection with this "release contract," and it appears best on that account to refer only incidentally at this time to these more complex organizations, reserving their more thorough consideration for a separate paper.

Group 1: Chicago & Northwestern; Great Northern; Louisville & Nashville; New York Central; Michigan Central; Lake Shore & Michigan Southern; Lake Erie & Western; Chicago, Cleveland, Cincinnati & St. Louis; Boston & Maine; Seaboard Air Line; Chicago & Alton; Nickel Plate; Delaware, Lackawanna & Western; Central R. R. of Georgia; Minneapolis, St. Paul & Sault Ste. Marie (Canadian Pacific); Chicago, Milwaukee & St. Paul (eastern lines); Chicago Great Western; Monon Route (Chicago, Indianapolis & Louisville); Grand Trunk; Maine Central; New York, New Haven & Hartford; Southern Railway; Erie—23 roads. Until June 1, 1911, the Illinois Central and Yazoo & Mississippi Valley railroads were among this number, but on that date these two roads followed the lead of the other Harriman lines and established the Illinois Hospital Department. For an account of the method formerly followed by the Illinois Central and Yazoo & Mississippi Valley railroads, see *Journal of the American Medical Association*, November 12, 1910.

Group 2: Northern Pacific; Southern Pacific; Union Pacific; Wabash; Illinois Central and Yazoo & Mississippi Valley; Missouri Pacific and St. Louis, Iron Mountain & Southern; Atchison, Topeka & Santa Fe; Chicago, Milwaukee & St. Paul (western lines); Chesapeake & Ohio; Denver & Rio Grande; Frisco System; Chicago & Eastern Illinois;—14 roads.

Group 3: Baltimore & Ohio; Pennsylvania Lines; Chicago, Burlington & Quincy; Philadelphia & Reading; Atlantic Coast Lines (Plant System); Lehigh Valley—6 roads.

* By courtesy of the *Journal of Political Economy*, January, 1912.

The writer does not claim that these lists are complete, merely that they are representative.

II

Many American railroads have organized their surgical service into hospital and relief departments, and have added to the duties of that service the care of employees who are sick or disabled from causes not incidental to duty. The data from which this article has been constructed were derived from a study of the relief systems of the following railroads:

Northern Pacific R. R. Co.—The Northern Pacific Beneficial Association, organized in 1882; membership voluntary;¹ is not incorporated, but operates under a constitution and by-laws. Managed by a board of managers: ten elected by men and nine appointed by the general manager.

Southern Pacific R. R. Co.—Hospital Department; membership obligatory; not incorporated; no board of managers. A trust fund managed by the company. Men have no voice in management.

Union Pacific R. R. Co.—Union Pacific Hospital Fund, established 1905; not incorporated; no board of managers. Fund managed by the company. Membership obligatory. Men have no voice.

Wabash R. R. Co.—The Wabash Employees Hospital Association; organized June 1, 1884. No charter or incorporation. Board of trustees designated by company. Membership "voluntary."

Illinois Central R. R. Co.; Yazoo & Mississippi Valley R. R. Co.—Hospital Department, established 1911; not incorporated; membership "voluntary." Fund managed by the company. No board; men have no voice in management. A separate organization from the following: .

Illinois Central R. R. Co.—Illinois Central Railroad Hospital Association, incorporated, operating over the Louisville, Nashville and Tennessee divisions of the Illinois Central R. R.; originally incorporated under the laws of Kentucky as the Chesapeake & Ohio Southwestern Association, but the name was changed when the Illinois Central Railroad purchased the Chesapeake & Ohio Southwestern Railroad. Management is vested in a board of thirteen directors of whom eight are permanent and are officers or department heads, and five are elected by the eight "to represent as nearly as possible the employees." The chief surgeon of the Illinois Central Railroad is not an officer or member of the association, but he appoints and fixes the salaries of all the surgeons and assistant surgeons, except the assistant chief surgeon, who is a permanent officer and member of the board of directors.

Atchison, Topeka & Santa Fe R. R. Co.—Atchison, Topeka & Santa Fe Hospital Association, incorporated 1891. Board of trustees either officers of the company or appointed by the president of the company. Officers elected by trustees. Men have no voice in the board. Membership obligatory.

1. So says the secretary of the association in response to a letter of inquiry; but the Northern Pacific Beneficial Association by-laws (Art. 1) say: "All persons who accept service in the employ of the Northern Pacific Railroad or the Northern Pacific Beneficial Association shall from that date be considered members."

Missouri Pacific R. R. Co.; St. Louis, Iron Mountain & Southern R. R. Co.—Missouri Pacific-Iron Mountain Railway Hospital Department, incorporated 1891. Board of trustees either officers of the company or appointed by the president of the company. Officers elected by trustees. Men have no voice in the board. Membership obligatory.

St. Louis & San Francisco R. R. (Frisco System).—Employees' Hospital Association of the Frisco Line, chartered 1898. Membership obligatory. Five trustees: general manager, general solicitor, superintendent of transportation, and two others appointed by the general manager. The company contributes \$500 per year as its assessment.

Chicago, Milwaukee & St. Paul R. R.—Milwaukee Hospital Association, not incorporated, established 1908, only for lines in South Dakota, Idaho, Washington and Montana. Membership obligatory. No board, and men have no voice. Association organized by and under control of the chief surgeon of the Chicago, Milwaukee & St. Paul Railroad Company. The company is said to contribute about 10 per cent. toward the expense of administration.

Chesapeake & Ohio R. R. Co.—Chesapeake & Ohio Hospital Association, not incorporated, established 1897. Operated by a board of governors, six of whom are officers of the company or department heads, and seven elected by the men. The company owns the two hospitals and pays half the chief surgeon's salary. Membership is obligatory.

Denver & Rio Grande R. R. Co.—Denver and Rio Grande Railroad Company's Relief Association, incorporated 1888. Membership involuntary. Eleven trustees: five appointed by the general manager, six elected by men. Executive committee of five. The chief surgeon of the road is chief surgeon and manager of the association. No annual statement published.

The insurance plan of the Chicago & Eastern Illinois R. R. can hardly be classified under Groups 2 or 3, and is therefore considered separately as follows:

Chicago & Eastern Illinois R.R. (Frisco System).—Although not maintaining any hospital and relief department this short line of less than 1,000 miles has had in successful operation since 1893 an organized plan of compulsory insurance protecting the employees of its operating departments against privation through service accidents, sunstroke, burns, and freezing. *There is no release contract and any employee may use his insurance money to sue the road.* The company issues a policy, pays the expenses of management, guarantees the fund, and furnishes and pays its own surgical staff. The fund is kept up by assessments, and a deficit, which occurs annually, is met by the company. The fund is expended for benefits and hospital expenses and burial expenses up to \$100. The benefits are one-half the monthly pay, as scheduled in the insurance application, and are continued for 50 weeks. Death benefits are half the scheduled wage for one year, less amounts already paid, but benefits must not aggregate more than \$1,000.

Engineers, firemen and shopmen are assessed 1 per cent. (this rate is too low for shopmen); passenger conductors and brakemen, $\frac{1}{2}$ per cent.; freight conductors, brakemen and switchmen, 2 per cent. A brief statement of operations follows:

Collected from men, 1902-3.....	\$22,254.13
Benefits paid to men, 1902-3.....	26,525.43
Deficit made up by company.....	4,271.30
Collected, 1903-4.....	28,889.03
Benefits paid, 1903-4.....	33,480.78
Deficit made up by company.....	4,591.75
Collected, 1904-5.....	32,439.75
Benefits paid, 1904-5.....	30,533.07
Deficit by company, 1904-5.....	4,093.32
Deficit by company, 1905-6. (The company reduced the deficit by removing certain causes of accident.).....	1,569.74

It is hard to know just where to classify this unique system of protection. Of course it saves largely for the company in half-pay and donations for injuries for which it is plainly not liable; but the company contributes a very respectable sum to manage and balance the fund, pays all doctors' bills and exacts no anticipatory release for injuries for which it may be liable. Hence the fund promotes considerable good feeling and acts as a strong deterrent against litigation. On the other hand, the men are not dependent on the company for any charity during disability. The system differs from all the other systems in Groups 2 and 3 in the following points, each constituting a distinct advance over the more conventional method:

1. Although the fund is obligatory and managed entirely by the company, it cares only for occupational injuries and does not intrude itself selfishly into the field of sickness maintenance as do the companies of Groups 2 and 3—it escapes the charge of paternalism.

2. The company exercises an unusual forbearance in refusing to exact a release contract. It furnishes as much legitimate assistance without the release as the companies in Group 3 furnish with it.

3. The company does not saddle the fund with the maintenance of the surgical department, as is the case with the Harriman lines and others in Group 2.

4. There is no building up of a large surplus as a fund to replace the company's guaranty. On the contrary, the assessments are so low that the company is forced, in addition to paying management and surgical expenses either to make up an annual deficit or to reduce the causes of accident. Both of these alternatives result advantageously to the men, and are no more than really should be expected of any company.

Accepting current ethical standards for the purpose of practical criticism, it would be hard to say where this admirable method of meeting the immediate needs of the injured workmen could be improved on—the method is compulsory, gives him surgical attendance and maintenance for self and family without taxing his self-respect, and leaves the way open for redress through the courts if his injury occurs through other negligence than his own.

These departments are “of the nature of cooperative benefit and relief associations supported by trust funds raised by monthly contributions.” They are practically non-existent except as departments of the companies which call them into existence. This is especially true where the departments are not incorporated, in which case the association is legally non-existent, and suits for damages on account of malpractice, etc., must be brought either against individual employees or against the company. Even where the association is incorporated, the courts of the Middle West have held, in spite of strong contention of the railroads to the contrary, that the department is merely the creature and agent of the parent corporation, and that the latter is still liable unless a tangible and independently separate existence can be shown, which is rarely the case. Thus in *I. C. R. v. Buchanan*, 88 S. W. Rep. 312, and Ky. Court of Appeals. 103 S. W. Rep. 272. the court held that the association was merely the agent of the company. In another case (*Phillips v. St. L. & S. F. R. R.*,

111 S. W. Rep. 109, Mo. Supreme Court) the court held also that negligence of the agent was negligence of the company, and that the association and the railroad were liable coequally. A case involving somewhat similar principles is *Zumwalt v. Texas Central R. R.*, 121 S. W. Rep. 1133, argued before the Texas Court of Civil Appeals. The singular contention was made in this case that the association was organized by the company as an act of charity in which it had no pecuniary or, in fact, any other interest beyond the welfare of the men.²

Although the employee contributes to the fund he has little voice in its management and none in selecting its surgeons, and no vested rights in it or in its property or surplus; nor is he responsible for its deficits, if any. His rights cease when he has received his benefits or terminated his service with "the company." The company, therefore, in consideration of its own exclusive title to these vested rights, which have often been bought and sold together with the parent company,³ "becomes the insurer of the employee within certain prescribed limits."

These departments are always eventually self-sustaining organizations, complete within themselves, under the control of a chief surgeon, who is appointed by and reports to either the vice-president or general manager of the road, or to a board of managers, in which latter case the employees usually receive representation.⁴

With other departments of the road the relief department stands on a nominally equal footing. The relief department makes its own appointments of subordinates, draws its own vouchers against the trust funds in the hands of the company's treasurer, and makes its own rules and regulations subject to the approval of the general manager. It cares for sick and injured employees, injured passengers, and trespassers—the latter at the company's expense; prepares reports for its own use and for that of the company's claim and legal departments; and confers with and advises these departments. Its employees, when called into court, testify as original witnesses in behalf of the company. In matters purely surgical and medical it serves the employee; in matters legal it serves the company and its claim and legal departments. It safeguards the sanitary

2. "The contention is made by the railroad that its hospital department is a charity which the company maintains to care for its injured, and that beyond the exercise of due care in the employment of a prudent and careful physician the company cannot be made liable for his negligence. This in spite of the fact that the company deducts a certain sum from the employees' wages for hospital purposes and gives the employees no control over the fund and no voice in the employment of physicians or hospital attendants." The court made these very just observations: "The mere fact of the lack of a distinct pecuniary profit through the hospital is not conclusive that the hospital did not contribute to the profit of the company, since as an incident to the company's principal business it might be productive of great profit through its instrumentality both in reducing loss and expense by maintaining the capability of its employees and in reducing the number of injured, as well as in caring for them most economically after accidents. One could hardly think an instrumentality which tended to reduce the loss and wear and tear of rolling stock could be unproductive of profit. If the company undertook, for any consideration or assessment, to care for the eyes of injured employees by the employment of medical agents in whose selection the employee had no voice, the employee was certainly entitled (for his consideration) to a high grade of skillful treatment, and in the absence of such was entitled to hold the individual to whom he had paid his money responsible, whether that individual's profit from the transaction was to reach him through direct or indirect means."

3. Chesapeake and Ohio Southwestern R. R. to Illinois Central R. R.

4. Chesapeake and Ohio Southwestern R. R., Illinois Central R. R. (M. and L. divisions), Northern Pacific R. R. and Denver and Rio Grande R. R.

interests of the company, vaccinates employees, assists at quarantine, and examines applicants for employment either at their own expense or, if rejected, at the expense of the company. The company maintains no surgical staff outside of the hospital department.

On some roads membership in the department is nominally optional; on others it is frankly obligatory; but the evidence goes to show that on roads where membership is nominally elective very few men employed in actual operating service remain in it, or are favorably considered by the heads of that service, unless they contribute to the relief department. Where the system is once in operation, men seldom enter the operating departments who do not join "the Relief." Injured employees who have not so contributed are, where the injuries are acute, still treated by the department as though contributing, and the cost of such treatment is not unusually borne by the fund, rather than by either the company or the individual.

The fund is maintained by assessments levied via the pay-roll, and is held by the company's treasurer to cover vouchers issued by the chief surgeon and approved by the company's general manager and auditor, or by the department's board of managers. Vouchers are for salaries; drug, supply and hospital bills; taxes on plant; repairs; rent; insurance; new plants; accounts of physicians and surgeons; burial expenses; stationery and postage. The company furnishes telegraph and telephone service on its own lines, office rent in its own buildings, transport over its own lines, and the services of its own accounting officers and treasurer. The board of managers serves without salary. If there is a deficit, as is rarely the case, the company makes it up, but reserves the right to increase the assessment or to reimburse itself from future assessments.⁵ With a very few notable exceptions,⁶ unless there is a deficit, no cash reaches the fund from the company. In some instances the company has advanced money for hospitals, plant, and equipment, but after a few years of operation the department has accumulated sufficient surplus to reimburse the company in full.⁷ In other cases the company loans some sort of plant left over from its original surgical department, or designates certain buildings for hospital use without donating them outright.

The assessment is a fixed sum each month. On the Harriman lines (Southern Pacific R. R., Union Pacific R. R., Illinois Central and Yazoo & Mississippi Valley Railroads) all men alike, irrespective of salary, are assessed 50 cents per month. On other roads assessment is graduated according to salary and may range from 25 cents to \$2.⁸ Inasmuch as the benefits are the same for all employees it would seem that the former method is the more just.

On roads where a high maximum assessment (\$1 to \$2) is levied, an embarrassing surplus is apt to develop. For example, in 1910, the North-

5. This was recently the case on the Chesapeake and Ohio R. R.

6. Northern Pacific R. R., Chesapeake and Ohio R. R., Frisco Systems.

7. Illinois Central R. R., Paducah Hospital (Chesapeake and Ohio Southwestern R. R. originally).

8. On the Chesapeake and Ohio R. R. until 1909 the assessments for some classes were as low as 10 cents, but a deficit occurred and the minimum was raised to 25 cents.

ern Pacific Beneficial Association, in addition to two hospitals originally worth \$60,000, owned by the Northern Pacific R. R., and improved and equipped by the association at a cost of over \$80,000 more, showed a third plant worth \$119,000, an invested surplus of \$197,281, and \$85,000 in unexpended cash; total \$541,281, no part of which will of course ever find its way back either directly or indirectly to its original sources.

Where the department is incorporated or has taken the usual steps to insure a legally autonomous existence, it holds property, governs itself through a board which is at least nominally independent, and is sometimes sued for bills or damages like any other corporation or copartnership; but the highest courts have also held that, even where the department exists as a corporation, the vested property rights of the railroad company in the assets of the department, as well as its legal and business interests, are so wrapped up in the identity and government of its offspring, that the company when sued for the acts and obligations of the department can hardly shelter itself behind a plea of separate existence or lack of responsibility. The association is the agent of the company and the latter is liable for the acts of the former. The Kentucky Court of Appeals, after a careful combing of the structure, methods and internal economy of one of these organizations, comes to the conclusion that "the railroad company is the real yolk in the association egg."*

In return for his assessment the employee receives medical, surgical, and hospital care for all legitimate diseases and injuries, on presenting an order on the association from his employer. Such care, however, must be accepted from certain designated physicians and hospitals. Unlike similar associations organized by mining and milling corporations like the Colorado Fuel and Iron Co., these railroad departments care only for the men and never for their families. No cash, time, death, or other allowances are made; and where the disabled employee employs an outside doctor, or goes to a hospital other than one designated by the department, he must pay all expenses. He is given care at the company's dispensary and receives his medicines without cost to himself beyond his assessment. He is furnished certain appliances without cost, and a moderate cash burial allowance is provided in case he dies. The maximum of treatment and hospital care allowed is usually six months for medical and twelve months for surgical cases. Care at home or at the office of a local surgeon is also furnished in certain cases. Local surgeons work under a fee-bill contract of very moderate proportions, for surgical cases, and on some roads receive a pass over the company's lines in lieu of compensation for medical and sanitary work. Other roads pay for medical calls and consultations at about half local rates. The department is apt to exclude contagious, infectious, and chronic diseases from the scope of its work, and always excludes venereal diseases and the results of alcoholism and improper conduct. All cases must be carefully reported on blanks provided for the purpose, and in surgical cases duplicate reports immediately reach the files of the claim department.

9. *Illinois Central R. R. v. Buchanan*, 103 S. W. Rep., 272.

The personnel and organization of these departments are familiar enough, but certain intimate details are worth attention. A chief surgeon manages all surgical, medical, and sanitary affairs in the interests of the company. He reports to and is appointed by the managing officer of the company; his salary is paid by the employees through the fund.¹⁰ He appoints district and local surgeons and pays them by vouchers drawn against the fund. He should have, therefore, a large personal influence and following among the line surgeons. His appointments, when his judgment is good, are usually from the best available local talent; but where his opinion or wishes conflict with those of the general manager or of the claim or legal department, he usually finds it expedient or actually obligatory to yield. Not infrequently such forced appointments cannot be justified on professional grounds. His office is close to that of the chief claim agent and general attorney, and he acts as their private surgical informant and adviser in all cases where litigation exists or is impending. Although many of these cases develop through injuries to passengers and trespassers, and can give rise to no very strenuous question as to the ethical right of the surgeon to range himself on the side of the company, a large majority occur through injuries to employees, and must inevitably stir up in his conscience secret misgivings as to the correct ethical course to pursue toward the company which hires him and the injured servants from whose assessments his salary is derived.

Where damage cases have been brought by members of the association against the company the writer is not aware that the chief surgeon of the association or any member of his staff has ever been known to testify as a voluntary plaintiff's witness against the company. Such situations are and should be embarrassing to any high-minded surgeon. As a matter of obvious equity and decency, surgeons employed by relief associations supported by mutual contributions of employer and employed, and with inseparable obligations toward both parties, should be excluded from all participation in legal proceedings except as they are subpoenaed to testify as to facts. Such is usually not the case, however; the fact that such and such a surgeon has a reputation as a "strong witness for the company" is also a strong card in his favor when he seeks employment; and during lawsuits on trial he frequently sits next to and assists the company's attorney. It must be conceded, however, that his voice is frequently raised, in those confidential relations which he sustains toward the company, in favor of large settlements with employees who he knows have been seriously injured. Not so creditably, he has been known to give outrageously biased testimony on the witness stand, as well as to take advantage of confidential relations established with injured employees to lead them to settlements not at all commensurate with their injuries.

A case recently tried in the Arkansas courts throws a curious light on certain tortuous aspects of these relations. A switchman sustained an injury to the arm and received treatment from the chief surgeon. In

10. The Chesapeake & Ohio R. R. pays half this salary; on other roads the company usually pays nothing.

course of time he was discharged with an assurance, in the presence of witnesses, that he had recovered, and was sent by the chief surgeon with a sealed letter to the chief claim agent. On the basis of the assurance a small settlement was made. Subsequent failure to achieve a complete recovery led to an examination by an outside surgeon, and to the discovery that the arm was permanently disabled in a way which must have been obvious to the company's surgeon. The testimony developed in the subsequent suit showed also that the letter contained a correct statement of the permanent disability, and the court therefore set aside the settlement on the ground that it had been secured through fraud and collusion. The Arkansas Supreme Court upheld the verdict given in the lower court and added a caustic opinion on the ethical standard set by the department chiefs.¹¹

Serving with the chief surgeon and of equal or actually superior authority is usually a secretary-superintendent. This official reports nominally to the board of managers, or to the chief surgeon, or to both; but he is most frequently appointed by, and in confidential relations with, the general manager of the road, and in all other relations does as he chooses. The secretary is not infrequently a former claim agent, and is apt to be the most interesting and picturesque, as well as the most influential member of the staff. He is often too old to be offered without effrontery to any other department, but he is a good mixer, and has had a checkered career of railroad experiences; although not always of a kind that would appear well in print. He is often better posted on practical surgical diagnosis and prognosis than the chief surgeon, and has a supreme contempt for doctors and their bills. He is an infallible prophet of good or bad luck to the legal department. He can wheedle out of a quarrelsome switchman a settlement which the claim department has abandoned as impossible. He is the guide, philosopher and friend of all widows and orphans, has been known to settle strikes and to lead railroad men's Y. M. C. A. meetings, and can secure the discharge of any man in the department from the chief surgeon down. The latter dignified official hates him, fears him, and in private incontinently bows down to him. The secretary-superintendent believes in himself alone, and talks freely to cover up his thoughts. With him, the men have an abiding faith both in the benevolent intentions of the company and in the

11. 113 S. W. Rep., 103. *St. Louis, Iron Mountain & Southern R. R. Co. v. Hambright*, Supreme Court of Arkansas. On the strength of the chief surgeon's statement Hambright accepted \$1,250 and released the company. On the plea of fraud and collusion between the chief surgeon and the claim agent, Hambright afterward sued to set aside the settlement, and recovered \$5,000. In upholding the verdict of the lower court Judge Hill said: "Dr. O—— says that his examinations were made in behalf of the employees as well as of the railroad; that his employment came from the railroad and his compensation from a fund derived from the assessments of employees. Certainly under such conditions Hambright had a right to rely on the doctor's good faith, and it does not lie in the mouth of the railroad to say that an employee cannot safely rely upon statements of a chief surgeon who occupies such a delicate position between it and its employees."

This is not the first time the railroad system just mentioned has been in trouble over collusion between the claim department and the hospital association. An exactly similar case involves a branch of the same system, the same claim department and the same hospital department's officials. *T. & P. R. R. Co. v. Jowers*, Texas Court of Civil Appeals, 110 S. W. Rep., 946.

Above references are from the *Bulletin of the Bureau of Labor*, 18, 1909, 50-52, p. 420.

notion that the company meets their contributions dollar for dollar. Without him the department would fall to pieces — unless another equally competent and sufficiently seasoned disciple of Machiavelli could be discovered.

The department is usually provided with one or more hospitals, and the hospital is exactly what the chief surgeon makes it. If the chief is a young, ambitious and well-posted man, and if the hospital is new, or if there is money enough to reequip it according to the modern ideas of the new incumbent, there is no reason why it should not — as it sometimes does — provide service equal to that of the best up-to-date hospitals, even though its location may be in a small town or in a western wilderness. The funds at the disposal of most associations are ample to provide the best nursing by a well-taught training school, good diet and medicines, comfortable wards and beds, single rooms for very sick patients or for those who care to pay for privacy, aseptic operating-rooms and materials, with the service of intelligent house surgeons changed often enough to prevent them from becoming stale. Often the hospital boasts of a bath, massage, and electrical department, with an x-ray machine operated by a competent radiographer. To such well-equipped hospitals, presided over by chief surgeons of high attainments and winning personality, the employees and even the general officers of the road will often go willingly for treatment, confident that no better can be had anywhere for any money.

And yet the railroad association hospitals are few enough throughout the country that come up to this type, or that could even stand a comparison with the average sisters' or denominational hospital located in most of the medium-sized towns of the Middle West. Dry rot and incompetence creep into and find shelter most quickly and permanently in this form of railroad relief department and its hospitals. Where the surgical department is not built up around a mutual fund, but draws its sustenance direct from the company, the front office usually feels the responsibility and insists on efficiency of service and plant, with an ear constantly open to unfavorable criticism. But with the responsibility shifted or divided by the organization of a fund or by frequent or too infrequent changes in the general management, watchfulness is apt to relax, and the standard of the department may reach a point so disgracefully low that the men shrink from accepting the services of the surgeons or the shelter of the hospitals. Such hospitals are often dirty, insanitary, hopelessly infected; their drug-rooms and druggists are unreliable; their operating-rooms are poorly stocked with rotting catgut, moldy gauze and rusty instruments; their attendants are insolent, their beds are infested with vermin; their house staff is lazy and the chief is a hopelessly superannuated drunkard who has long ceased to command enough public confidence to have any private practice. It is not difficult to place the responsibility for such a state of affairs. Although the men provide the fund and know when it is misspent, they have little or no voice in its management and any attempt on their part to urge an appointment or force a resignation is invariably frowned down. Of course, proximately the

mantle of authority rests on the chief surgeon and a mismanaged department is his fault. But when that official is superannuated, lazy, ignorant or otherwise incompetent, the blame for such a state of affairs if long continued rests with the general officer who controls his appointment and whose duty it should be summarily to remove him. And yet such a chief is often allowed to remain for years after no sane private individual would employ him, and after his professional inefficiency is notorious and a scandal among the men, because he is a good witness for the company, or happens to be on terms of friendship with the company's general officers, or because it is too much trouble to remove him. On the other hand, chief surgeons are sometimes changed arbitrarily with every change in the general management, or the position becomes the counter with which the legal department liquidates its personal or political debts—and the men pay the bill.

III

Let us now consider more closely the values offered by this system of relief and its significance to the employee and to the company, as well as its influence as one factor in our economic and industrial development.

It must, of course, be understood that in this article we are not dealing with the question of compensation, but merely with that of adequate provision for the treatment of occupational injuries.

1. What has the fund replaced for the employee; and what resources would still be his were the fund non-existent?

2. What does it replace for the employer; and is the company relieved of any generally recognized obligation through its existence?

3. What does each actually contribute?

4. What does each actually receive?

5. Which party is the gainer and which the loser by the transaction; and is it, with reference to the general welfare of society, a step forward?

1. The fund replaces for the employee (a) the old system by which he pays personally for the treatment of sickness or injury *not* incidental to his employment.

But against the old system as it still exists quite generally in this country¹² there is really little to urge. The following are stock arguments: the community may not be able to provide as good physicians as those selected by the fund, or may not have hospital facilities; the disabled man may be destitute or shiftless; organized relief is better and more dependable than that furnished by individuals; an insignificant tax on the entire body relieves individuals of a heavy burden; etc. These claims may all, at times, prove true enough, but they do not appear to the writer to carry any great force as against the arguments that under ordinary methods and conditions the man pays for his own troubles and for no one's else; forms no entangling alliances with interests disguised as philanthropy; is treated by the physician of his own choice, on whom he never calls unnecessarily; and is able under most of the conditions now prevailing to procure and pay for the services of physicians and

12. See *ante* (p. 1) for list of railroads not using the relief department. The list is by no means complete.

hospitals fully as good as any selected by and representing only his employer.

Furthermore, the American medical profession has constantly and wisely held out against systems of contract practice. The principle of collective bargaining which applies so well to wages and to cooperative stores has never worked well either for buyer or seller when applied to the commodity furnished by the medical man, who is at his best when his work is by the piece — and hand and head work at that. Such bargaining results eventually in debauching and cheapening the profession and in furnishing the patient with but poor and perfunctory service. Most of the better class of employees recognize this, and though paying their assessments without protest still employ their own medical man and pay for his medicine. These remarks apply especially to contract medical and dispensary practice, and to the work of men employed for routine services and paid by a pass or nominal salary. They do not apply to purely surgical services paid for on a reasonable fee bill, or to the salaried work of the surgical, sanitary and medicolegal advisers of the road — such work is for the road and not for the men, except incidentally, and represents but indirectly, if at all, their share in the benefits of the undertaking.

(b) The fund replaces the surgical relief which the company once furnished and paid for out of its own pocket. Few railroads have existed long without an organized staff of surgeons and hospitals either belonging to or subsidized by the company. For this surgical relief on many roads the man pays nothing, but accepts it as a matter of course, and as something to which he seems to be entitled by virtue of the extra hazard of his employment. For serious injuries the company pays all reasonable doctors', hospital, drug, nursing and burial bills, whether it likes to do so or not, and the average charge against the road's income is about \$10 per mile per annum. The justice of such a course, no one but a claim agent would now openly undertake to dispute, or to attribute any greater virtue to the company for maintaining a surgical department than for keeping up a repair department to make repairs on machinery. But for some curious and unfathomable reason many American corporations have silently but persistently refused to recognize the justice of this proposition. A large proportion of manufacturing concerns doing business in cities, where the injustice of failure to provide adequate surgical aid is lost sight of in the complex inhumanity of a million other more positive acts, refuse to give their employees more than first aid, and sometimes not even that. Railroad companies, however, are peculiarly situated and can ill afford to dispense with prompt and systematized surgical relief. Railroad injuries are often appalling, occur far from centers of population, and cannot wait for the unorganized efforts of individuals. Railroad men are organized and are in a position to demand efficient relief measures at somebody's expense; public sentiment is strong in American communities against railroads, and any lack of attention to injured employees would soon find effective condemnation from the jury box — hence the surgical department. And yet the notion of free sur-

gical relief for injured employees has long existed as a thorn in the side of railroad managements and claim departments, and any method by which the burden can be shifted is sure of favorable consideration, provided the shift is not too obvious, and provided conditions are ripe for putting it into operation—hence mutual relief and hospital funds; devices by which the company rids itself of its recognized surgical and sanitary obligations and functions, and by which the employee for a small assessment receives care for all legitimate disability.

These funds provide collectively for the men during sickness what they formerly purchased for themselves individually. By collective bargaining they procure drugs, doctors, nursing, hospital beds, etc., cheaper than by individual purchase, but probably the quality is not so good. There is nothing particularly new about this system of relief as practiced by unions and mutual associations of workmen—England and the Continent have known it ever since the first days of the cooperative store. Any saving to the men by this bargaining, however, is lost to them by virtue of the fact that the employer has intruded himself into the bargain, insists that he shall handle the fund, and that his surgical bills, which he formerly had to pay himself, shall be charged against the fund to compensate him for his trouble as manager.

2. We thus see that the fund has replaced the company's own surgical department in so far as paying most of its bills is concerned, and that by so doing the employing company has adroitly shifted the burden of a generally recognized obligation toward the injured employee from its own shoulders to those of the entire servant body. The advantage is also with the company in that it is thus enabled to place a quasi-independent organization as a buffer between it and certain of its obligations.

3. (a) It is plain enough what the men contribute to the fund. They contribute 25 cents to \$2 per month, according to their wages, and according to the method adopted by each road in spreading the assessments.¹³ For a road employing 40,000 men and assessing them 50 cents per month the annual income of the relief department from assessments would be \$240,000. This amount should be ample to carry absolutely all the direct medical, surgical and sanitary expenses of the road, except such surgical charges as arise in connection with certain injured passengers and wayfarers who happen not to be treated by those salaried surgeons who are paid out of the fund. Such expenses must of course still be met by the company.

(b) But it is not so plain what the company contributes. Any investigator who has endeavored to secure in even approximate figures the amount and character of any company's addition to the fund will concede that there is something vague and illusory about it which is altogether unnecessary if it is at all adequate. Charters and by-laws make little mention of moneys or substantial contributions by the companies; and the annual reports, when issued, are curiously mystifying documents in all matters of finance.

13. For example: the Chesapeake & Ohio R. R. assessments were 10, 25, 35 and 50 cents per month until 1909, in which year the minimum assessment became 25 cents on account of deficits in previous years. For the year ending June 30, 1908, the total assessment was \$58,525; ending June 30, 1909, \$52,829; June 30, 1911, \$77,354.27.

"The company contributes transportation, telegraph and telephone service." If this means anything as a contribution to a mutual relief system it means that the company proposes to charge employees and their fund for use of these services in summoning assistance or in sending sick or injured employees to hospitals or doctors. How much is it customary for an employer to receive for such service? And how much would any court award him? Must the employee offset this sort of service against his own cash?

"The company guarantees the fund." What is the cash value of such a guaranty as an offset against cash assessments? And if the department — as the courts have often decided — is but a part of the company, with no real identity, what is the use of the guaranty, since the company is liable for the debts of the department, anyway? Granted that the guaranty does actually furnish some added protection, its cash value to the employee is altogether contingent on a possible deficit, and when it develops that the company reserves the right to increase assessments and to recoup itself for advances out of any future surplus, the cash value of the guaranty shrinks to the vanishing point.

"The company manages the fund." This phrase is comprehensive and generous, but what does it mean? Does it mean that the road and its officers merely advise and direct the policy of the department and serve as custodian, depository, directors or trustees without pay? Or does it mean that the road pays all the expenses incidental to the details of management, and thus makes an actual cash contribution?

If merely the former, such service can hardly be rated at a cash value to the fund, since not only are funds of this kind invariably handled by banks, trustees or committees acting without pay, but the influence wielded by the trustee may become an asset of such value to him or to his officer that the employer expressly stipulates that the trusteeship shall be held by one of his official representatives. Nor can the mere act of making monthly deductions from pay-rolls and holding them in the company's treasury be seriously regarded as any material offset against the real cash which is withheld.

If the latter is the case, then we have finally come on something which can be computed in dollars and cents, and which not only should but must be represented by some sort of exhibit in the annual report of the fund; if the fund, as is not usually the case, publishes a real balance sheet. Management, to have a cash value as an offset to assessments, should include general salaries, rent, taxes, insurance, clerk hire, office and traveling expenses, stationery, etc., thus leaving the fund resulting from the assessments to be expended in the actual care of the disabled employee. An examination of a large number of private and public reports of all kinds of railroad hospital associations and relief departments shows that the companies take various views as to the correct answer to this important question.

Certain companies make an exact statement of the cost of management, and meet the entire bill in cash. Thus, the Pennsylvania Lines

West of Pittsburgh¹⁴ (4,942 miles) paid out during the year ended June 30, 1909, "from their own treasuries, \$107,677.79 for expenses of Relief Department." This department, however, uses a release contract, and against that undoubted cash contribution the fund came to the relief of the company by paying out for accidental deaths and disablement \$154,380.50 — contributed by the men.

The Baltimore and Ohio Railroad, using a similar release contract, "contributes annually \$10,000 toward operating expenses." The actual operating expenses of the relief department for the year ending June 30, 1909, were \$108,951.54, and the accident benefits for that year were \$203,607.02. For \$10,000 the Baltimore and Ohio Railroad receives a release from surgical and compensation expenses amounting to \$312,558.56 — rather a good investment.

The Chicago, Burlington and Quincy Railroad Relief Department (Report, Dec. 31, 1908) paid out \$300,877.44 in 1908 for accident relief, and the road paid for operating the department \$78,063.79. Relief includes compensation based on a release contract.

The Philadelphia and Reading Railroad Relief Association (Twenty-First Annual Report, 1909, p. 7) shows \$311,340.38 in contributions by members; \$13,769.81 contributed by the railroad company, and \$16,998.46 by "associated companies" toward operations, a total of \$30,768.27. The release contract is the basis of relief. Accident benefits amounted to \$82,051.

On the four roads just mentioned the "contribution by the company" to the fund, and its appearance in the annual statement of the fund, is for the purpose of validating the release contract. The adequacy of the contribution and the legal aspects of the contract will be discussed in another paper.

When the association does not employ the release contract, fear of the courts no longer operates to force the companies to publish annual reports of these departments and to make at least a show of cash contributions to the funds. A few companies, however, do make a small cash contribution, without using the release contract system, and these companies usually make annual publication of the financial condition of the fund.

The Northern Pacific Beneficial Association (no release contract) statement for the year ending June 30, 1909, shows "deducted from pay-rolls, \$283,462," and total receipts \$304,578.73; total expenditures \$275,223.12. Surplus for year \$29,355.61. "Expenditures" include:

Hospital expenses	\$173,347.69
Line expenses	78,715.85
Burial expenses	19,672.00
General office, etc., expenses...	3,422.60
Stretcher equipment	64.08
	\$275,223.12

To the "total receipts" the company contributes annually "for services" \$6,000. The company "also provides the hospital buildings at Brainerd

14. *Twentieth Annual Report, Year Ended June 30, 1909*, p. 5. Similar showings occur in the annual report of the Pennsylvania lines east of Pittsburgh (6,293 miles).

and Missoula, makes the monthly deductions from the pay-rolls, and assists very greatly in making the successful operation of the department." If we allow \$6,000 per annum each as the rental of the two hospitals (on which the association makes all repairs, additions and improvements) we have a total annual contribution to the fund by the Northern Pacific Railroad of \$18,000, unless "assisting greatly at making the successful operation of the department" is a cash asset. Against this the men gave \$275,223.12 for their treatment for sickness and injury. We may estimate conservatively that 40 per cent. of this, or \$110,089, was expended for treatment of injury in the line of duty. For \$18,000 the company, therefore, received a value of \$110,089 from the association in the care of surgical conditions which, without the association, it would have had to meet itself. Again, this is not a bad investment.

The Chesapeake & Ohio Hospital Association report for the year ending June 30, 1911, shows:

INCOME	
Assessments	\$77,354.27
Interest	362.72
Pay patients	2,936.54
	<u>\$80,653.53</u>
EXPENSES	
Salaries, hospitals, burials, etc. .	71,356.29
Surplus for year.....	\$ 9,297.24
Total surplus	14,855.57

The company furnishes, but retains title to, hospitals at Huntington and Clifton Forge, but the association equips and improves them. The company pays half (\$1,800) the chief surgeon's salary. Other salaries are paid by the hospital association, except that at important points a portion of the surgeons' salaries is paid by the company in consideration of the treatment of injured passengers, trespassers, etc. Local surgeons at small points are paid for services by "pass privileges" within their own state.

The Denver & Rio Grande Railroad Hospital Association publishes no report. This organization is almost identical in method with the last named, and uses hospitals already built by the company. Its constitution, like that of the Northern Pacific Beneficial Association, gives it the right to build and own other hospitals.

It is difficult to see what contribution, outside of the rent of hospital buildings and "pass privileges," the last two companies make toward the association.

The Frisco System donates annually to the hospital fund the munificent sum of \$500.

On the following roads the company makes no discoverable contribution to the fund:

Wabash Employees Hospital Association (report for year ending June 30, 1911) "erects and maintains hospitals for sick and injured." "Company donates telegraph and train service."

RECEIPTS	
Assessments, interest, etc. (nothing from company)....	\$81,929.12
EXPENDITURES	
Furniture, equipment, drugs, salaries, wages, supplies funerals, taxes, insurance, rent.....	97,271.04
Deficit for year.....	\$15,341.92
Surplus brought forward.....	46,335.14
Surplus June 31, 1911.....	\$30,993.22

There is no evidence, from an examination of annual reports and rules and regulations, that the Wabash Railroad Company has made any material contribution to this fund. The annual report does not separate the cost of caring for surgical and medical cases. All surgeons' salaries appear to be paid out of the fund, and there is no company's contribution "for management."

The Illinois Central Hospital Association (Louisville & Tennessee Divisions) publishes no annual statement. Its membership is 4,577 (1910); its income (approximately), \$42,000; its surplus (June 30, 1910), \$7,215. It is supported by assessments from all employees, from 40 cents to \$1 per month. The company furnishes the services of treasurer and auditor gratuitously. The hospital at Paducah was paid for and is maintained out of the fund. All salaries, except that of the chief surgeon of the Illinois Central Railroad, whose duties in connection with the association are purely diplomatic and advisory, are paid out of the fund. The company makes no monetary contribution. "An annual pass is furnished to surgeons in consideration of the agreement to treat, without fee, all sick employees in the surgeon's jurisdiction until such time as they can be sent to the hospital." The annual pass to surgeons seems to be the only contribution which the company makes to liquidate its obligation to an annual fund of approximately \$42,000 raised by employees to care for injuries and sickness.

The relief associations of the following roads are so similar that they may be considered together:

Southern Pacific R. R., Union Pacific R. R., Missouri Pacific R. R., Atchison, Topeka & Santa Fe R. R., Illinois Central R. R., Yazoo & Mississippi Valley R. R., Milwaukee Hospital Association (Chicago, Milwaukee & St. Paul lines west of Missouri River). These organizations are practically identical, and their control is vested entirely in the companies. Financially also there is little difference, and they have the following points in common: no annual reports, to public or members, of the condition of the fund; assessments compulsory, and usually 50 cents per man per month; all expenses, including salaries,¹⁵ hospitals, burials, drugs, taxes, surgeons' bills, etc., paid out of the fund; no visible or cash contributions by the companies beyond transportation and telegraph facilities, the services of the companies' officers, and the guaranty of deficits subject to reimbursement from future contributions; local surgeons at small points paid for occasional services by local passes issued by the companies.

15. One or two roads is said to pay a part of the salary of the chief surgeon. This statement is not confirmed.

From the foregoing rather lengthy but not unnecessary examination into the details of several relief funds we are now able to give intelligent answers to our third question—what amounts are contributed respectively by employers and employees to these railroad relief funds? (a) The men make contributions ample enough to manage and support the associations without help from the employer, and usually enough to lay by a small surplus. (b) Unless employers have naively concealed their contributions, with the simple-minded purpose of withholding from their left hand a knowledge of the good deeds performed by their right, they have contributed little beyond stage money to those funds not based on release contracts.¹⁶

4. What benefit does each actually receive from the hospital Association?

A. The employee receives all necessary care for legitimate medical and surgical disability. Where no release clause is operative his assessment is small, even insignificant; but the fund contributes nothing beyond hospital care to compensate for his lost wages, so that he is obliged to depend on outside insurance, savings, donations or indemnity to maintain him and his family during idleness. The fund is therefore in no sense complete in its relation toward the employee, and he must supplement it elsewhere. This deficiency is at once obvious to intelligent employees, and as a consequence the funds are never organized through their initiative, although an effort is frequently made to show that such is the case: "the railroad company is the real yolk in the association egg," and the employee well knows that without the association the company would still be obliged to supply him with surgical care. Many employees do not avail themselves of the advantages offered by the association, and their contributions, therefore, become involuntary donations to the fund.

B. What does the company receive?

These funds have invariably been organized by the companies, and sometimes over the protests of a large body of men. At the outset, membership has usually been voluntary, but as the older non-joining men have gradually sought other service the newer men have found it expedient, in fact if not in theory, to become members; so that by the time the organization is an integral part of the service the membership is complete for all men in the operating departments, and the company is relieved of the necessity of maintaining a double surgical system. It would be foolish to attribute these movements to any unselfish motives controlling a corporate employer. With the obvious pressure, not to say compulsion, which is brought to bear in their operating services by companies organizing associations, it must be equally obvious that some

16. Where annual statements show that the railroads have actually financed the management of the fund it has been for the purpose of legalizing the release contract. Compensation is provided for by large increases in the assessments. Where the cost of management is actually met by the employer the fund usually accumulates a bulky and unnecessary surplus invested in the company's securities. This surplus approximates and often exceeds the total of the employer's contributions and could be safely wiped out without loss to the men were the company's management and the release clause also to suffer elimination. There would not only remain to the men the benefits of adequate and safe insurance against all disability; they would also be left in possession of their right to recovery from an employer through whose negligence they might have sustained injury. Especially would this be the case if the fund were relieved of the charge of maintaining the company's surgical department.

advantage to the employer is sought which does not exist under the old system. These advantages are not difficult to discover, and may be enumerated as follows:

(a) Elimination of a long-standing sore spot from the company's expense account by payment out of the association fund of all bills for the care of injured employees. This, as has been shown, is accomplished at little cost to the company.

(b) A more perfectly organized surgical department; nominally autonomous, and serving thus as a buffer between the company and injured employees.

(c) A more perfect sanitary service, and more complete supervision over the general health and moral status of the company's servants.

(d) Use of department surgeons at a minimum cost to the company in the care of injured passengers, trespassers, etc.

(e) Trusteeship and control of a fund and property belonging to the men.

(f) Privilege of controlling appointments of physicians and surgeons favorable to the company; control of these by the claim and legal departments; unrestricted access of claim agents to injured men in the companies' hospitals and exclusion of persons unfriendly to the company; confidential relations between claim and surgical departments and exclusive use of reports prepared by the latter. These advantages are all material to the company and place the men at a corresponding disadvantage in dealing with the claim department.

The above considerations would show that the companies are, at the least, abundantly relieved of any imputation of altruism in advocating the cause of "mutual relief."

5. We are now prepared to consider, finally, which party is the gainer, and which surrenders the most by present methods of financing and handling these relief funds. There can be no question that, when well handled, the association fulfils a very useful function toward the average railroad man. If he is hurt he must have a surgeon and a hospital promptly, and it is out of the question to ask him in this emergency to act for himself. The same rule hardly applies to ordinary sickness; but there are extraordinary occasions when the lack of organized relief results in great danger and privation to the sick railroader, and when the man who usually ignores the fund and employs his own doctor is glad to accept the aid of the association physician and hospital. But such occasions arise in other employments, and are in fact daily occurrences on the three-fifths of American roads on which there is no sick relief; and no one comments on the fact that the situations must be, and are, handled through other channels. Nevertheless, it may be conceded that where the sick or injured employee applies to an association for medical or surgical treatment he is apt to be well and impartially cared for, and to feel that he is getting individually a large return for his assessment. Such grateful beneficiaries usually ignore the fact that the company's contribution is not conspicuous, and become for all time enthusiastic advocates of the merits of the fund, and credit the company for its beneficence.

But admitting the primary usefulness of the association it is fair to question: (a) whether it is properly financed; (b) whether the fact of its management as a company's department has not brought it to yield base and improper uses and advantages to the company not obvious in the constitution and by-laws; and (c) whether such funds are in line with the modern advance in the direction of a more equitable distribution of the accident load which has to be borne by commerce and industry.

(a) If we make the fundamental concession of all modern economists that a railroad or other large employer of labor should make the care of wounded employees a matter coequal with the repair of injured machinery, then each road using such a fund should contribute to it annually an amount equal to that necessary to establish and maintain a surgical department, including hospitals. This amount should be exclusive of passes, facilities and management, which are inevitable charges against the service, whether managed by the company or by an association. Under the simple form of surgical service provided by three-fifths of the companies, the cost is not less than \$10 per mile per year. Under the more widely reaching benefits to the companies secured through the association, and with a sinking fund charge to provide a share in the cost of constructing and maintaining hospitals, the contribution should be equivalent to at least \$15 per mile per annum. For roads with a mileage of, say, 6,500 miles, this charge would be \$80,000 to \$100,000. To this surgical fund from the employer should be added a somewhat larger amount for sickness, to be raised by assessment of employees. For a road of 6,500 miles, employing not far from 40,000 men, an assessment of 30 cents per month per man would produce an annual sickness fund of \$144,000. These two funds when united should be ample to finance the entire relief organization and to furnish a reasonable sinking fund. Should an unnecessary and unwieldy surplus develop, the proportionate contributions for ensuing years should be either cautiously reduced, or should be increased proportionately to provide for a complete scheme of indemnity and insurance.

It may be safely said that at the present time no American railroad which operates a relief association comes anywhere near to a realization of this ideal, and every one of the roads mentioned in this paper is at least 75 per cent. short in its legitimate contribution even to the surgical fund.

(b) Under the guise of management the associations and their funds and personnel are strained at every point to function for the companies. Membership in the associations is usually frankly, and always substantially obligatory for men in the dangerous services; were this not so each company would be forced to maintain a dual surgical service. Where management is with a board of trustees the company sees to it that it controls a safe majority; many funds are managed directly by the company and the men have no voice. All appointments of secretaries, superintendents, chiefs and surgeons are in the companies' hands through the general managers, and the men have no voice in appointing or removing. The companies use the salaried staff of the associations freely and gratui-

itously for inspection, sanitation, advice, testimony in court, and frequently for the treatment of injured passengers and trespassers without cost. The surgical staff reports promptly all cases to the companies' claim departments, and these reports are expected to contain not only surgical details, but also valuable information relative to the method of occurrence of accidents and the sources of responsibility. This same information is systematically withheld from claimant employees. In all matters where the injured employee and the company are in conflict the attitude of the association through its representatives, instead of being an impartial one, is invariably favorable to the interests of the company. When we make closer study of the informal, confidential and unrecorded operations of relief departments, in all matters relative to liability for negligence and compensation for injuries, the unclean trail of the companies' claim and legal departments is everywhere in evidence. The unfair advantage which the companies take of the men in distributing the financial load of the association is equaled only by the unfair legal advantages taken through close association and unduly confidential and subservient relations of the relief association officers with the companies' claim agents and attorneys. The by-laws and charters of the associations already give to the companies every reasonable financial and legal vantage ground, but these advantages are reinforced secretly and unfairly at the individual discretion of the companies' claim agents and the associations' surgeons and personnel, and always to the corresponding disadvantage of the employee.

(c) As sociological phenomena, our railroad relief associations as at present constituted are anachronisms. It has been conceded by economists for nearly a generation — and over twenty-two modern governments have now legalized the concession — that the employer should pay the bill for repairing the injured workman. Under the system we are now discussing, the employer not only manages the fund for his own best legal and financial advantage, but the employee pays the bill. Furthermore, the system is ridiculously inadequate to meet the requirements of modern society for the relief of workmen deprived of their earning capacity, and has to be supplemented by other systems equally unjust and inadequate. Considered sociologically, the release contract system of the hospital departments of the roads already briefly referred to¹⁷ is far superior to these one-sided relief associations.

When we note that the basic laws of all European states now contain provisions not only for payment by the employer of all the surgical expenses of his business, but also for suitable indemnities to employees for time lost through injury, we are struck with the weak injustice and futility of the scope and plan of these organizations, and look forward to the time when our states shall severally and collectively enact comprehensive and far-reaching workmen's compensation laws. With just and modern relief measures finally enforced by law in the United States, the railroad hospital association *as at present constituted* will disappear from the map.

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17. See Ante, p. 61, Group 3, and pp. 74 and 75.