

made under the plan to insure against unemployment resulting from dismissal for any cause, and providing payments of \$15.00 a week (\$10.00 for employees whose average annual wages during the preceding two years did not exceed \$1,000.00), for six weeks or for so much of that time as the employee may be unable to find employment, provided he has subscribed for and contributed toward the cost of at least two of the three forms of insurance. The total cost is borne by the company.

Pensions. The company proposes to continue its present system of pensions, under which, in its discretion, pensions are granted to employees who have been in the service of the company twenty-five years or more and have reached the age of seventy, or who, upon reaching the age of sixty-five, are incapacitated for service. Under this plan the monthly sum paid the pensioned employee is equal to one per cent of his average monthly earnings during his preceding ten years' service, multiplied by the number of years of service with the company.

Of these five forms of insurance, the cost of two is borne wholly by the company, two by the employee, one is shared by both.

During the three years since the announcement of the plan, the following benefits have been paid:

| Claims | Character of Benefits | Amount |
|-----------------|---|--------------|
| 353..... | Life | \$417,412.77 |
| 1,470..... | Health | 154,529.46 |
| 158..... | Accident | 11,726.35 |
| 18..... | Accidental Death and Dis- memberment | 29,100.00 |
| 19..... | Total and Permanent Dis- ability | 7,582.27 |
| 87..... | Unemployment | 6,375.66 |
| 277 (Avg.)..... | Pensions | 306,360.15 |
| Total..... | | \$933,086.66 |

During the year 1924, of 159 employees who died, 123 were eligible and insured under the group policy. For the entire period during which the insurance has been in effect an average death claim of \$1,182.51 has been paid. Sick claims averaged \$105.12; accidents \$77.73; Accidental Death and Dismemberment \$1,616.66; Total and Permanent Disability \$399.06; Unemployment \$73.28; Average Annual pension allowance \$449.21. The latest figures as of September 30, 1925, show a total of \$822,514.30 having been paid employees and their families since the insurance was placed in effect.

Railroad employees have the same interest in protecting their families as has the average citizen, but such coverage is limited by ability to pay its cost. Group Insurance affords additional protection at an unusually low rate. Prior to the introduction of group insurance, comparatively few employees carried accident insurance, while sickness insurance was almost unknown. It must be apparent, in the distribution to families of the large sum of money mentioned above in 2,105 individual cases, that group insurance has been of inestimable benefit in aiding employees and their families in meeting expenses in the case of death, injury or sickness.

By the contributory features of our plan, thrift has been taught. The protection afforded has brought a sense of security and ease of mind to the employee unknown before and judging from the expressed appreciation of the plan, the favorable reaction in the strengthening of morale is unquestionable.

When the plan was first introduced some of the employees declined to subscribe and in some instances were active in their opposition. This feeling has since disappeared and many employees who failed to take advantage of the opportunity to secure the insurance without medical examination have applied for the insurance, taking the necessary medical examination. The success of the plan in operation has not only awakened interest in the protection afforded but has resulted in increasing the number of employees subscribing. On September 28, 1925, of the 12,576 employees eligible for insurance, 11,417, or 90.7 per cent of the total were insured under the contributory provisions of the plan.

Unemployment Insurance

The whole subject of Unemployment Insurance is largely in an experimental stage in this country. It is obvious that Unemployment Insurance as applied by the Delaware and Hudson Company cannot be compared with the schemes in effect elsewhere since in each case conditions are as varied as the countries or the industries themselves.

This form of protection to the individual employees lends itself to the group plan in effect on the Delaware and Hudson Railroad in a most effective way. In our business, there is a continuity of employment rarely broken in the class of employees eligible for Unemployment Insurance. Railroad business fluctuates but unless unusual depression prevails, railroad employment is fairly constant.

It has also been our experience that most of the unsettledness in the minds of the employees develops within the first two years. After an employee has been in service for two years, generally he or she has decided to continue in the railroad service but even with this term of service, unemployment coverage does not apply except on the initiative of the employee who has been a voluntary contributor toward the cost of at least two of the three forms of insurance. Out of a total of 13,000 employees our latest check shows approximately 8,900 eligible for this form of insurance but during the three years and five months this insurance has been in effect, we have paid but 103 claims. Thus it will be seen that the payment of unemployment insurance is somewhat restricted.

While Unemployment Insurance as applied by the Delaware and Hudson Company is a new venture it has materially aided in the stabilization of employment, aside from the benefits enjoyed by the individual who may be so unfortunate as to be temporarily unemployed.

In connection with the subject of stabilization, reference should be made to the basic day provisions and our relations with the shop crafts. Mr. Loree, referring to this subject, has written:

The agitation for the eight hour day in the industrial field was based largely upon the divisibility of the 24 hours into three equal periods, and the effectiveness of the slogan, "eight hours for work, eight hours for play, and eight hours for sleep." The claim was furthermore confidently made that production per man under the eight hour schedule would be greater than under a ten-hour schedule. No investigation was made to develop the facts in this latter regard, nor to ascertain whether the world could support itself on such a basis. The world was steadily improving its condition under a work day of ten hours. Manifestly, life could not be maintained were no work done. There must necessarily be a point beyond which, were hours of work to be further reduced, we should inevitably go backward. Nor was any consideration given to the effect created by so glaring a difference between the conditions of industrial and agricultural labor. In many cases the real incentive was not to shorten the day to eight hours, but to maintain a longer day and enjoy the benefit of punitive overtime after eight hours.

My own feeling is that the spread between the eight

hour day and the ten hour day should be utilized for the benefit both of the community and the workman; that when times are hard and men are being thrown out of employment—generally by reduction in forces—it is desirable, as a general rule, before discharging men from service, to reduce the working hours to eight or their equivalent. Even in severe panics seldom does production for a year fall off so much that this margin of 20 per cent would not be sufficient to protect the situation. But this method of distribution of work in hard times to decrease unemployment may easily be carried so far as to bring disastrous results, involving all on the payroll in the calamity of inadequate earnings.

In the re-organization of our shop forces in 1922 we negotiated an agreement covering this particular feature and have in effect the following rule:

As continuity of employment is of the first importance, a day of from eight to ten hours shall be considered a working day, it being believed that this will largely afford protection against both seasonal and economic fluctuations as follows: The hours of the working day for each point shall be posted by bulletin at each point, and shall be eight hours during slack time and until a day of this length is so bulletined, no reduction of force will be made.

As business improves, the day may be lengthened to nine and ten hours, but no new force shall be added until ten hours is the bulletined working day. Such hours shall, as a rule, be worked continuously.

Under the bulletin arrangement, time paid for is on a pro rata basis up to the tenth hour.

In outlining our activities in dealing with the personnel problem, we are not unmindful of the fact that there probably are many industries conducting work along similar lines.

However, conditions vary as between industries. For instance, it would seem that work of this nature might be carried on in one location with less difficulty than on a railroad covering territory in excess of one thousand miles, with its personnel divided into groups and widely scattered.

Notwithstanding this handicap, we are satisfied that much has been accomplished in the establishment of a reasonably contented personnel and our method of dealing with this problem has been productive of the best possible results, including stabilization of employment.