In those twenty-two years a great many problems have arisen. Perhaps one of the greatest problems is the question of quality. I believe, as Mr. Shilling has said, that now is a critical time, and the question is what are we going to do? I believe the time is ripe when we should stand for quality, and I believe the creameries of this state, and other states as well, should take the stand to make good butter, even though they only make half as much butter as they are making today. There is an economic law abroad in the universe, the immutable law of compensation. In the long run, you have to pay for what you get, or you will get what you pay for, and that applies with more force today than it did in the past.

I wish to thank you for the recognition. As the chairman said, I have come a long distance, something like 1,100 miles, to reach the city, and got here just a little while ago. I thank you. (Applause.)

President: This is the last on the program tonight, and I would like to have you meet here promptly tomorrow. We stand adjourned until 1:30.

WEDNESDAY AFTERNOON SESSION.

Wednesday afternoon, 1:30 P. M.; meeting called to order by the President.

President: We will go right to work with the program. The first we have on the program is the Workmen’s Compensation Law as relating to Creameries, by the Hon. C. H. Crownhart, Industrial Commission, Madison.

THE WORKMEN’S COMPENSATION LAW AS RELATING TO CREAMERIES.


Mr. President, Ladies and Gentlemen: I am glad that I am not going to talk to you on butter making. My experience in butter making dates back to the old fashioned churn and dasher, and it is not a pleasant recollection.
The Workmen's Compensation law was passed to take effect September 1, 1911. I wish you to fully understand at the outset that the law is optional. You have the right to elect whether or not you desire to become subject to the Workmen's Compensation act. If you have four employes, four men working for you under contract of hire, you are subject to the law unless you file your election with the Industrial Commission, before hiring these four men not to come under the law. You may file your election that you do not wish to come under the Compensation Act, and thereby you remain outside. If you have three employes only, no more than three, then you cannot be under the compensation act, except you file your election to come under. You see the difference. If you have four employes, you come under it automatically, unless you file your election not to come under. If you have three employes or less, you do not come under the law unless you file your election to come under.

If you are under the Compensation Act, you may go out from under it at the expiration of one year from the date that you came under by filing a statement with the Industrial Commission at the expiration of ten months, or sixty days before the expiration of the year, if you desire to withdraw. If you are under the Compensation Act, you are required to insure your liability, unless you file with the Industrial Commission a statement of your financial resources showing that you are able to carry your own risk, in which case you may be exempted from carrying insurance. The purpose of this provision of the law is to make certain of payment in case of an accident. The damages that are allowed, or the compensation that is allowed in case of accidents is limited in amount, but in the place of the uncertainties that prevailed under the old system, certainty is established. Therefore it is provided not only that the person injured will receive some compensation in a limited amount, but he is sure to get it. This provision of the Act was not intended to reach buttermakers. It was intended to reach the contractors who are in business today, and at times tomorrow, and who are engaged in a very hazardous occupation, sometimes without capital, sometimes without any financial ability to pay.
Corporations were organized under the old law expressly to evade liability under the Compensation Act. To meet that, the provision was introduced last winter by way of amendment, requiring all employers to carry insurance, or to show their ability to carry their own risk. If you are under the Compensation Act and have an accident to one of your employees, you are to pay him 65 per cent of his wages while he is laid up, not exceeding in any event $9.37 a week. In other words, the act is based upon an actual wage of $750.00 a year, so that when you figure out the average weekly wage upon which compensation is paid, it does not exceed $14.42 per week, and 65 per cent of that is $9.37, so that in no event are you liable for more than $9.37 per week. Besides that, you are liable for medical attendance for the first 90 days. If you are under the Compensation Act, and you have an accident, you are not liable to be sued in court. The law furnishes the measure of your liability and if there is a dispute between you and your employee, it is deter-
mined by the Industrial Commission, who will meet with you upon the ground, and dispose of it. You do not need a lawyer, neither does the employee need a lawyer. There is nothing in the law to prevent you from hiring a lawyer if you want to.

Under the Compensation Act you are not liable in case of death, or in case of permanent injury beyond $3,000.00; that is the limit. You may be liable up to $2,000.00, but the measure of your liability if four times the annual wage of the employee, that is, in case of death, and that liability is to the dependent of the employee. If he has no dependent, you are only liable for $100.00, total expense. If he should die, leaving a widow, she would be entitled to four times his annual wage, not exceeding $3,000.00. Under the old law, that is, if you are not under the Compensation Act, the limit is placed at $10,000.00. Under Compensation, the only question to be considered is whether or not the employee was injured while in the course of his employment. If so injured, he is entitled to the compensation. Under the liability law, the old law, the question is, was the employee injured in the course of his employment by reason of your fault? Under Compensation it is not a question of whose fault it is, it is a question of whether or not the man is hurt, and involves a loss of wage; while under the old law it is simply a question of fault, who is to blame, and that litigated before a jury and left for the jury to determine. In case of injury without death, there is no limitation under the old. Judgments have been sustained in a sum exceeding $20,000.00 in one case, but that is a question for the jury.

The accident hazard in buttermaking is very low, if we are to judge by our records. All accidents are supposed to be reported to the Industrial Commission, all accidents causing a loss of wage beyond seven days. So far as we have gone there is not a single record of a case of serious injury since this law went into effect.

The rate of insurance should be based upon the hazard. I find that the rate of insurance for buttermakers as fixed by the mutual companies, runs from 70 cents to $1.31, depending upon the condition of the plant. The rate as fixed by the old
line companies is $1.38. That means $1.38 on the $100.00 of pay roll. If you have $1,000.00 pay roll, it would mean ten times $1.38 or $13.80. In the case of a mutual company, it would mean seven times. These rates, if our accident experience is right, are altogether too high. The Commission will be glad to secure for this Association a lower rate, or to assist the Association in securing a lower rate if the facts will warrant. I find, as a matter of fact, that the experience of the buttermakers since the law went into effect would justify a rate of 6 cents on the $100.00, instead of $1.38. Now it is quite likely that that rate would be too low, that one serious accident would cost more than the whole insurance premium, but whatever the fact may be, it does clearly appear that your rate is now too high.

When the thresher men were in convention, I suggested to them that they appoint a committee to take up the question of securing insurance rates for their industry. They appointed such a committee, and the committee will consider that matter in the near future. It is not well for a small association to carry its own risk. The overhead expense is high, but you could go with a mutual company, as an organization, take your business to them, and you could no doubt, secure a rate that would approximate your actual charge, your actual expense under compensation. The overhead charge would be light. The experience of insurance companies in this state has been such that they are unable to quote you anything like an approximate rate according to the hazard of your business. No company has had sufficient business from the buttermakers to be able to determine what that rate ought to be. It is a part of the business of the Industrial Commission to receive a record of all accidents that happen in the various industries of this state and classify them, so that after a period of a few years we will be able to ascertain what the correct rate is for a given industry. We will have the experience of all the buttermakers in the state, while an insurance company only has the experience of the buttermakers whom they write. After we have that experience, we will be able to determine what the correct rate is for the various industries under compensation.
There are some crudities in the law yet, some things that need amending. It is too much to expect that a law would be perfect that covers the occupation of 250,000 workmen, each year in the state. Unlike the Courts, the Industrial Commission is able to assist you with advice in advance. The court may only come to your rescue or come to a consideration of your troubles after the accident has happened, and the evidence is all introduced. The Commission itself is to help you administer the law in such a way that you won’t have trouble or accidents, and if you have them, to dispose of them as quickly as possible. I desire to impress upon you that it is rather better to save life and limb than it is to pay for it. Your record has been excellent in the past. I hope you will keep it so, because it is sure to result in lower premium, a lower cost for insurance for you if you keep your record down. In this safety work the Industrial Commission is able to help you. It has men who understand the business. It has men who will answer to your call if you desire assistance in your establishment in planning for safety. They have had the experience, and they are expert in the work. It comes to you free of cost aside from your taxes.—I understand some of you have to pay some taxes.

I don’t think I have anything further to say on this subject, except that I am glad to answer any questions you have to ask, if you have any. I have tried to cover just the outline of the law as simply as it is possible for me to do, so that you might understand it better than if I go into it very much in detail.

I thank you. (Applause.)

DISCUSSION.

MR. BRANCH, Milwaukee: Is an employe under compensation if there is open machinery, or is it optional?

MR. CROWNHART: The Compensation law does not provide anything about the housing of machinery, except this: if you fail to guard your machinery, the compensation may be increased 15 per cent if an accident results, because you failed to guard your machinery, but there is a general statute of safety that re-
quires all machinery to be made safe, and the standard of safety is determined by that general law except that the commission goes out and determines whether the details of the law are complied with and what you have to do to comply with the law or that standard of safety. The rules of the commission require that all shafting that is within 6½ feet of the floor should be guarded, and I want to say to you that transmission shafts that revolve are very dangerous. We just entered an order for a man who was wound up on a shafting in Janesville. It cost the employer $3,000 and $400 for a penalty. A simple guard would have saved the life of a man, and would have saved the employer $3,400.

Mr. H. H. Whiting, Cedarburg, Wisconsin: Would this apply to a man on the farm if he was injured by some animal on the farm in some way,—that is an employee?

Mr. Crownhart: It only applies in case that they have more than three employes. As a matter of fact we haven’t had a single case in two years where it has applied to a farmer.

Mr. R. E. Pearsall, Evansville: Do you advocate mutual insurance?

Mr. Crownhart: Do I advocate mutual insurance?

Mr. Pearsall: Yes. I will just state my case. I am an employer of several men, twenty-five or thirty, and the rates on the old line companies have tripled. Why is that? I am asking two or three questions at once. If twenty men’s lives are worth saving, why don’t they save under four? Why isn’t it just as well to have the compensation act to act on two men or one man? The average creamery throughout the state of Wisconsin does not employ four men. There are very few that do. There are a few that employ more than that. I have been insured; my men are insured up to the first of November. I had a rate from an old line company of 57 cents on $100. Today I am paying $1.38 to this same company. I am under the compensation act now.

Mr. Crownhart: In the first place when the compensation act went into effect the insurance companies raised their rates about $4. Since that time they have reduced their rates three
times, that is, at three different times they have reduced their rate. In February last year they reduced 25 per cent; in October they reduced 15 per cent. They have made a limited coverage, where they had an unlimited coverage, of $5,000. This year in February they have again filed a reduced rate, so that rates are being constantly reduced on compensation by the old line companies. The only reason they put up the prices was because they did not have any experience under compensation, and they merely guessed it would cost them more. So far as your particular rate is concerned it may have been too low, for all I know. All people now who require insurance are entitled to get that rate without discrimination. They must not write insurance for one man at a very low rate and make it up on someone else.

So far as applying to three or more men are concerned, you must recollect that the law was elective and it applies to every man that employs a man, whether it is one man or one hundred men, only if you want it to apply you must elect unless you have four or more employees. I have heard this discussed a great many times why this law does not apply to those employers who have less than four. There is a reason in the law, and it is not the reason that has been given, that it was an effort to catch the farmer vote. The reason in the law is this. The man who hires many men puts them in a much more dangerous place than the man who hires a few.

The great danger in industry comes from a great number of men working together so that the dangers that you are trying to cover are those of occupations where there is a substantial hazard. If I was to make this law I would exempt the farmers altogether, not because the man that is hurt in the farming industry is not entitled to protection, but because as a general thing he gets it. When a man is hurt on the farm he is taken into the house and is taken care of by the farmer's wife. When he is hurt in the city he is turned loose.

Another thing, the insurance companies have made reasonable rates for the industries as a general thing, but they have never made reasonable rates for farms, and the reason is this. It costs so much under their system to investigate accidents
where they have to hire a team to go out on the farm, so they are unable under the present system to give the farmer the reasonable rate he ought to have.

As to mutual companies, I believe thoroughly in co-operation in all these enterprises in the state. I believe that men may organize mutual insurance companies and do their own business in their own way, at a low cost, and that is their business. If they want to do it, all well and good. You have both options open to you here in Wisconsin.

Mr. Towle: How is the premium based on wages paid?

Mr. Crownhart: I am not very familiar how you pay your policies.

Mr. Towle: Where the man is paid so much a day for himself and team?

Mr. Crownhart: Yes. We would have to separate what is a reasonable amount that is paid for his team, and what is a reasonable amount that is paid for the man, and make a premium based on what the man's wages are.

Mr. Guy Speirs, Eau Claire, Wis.: I would like to ask Mr. Crownhart,—suppose a firm had several creameries spread out in the country. They employ one, two or three men at these separate creameries. Do these men, in those plants, come automatically under the compensation act, or does the concern have to elect to bring those two or three men under it; in other words, does the company itself, automatically come under the act?

Mr. Crownhart: The law says that where there are four or more men in a common employment. It is my idea that men working in separate creameries are not working in common employment, so that they would not come under the law unless the employer elected to bring them under.

President: I will now appoint a Resolution Committee, Mr. F. H. Kelling, Mr. L. H. Winter, Mr. John Schield, and I will appoint Messrs. Benkendorf and Larson on the Legislative Committee.

The next on the program will be the Development of Fishy Flavor in Butter, by Mr. L. A. Rogers, Dairy Division, Washington, D. C. (Applause.)