

majority of the members will approve the plan of providing free medical attention, it will undoubtedly be of great general benefit.

The Tabor Society's plan of using the surplus over two hundred dollars [\$200] for special cases requiring more than the regular benefits is good in principle, and meets a definite need that will exist in all such associations. In my opinion, the article providing for special benefits should be so worded that the surplus would be the sum in excess of a variable amount depending on the membership.

In a society liable to increase largely in membership, it would be best to provide for regular benefits first, by setting aside so many dollars per member and using only that balance for this purpose. In our case, we have set aside 5 per cent of the regular dues since the association was formed and this fund has so far been sufficient for this purpose.

The further activities of the society, encouraging members to save money, to subscribe in building and loan associations and lending of money to its members, are not in the nature of a mutual insurance association's activities in my opinion. All these functions meet a need and should be provided for in some way, but it does not seem to me to be advisable to combine such widely differing forms of service in the one association as a general rule. While in the Tabor Society, embracing as it does almost the entire personnel, such a plan offers all these services to nearly all employees, in many concerns, a considerable number of employees would be without the benefit of these services, unless they become members of the beneficial society.

That some of the members of this society are appointed to make recommendations with regard to matters of sanitation and safety appliances, seems to be a wise provision and is worthy of general adoption.

In our own case, we have all accidents causing disability reported to the supervisors of the Relief Association, and they in turn visit the location of the accident, are informed as to its nature, and see if they can suggest any method of safe-guarding against repetition.

MISS FRANCES MITCHELL:¹ I was asked about five minutes before this paper was read, to recall as much as I could of the formation of the society at Madison, Maine, and I will try to tell you as much as I can about it.

It was in 1891 I think that Mr. Taylor formed that society and the rules were very similar to those of the Tabor Manufacturing Company of which you have heard this afternoon. There was a 50-cent initiation

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fee. They began with 5 cents per week for dues, but found that they did not have sufficient funds to pay the benefits, and the weekly dues were increased to 10 cents a week. I think the benefits were about \$3.00 a week, and doctors' expenses until the person injured or disabled had received \$60.00.

In case of a fatal accident each member was assessed 50 cents to pay funeral expenses and other expenses incurred at just that time.

As I recall it, the officers were appointed by the superintendent of the mill, and then these officers elected their own president, secretary and treasurer. The dues were collected by the paymaster of the mill and paid to the treasurer of the society. They never attempted as much as the Tabor Company have, but it has prospered because when I left there three years ago they had money in the bank, and if a man had paid dues for 10 years, he was refunded \$50.00.

As to doctors' bills, there were only about four doctors in that town, which is a small town, and the doctors were to receive by arrangement a certain percentage of the dues. Each doctor kept track of his own calls and each person chose his own doctor. At the end of the year they apportioned the amount of the dues received according to the number of calls they had made. I think that is all I can recall.

MR. ROBERT THURSTON KENT:¹ I would like to ask Mr. Hutkin in regard to the payment of physicians' fees? I think he said they were paid 10 cents a member. Is that right?

MR. HUTKIN: Yes.

MR. KENT: Is that in addition to the dues?

MR. HUTKIN: No, from the dues.

MR. KENT: Then the net to the treasury is 5 cents?

MR. HUTKIN: No, on account of the Company paying in, it is practically 20 cents.

MR. H. W. SHELTON:² I should like to ask Mr. Rich or anyone here whether the risk or liability incurred by these associations has ever been worked out statistically. It seems to me that this problem of a beneficial society has two sides: one is the obvious psychological and social benefit and the expected financial benefit to the employee; the other the ability of the association to fulfill the financial liabilities incurred, without which present good may result in

¹Engineer, Montclair, N. J.

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ultimate harm. If an association is not sound financially it is bound, sooner or later, to bring disappointment, suffering, or even disaster to those who find their trust in it misplaced.

It is well known that practically every mutual benefit association, organized primarily to provide death benefits, ultimately goes to the wall. This is bound to be the case unless it is established on a basis corresponding to that of the legal reserve life insurance companies, in which the reserves put aside to meet the liabilities, as figured on the laws of average mortality, are sufficient to meet the liabilities as they grow. Why is the same principle not applicable to all mutual benefit associations in so far as they undertake insurance, whether life, accident, or health? There seems to me a grave danger that the dues in these associations are being guessed at with no accurate knowledge of the liability which these dues are supposed to meet. Such haphazard methods may some day spell disaster. I hope that Mr. Rich, from the statistics he has gathered, may be able to show what has been done to avoid this danger.

MR. A. B. RICH: We have not been in touch with any definite statistics of that nature. You can see that the turn-over in a factory, the number of members that join and leave before they acquire any benefits, makes a big difference in the amount of funds that an association of this kind will acquire. A factory with a very small turn-over would necessarily have to charge a good deal higher dues than one with a large turn-over.

Another thing, these mutual organizations that have, —some of them recently— gone up, have failed not because the dues in themselves were too small, but because these organizations have not been able to maintain their membership. As people died off, they did not get in new members to secure to themselves a reserve fund. There is quite a large proportion of people who take up insurance for a certain length of time and then drop it. They simply pay in their dues, but never become beneficiaries. Those who stay with the association eventually profit by it.

MR. H. W. SHELTON: Mr. Rich has touched the fundamental point in regard to these beneficial associations. That is, so far as life insurance goes, the mutual benefit associations depend for their existence on the getting in of new young blood to take the place of those who die off. That is a burden which increases as time goes on, because as the benefits are paid to the increasing number who die, a larger and larger group of young members must be secured to meet the deficiency. This is an obviously false basis. The time inevitably comes when they cannot get enough current income from young blood to pay the current losses from death. As Mr. Rich says, they

can't "maintain their membership." Then the insurance life boat goes to the bottom with all on board. The only safe practice is that of charging a premium large enough to cover, by a properly accumulating reserve (corresponding to a business sinking fund), the liability as it is incurred. Then neither growth nor decline in membership will affect the safety of the organization, or its ability to meet its obligations.

It seems to me that any local mutual benefit associations not so organized are economically and financially unsound. If that is true, and it is contended that individually they are too small to make their insurance safe on the law of averages, then a possible solution, to my mind, is the association of a sufficient number of these separate groups, with the pooling of their resources and liabilities, to make the law of averages apply.

MR. WILLIAM J. STANTON:¹ Mr. Chairman, I am here today without preparation or papers. I received a telephone communication a short time ago asking if I could come and say something about the Massachusetts Credit Union. So I came without any knowledge of the nature of the assemblage or as to what particular points in the Credit Union system I was expected to cover. Consequently, I presume I can choose my own subject matter.

I want to say, first, that the Massachusetts Credit Union of which I am the general manager is a voluntary, philanthropic body, formed by 80 or 90 men who for many years have been giving very largely of their time, and money, and hard work to all sorts of charitable and philanthropic enterprises. They studied the credit union system and made up their minds that here was something better than anything in the nature of charity, better than any philanthropic work that they had been doing, and so they decided to give a part of their time, to give a part of their money, to apply a part of their efforts hereafter to spreading the credit union system. And yet the Credit Union is not a philanthropic undertaking except in its results. It is a cold, hard-headed cooperative business proposition. It is what is known as the "Peoples Banks" in Canada, and Italy, and as the Raffeissen Banks and the Schultze-Delitzsch are Credit Associations in Germany, they are not charities, but they are performing a work far greater than any charity by doing away for millions of people all over the world with the need of charity.

As formed in Massachusetts, the "spheres of operation" of a credit union are very diversified; they can be formed and successfully operated in small cities, towns, rural communities, churches, settlement houses, lodges, in cohesive colonies of some foreign people,

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