The Civil Service

Civil Pensions in Foreign Countries

Municipal and Private Systems in the United States

COMMITTEE OF ONE HUNDRED
726-727 COLORADO BUILDING
WASHINGTON, D. C.

1912

Committee of One Hundred

The Committee of One Hundred is an organization which had its inception in Washington and was started by twenty-one business and professional men of the city who associated themselves together for the purpose of endeavoring to increase the pay of Federal employees and to secure, if possible, legislation for the retirement of those who are superannuated or disabled.

COMMITTEE OF ONE HUNDRED

The objects and the warrant for such an association are set forth in the following Statement issued by the Committee:

STATEMENT.

"The committee of citizens in charge of the movement to secure legislation for increased compensation and a wise retirement system for the civil service employees of the National Government and of the District of Columbia deems it proper to make this statement:

"The enormous increase in the cost of living has fallen with especial hardship on the classes receiving salaries or wages, and of these classes, the employees of the United States and District governments, particularly have suffered. To meet the necessities of the case an increase of compensation is imperative.

"The necessity for this increase has been evidenced by the increase in the salaries, not only of all persons in private employment throughout the country, but also of practically all persons in the employ of the government of the United States, except those in the classified service. It is clear that the salaries of those in the classified service must likewise be increased to meet the advanced cost of living and to establish greater efficiency and economy in the administration of the government.

"For more than fifty years there has been no change in the salaries of these employees; no general readjustment of this pay roll. During these same years the compensation of labor outside of the government service generally has been substantially and properly increased—in many callings from

50 to 100 per cent—in response to the enormously increased cost of living.

"To promote greater efficiency and economy there should also be devised a sound system of retirement, beneficial to the faithful employee and to public service.

"In response to the appeal to the public, a guarantee fund is being subscribed, to be placed at the disposition of the committee, to meet the necessary expenses of conducting, to a successful conclusion, the movement thus inaugurated.

"Whatever amount may be called in from the subscribers to the guaranty fund will be spent under the public eye; the books, records, and accounts of the committee will be open at all times to public inspection, and all moneys received and paid out will be rigidly accounted for.

"The bureau established by the committee is under the direction of former Senator Charles Dick, who has consented to serve, stipulating that his services shall be wholly gratuitous."

(Signed)

P. B. Chase, *Chairman.*
William Knowles Cooper, *Secretary.*
Charles Dick, *Director.*
Archibald M. McLachlen, *Treasurer.*

William S. Corby,	Arthur C. Moses,
Isaac Gans,	Oliver P. Newman,
Julius Garfinkle,	Theodore W. Noyes,
William F. Gude,	Thomas Nelson Page,
Hugh Harvey,	P. J. Ryan,
D. J. Kaufman,	Frederick L. Siddons,
Wilton J. Lambert,	Henry L. West,
A. D. Marks,	J. Louis Willige,
Albert P. Madeira,	John W. Yerkes.

The work of the Committee is supported by a fund raised entirely by voluntary subscriptions of the citizens of the District of Columbia. No government employee has contributed and no such contribution will be accepted.

As the aim of the Committee is to secure legislation which will benefit all Federal employees, and as the employees in the classified service are apportioned as nearly as possible among all the States according to their population, it seemed appropriate that the membership of the Committee should be enlarged to include representatives from every State in the Union. This has been done, and the Committee now includes many distinguished names, men who are leaders in all the walks of life. They all express their sympathy with the objects the Committee is seeking to accomplish, and have offered their services to help promote the movement. It was encouraging that nearly all the responses were friendly and that with almost no exception the letters received were in hearty commendation of the work the Committee has undertaken.

The complete list of membership is here printed entire for the first time:

Hon. Milton E. Ailes, Washington, D. C.
Hon. W. H. Andrews, Albuquerque, New Mexico.
Hon. John M. Allen, Tupelo, Miss.
Hon. Wm. S. Bennett, New York City.
Hon. C. M. Barnes, Guthrie, Okla.
Hon. E. J. Burkett, Lincoln, Neb.
Hon. M. G. Bulkeley, Hartford, Conn.
Hon. Geo. M. Bartlett, Tonopah, Nev.
Gen. R. B. Brown, Zanesville, O.
Mr. Robert B. Brown, Washington, D. C.
Mr. J. N. Breneman, Richmond, Va.
Mr. Ashmun N. Brown, Washington, D. C.
Mr. George H. Bahrs, San Francisco, Cal.
Mr. Robert H. Bryson, Indianapolis, Ind.
Hon. D. Russell Brown, Providence, R. I.
Mr. P. B. Chase, Washington, D. C.
Mr. Wm. K. Cooper, Washington, D. C.
Gen. Powell Clayton, Washington, D. C.
Hon. John C. Chaney, Sullivan, Ind.

Hon. Bird S. Coler, New York City.
Hon. Geo. W. Cromer, Muncie, Ind.
Hon. John C. Capers, Washington, D. C.
Mr. Wm. S. Corby, Washington, D. C.
Hon. Ralph H. Cameron, Flagstaff, Ariz.
Hon. John C. Cutler, Salt Lake City, Utah.
Hon. J. O. Davidson, Madison, Wis.
Hon. Wm. M. O. Dawson, Charleston, Va.
Hon. E. C. Duncan, Raleigh, N. C.
Mr. F. E. Doty, Madison, Wis.
Hon. Fred T. Dubois, Blackfoot, Idaho.
Hon. John Joy Edson, Washington, D. C.
Hon. Samuel H. Elrod, Clark, S. Dak.
Mr. John L. Erickson, Washington, D. C.
Hon. Charles N. Fowler, Elizabeth, N. J.
Gen. John D. Frost, Columbia, S. C.
Mr. Charles S. Forbes, St. Albans, Vt.
Hon. A. G. Foster, Tacoma, Wash.
Hon. Frank Frantz, Muskogee, Okla.
Mr. Julius Garfinkle, Washington, D. C.
Mr. Isaac Gans, Washington, D. C.
Hon. John W. Griggs, Paterson, N. J.
Hon. Robert Grant, Probate Judge, Boston, Mass.
Hon. Washington Gardner, Albion, Mich.
Hon. Paris Gibson, Great Falls, Mont.
Hon. Herman P. Goebel, Cincinnati, O.
Hon. Jos. A. Goulden, New York City.
Mr. A. B. Garretson, Pres. Order of Railway Conductors, Cedar Rapids, Iowa.
Hon. J. N. Gillett, San Francisco, Cal.
Hon. F. W. Hackett, Washington, D. C.
Hon. H. C. Hansborough, Devil's Lake, N. D.
Hon. A. L. Harris, Eaton, O.
Hon. James H. Hoyt, Cleveland, O.
Hon. E. R. Harper, Denver, Colo.
Hon. James H. Hawley, Governor, Boise, Idaho.

Mr. Clinton H. Hartson, Boise, Idaho.
Mr. A. M. Hayes, St. Paul, Minn.
Dr. John Wesley Hill, Pastor Metropolitan Temple, New York City.
Mr. Joseph Haag, New York City.
Mr. Hugh Harvey, Washington, D. C.
Hon. H. J. Hagerman, Roswell, New Mexico.
Mr. Timothy Healy, Pres. International Brotherhood of Stationary Firemen, New York City.
Hon. Eldridge Hanecy, Chicago, Ill.
Hon. W. M. Jenkins, Guthrie, Okla.
Hon. Walter H. Johnson, Atlanta, Ga.
Dr. David Starr Jordan, Pres. Stanford University, Cal.
Hon. Charles F. Joy, St. Louis, Mo.
Hon. John L. Kennedy, Omaha, Neb.
Mr. Leo Kryzcki, Milwaukee, Wis.
Mr. E. C. Kontz, Atlanta, Ga.
Mr. D. J. Kaufman, Washington, D. C.
Hon. J. F. Lacey, Oskaloosa, Iowa.
Hon. Seth Low, New York City.
Hon. L. F. Livingston, Porterdale, Ga.
Mr. I. D. Laferty, Cleveland, O.
Mr. J. M. Lynch, Pres. International Typographical Union, Indianapolis, Ind.
Hon. Cecil A. Lyon, Sherman, Texas.
Mr. Wilton J Lambert, Washington, D. C.
Mr. A. M. McLachlen, Washington, D. C.
Hon. D. H. Mercer, Omaha, Neb.
Hon. H. L. Maynard, Portsmouth, Va.
Hon J. G. McCullough, North Bennington, Vt.
Hon. D. W. Mulvane, Topeka, Kan.
Gen. I. F. Mack, Sandusky, O.
Col. John McElroy, Editor National Tribune, Washington, D. C.
Mr. A. D. Marks, Washington, D. C.
Mr. Albert P. Madeira, Washington, D. C.
Mr. Arthur C. Moses, Washington, D. C.

Hon. F. W. Mulkey, Portland, Ore.
Hon. Thos. K. Niedringhaus, St. Louis, Mo.
Mr. Oliver P. Newman, Newspaper Enterprise Assn., Chicago, Ill.
Mr. Theodore W. Noyes, Washington, D. C.
Hon. John E. Osborne, Rawlins, Wyo.
Hon. Geo. W. Peck, Milwaukee, Wis.
Hon. Geo. A. Pearre, Cumberland, Md.
Dr. Thomas Nelson Page, Washington, D. C.
Mr. W. B. Powell, Tampa, Fla.
Hon. C. A. Pugsley, Peekskill, N. Y.
Hon. S. H. Piles, Seattle, Wash.
Hon. Wm. Barret Ridgely, New York City.
Hon. M. D. Ratchford, Massillon, O.
Mr. P. J. Ryan, Washington, D. C.
Hon. Victor Rosewater, Omaha, Neb.
Hon. W. S. Shallenberger, Washington, D. C.
Hon. A. J. Seay, Kingfisher, Okla.
Dr. Josiah Strong, Pres. American Institute of Social Service, New York City.
Dr. Wm. Arnold Shanklin, President Wesleyan University, Middletown, Conn.
Mr. Frederick L. Siddons, Washington, D. C.
Dr. W. O. Thompson, President Ohio State University, Columbus, O.
Dr. Charles F. Thwing, President Western Reserve University, Cleveland, O.
Hon. John M. Thurston, Washington, D. C.
Gen. Charles A. Turner, Providence, R. I.
Hon. George Turner, Spokane, Wash.
Hon. B. F. Tracy, New York City.
Hon. Chas. A. Towne, New York City.
Hon. Bartlett Tripp, Yankton, S. D.
Mr. Judson C. Welliver, Washington Times, Washington, D. C.
Gen. James H. Wilson, Wilmington, Del.

Hon. Henry White, Washington, D. C.
Hon. I. P. Wagner, Norristown, Pa.
Hon. Heber M. Wells, Salt Lake City, Utah.
Hon. James E. Watson, Rushville, Ind.
Mr. Philip Werlein, New Orleans, La.
Mr. W. A. Williams, Forest Grove, Ore.
Hon. Henry Woodyard, Spencer, W. Va.
Mr. Geo. L. Whitford, Washington, D. C.
Hon. Henry L. West, Washington, D. C.
Mr. J. Louis Willige, Washington, D. C.
Hon. John L. Wilson, Seattle, Wash.
Hon. Rollin S. Woodruff, New Haven, Conn.
Hon. N. C. Young, Fargo, N. Dak.
Hon. John W. Yerkes, Washington, D. C.
Hon. Lafayette Young, Des Moines, Iowa.

The Committee is not preparing any bill for introduction in Congress, nor is it urging the adoption of any now pending. It does not favor any particular plan or system of retirement. The efforts of the Committee will be devoted to agitation of the matter and to the education of public sentiment to the necessity of some adequate and fair system of retirement of Federal employees who have grown old and grey in the service, and after long and honorable service are no longer able to provide for themselves. The particular form such legislation will take is a matter for Congress to decide.

THE CIVIL SERVICE LAW AND RETIREMENT

The Civil Service law now on the statute books, which is the foundation of the Federal civil service, was approved by President Arthur January 16, 1883. When the law went into operation it covered 13,924 competitive positions. Owing to the gradual extension of the law in nearly every branch of the service and also to the natural growth of the various Federal departments, the Civil Service law has now been extended to over 224,000 employees, whose positions are subject to competitive examination. The law operates mainly to control entrance into the civil service and to prevent dismissal except for cause. Political affiliations and convictions are no longer a ground for separation from the service. The law has not been so successful in controlling promotions within the service. There has been apparently well grounded complaint that promotions have not always been made strictly in accordance with merit. Again, in most cases promotion in the government service means no change in work and no advancement whatever except in pay, and this explains why $900 and $1,600 clerks are sometimes employed side by side doing exactly the same kind of work. Such inequalities do not tend to increase efficiency in the service, and one of the prime needs is for a re-classification of the entire Federal civil service.

The Civil Service Commission in its last annual report, says on this point:

"The commission renews its recommendation for legislation for a re-classification of salaries on the basis of work performed. As previously stated, it is believed that such a re-classification is the first essential step in any effective forward movement toward improving the personnel of the departments and thus bringing about greater efficiency and economy. It is also believed to be prerequisite to any scheme for retirement and essential to any further satisfactory and effective reform in the civil service."

One of the most insistent demands from civil service employees has been for an increase of salary, based on the marked increases in the cost of living and backed by the fact that the present scale of clerical salaries was established in 1854. The recent increase in salaries provided for Senators and Congressmen and increases in salaries of judges and in the pay of officers and men in the Army and Navy have given impetus to the claim.

BUDGET OF A $1,200 GOVERNMENT EMPLOYEE

In connection with the claim that the average Government clerk is extravagant and could, with proper management and due economy, live within a salary of $1,200 per annum, enjoy such social pleasures as may be necessary to his well-being and save sufficient for "rainy days" and old age, the following itemized statement is submitted of the expense of providing for a family consisting of a clerk, his wife and six-year-old daughter; the wife doing all her own housework, excepting the weekly washing, and all her sewing, except one street suit a year. Their residence is a six-room cottage six miles in the suburbs:

MONTHLY EXPENSES

Rent (see note 1)	$27.50
Groceries and meats (see note 1 1-2)	28 00
Milk (8c a quart)	2.50
Dress (see note 2)	12.00
Wash (4 at 60c each)	2.40

Laundry (collars and cuffs)	.60
Fuel (see note 3)	4.00
Carfare (see note 4)	7.20
Kerosene for lamps	.50
Papers, magazines, school books	.80
Insurance ($3,000 policy)	6.00
Departmental Benefit Ass'n (see note 5)	.60
Tax on chattels ($5.50 annually)	.45
Doctor, dentist and optician (average)	1.50
Church $1,00, Sunday school .20	1.20
Total expense for month	$95.25

This leaves a balance of $4.75 to expend for the wear and tear on furniture, rugs, curtains, the breakage of crockery and china, monthly haircut, and the hundred and one little odds and ends of expense always cropping up in the monthly household account, and in addition to all this it is supposed to form the foundation of a "rainy day" fund, or an old-age bank account.

This employee says:

"This is in Washington where, through no fault of Government employees, the standard of living is extremely high. Remember, also, that the child is but six years old—from whence will come the funds necessary to meet the unavoidable increase in cost of her dress and education as she becomes older, and the little social pleasures necessary to the welfare of any growing child?

"Remember, also, there is but one child. The outlay incident to her birth was as follows:

Medical attendance	$35.00
Medicines, etc. (approximate)	5.00
Hospital room, 2 weeks	40.00
Operating room, use of	5.00
Extra nurse, 3 days	15.00

Cab, to and from hospital	4.00
Servant, 3 weeks	12.00
Baby cab	3.00
Total	$120.00

"How about the Government clerk who may have a birth in his family every second or third year? He ought to have, if he avoid the reproach of "race suicide," at least three children. Average his expenses up for that cause alone, add it to his average current monthly expense, and watch that $4.75 balance assume microscopic proportions.

"I am a person of moderate desires, or have trained myself to be one since I entered Government service and married. I neither smoke, chew or drink; I belong to no clubs, and to but one lodge, wherein the yearly dues are but $4.00. My wife belongs to no lodges or clubs. She is a good manager, economical in kitchen and home, and asks but enough in dress to meet her friends on a fairly level basis and without embarrassment.

"We have been in an opera house but once in ten months—a vaudeville house at 50c a seat. During the past year we have had about 18 days away from home, the expense incident thereto for travel and hotel bills was about $60.00—I worked nights for private parties to secure the money to pay those bills. Last year we had no vacation or change whatsoever.

"'The laborer is worthy of his hire'—at least it is so stated—and any man possessing the necessary ability and education to pass civil service examinations in stenography, typewriting and accounting, and to pass on work involving the expenditure of hundreds of thousands of dollars of Government funds is surely entitled to a wage sufficient to provide himself and family with food, clothing and shelter, the education of his children, a few social pleasures and to lay up a fund toward the payment of a home or a fund for old age."

NOTES

Note 1. Rent might be cheaper. For $22.50, and less carfare, one may get a comfortable house of five or six rooms from the Sanitary Improvement Company—one of a row, no yard in front, about 14'x35' yard in back, with family either above or below, with two inside rooms ventilated only by a skylight in ceiling. My residence gives me detached house, yard 120'x150', no colored neighbors, and child is not playing on street. Is not the additional amount well spent?

Note 1 1-2. Grocery bill for past month (October, 1911):

Bread—	
27 loaves @ 5c	$ 1.35
2 1-2 doz. Rolls @ 10c	.25
Butter—	
4 lbs. @ 35c	1.40
6 lbs. @ 37c	2.22
Sugar—	
40 lbs. @ 7 1-2c	3.00
Some used for preserving fruit.	
Eggs—	
3 doz. @ 33c	.99
6 doz. @ 35c	2.10
Lard—	
3 lbs. @ 13c	.39
Cereals—	
3 boxes Shredded Wheat @ 12 1-2c	.38
5 lbs. Oatmeal @ 10c	.50
1 lb. Rice	.10
Crackers—	
3 lbs. Soda @ 10c	.30
1 lb. Nabisco	.20
Fruit—	
1-2 bu. Apples for cooking	.60

1 doz. bananas	.20
1 basket grapes	.15
Vegetables—	
1-2 bu. Irish potatoes	.75
1-2 pk. Sweet potatoes	.20
1 basket Tomatoes	.40
3 bunches Celery	.25
2 bunches Lettuce	.10
1 can Peas	.13

Note 2. Clothing—itemized for one year:

SELF

1 Suit	$23.00	1 Pair suspenders	.50
1 Hat (straw)	2.00	1 Pair garters	.25
1 Hat (felt)	2.50	1 Pair low shoes	3.00
12 Pair sox	3.00	1 Pair high shoes	3.00
3 Neckties	1.50	2 Pair half soles	2.00
8 Linen collars	1.00	1 Pair rubbers	1.00
2 Pair cuffs	.50	1 Pair winter gloves	1.25
2 Suits underwear (wool)	4.00	1 Overcoat ($20) good for 4 yrs.	5.00
2 Suits underwear (cotton)	2.00	4 Shirts	5.00
		6 Linen kerchiefs	1.00
		For the year	$61.50

WIFE

1 Street suit	$25.00	Hose	3.00
1 House dress	7.00	Kerchiefs	1.50
2 Work dresses	2.00	3 Shirt waists	4.50
1 Summer hat	3.00	Underwear, corsets	5.00
1 Winter hat	5.00	2 Pair gloves	2.50
2 Pair shoes	5.00		
		For the year	$63.50

DAUGHTER

1 Dress	4.00	1 Winter hat......	2.50
3 Play dresses.....	4.00	8 Pair hose........	2.50
3 Pair shoes.......	6.00	Underwear	3.00
1 Summer hat.....	1.00	1 Pair rubbers.....	.60
Hair ribbons......	.50	Gloves and mittens	1.00

For the year....$24.60

RECAPITULATION

Self	$61.50
Wife	63.50
Daughter	24.60
Yearly Total..............................	$149.60

Note 3. Fuel:

Six tons coal @ $7.25..........................	$43.50
Kindling wood, etc. (approx.)...................	4.50
Yearly total for fuel for heat..................	$48.00

All cooking, washing, etc., is done over kerosene stove, the oil for which is included in grocery bill. The above is for heating purposes only.

Note 4. Carfare:

Self to work—26 round trips—

52 car tickets @ 4 1-6c..........................	$2.20
1 commutation book, suburban, 26 rd. trips.........	1.80
	$ 4.00

Wife—An average of 3 round trips to city monthly:

Cash fares each way @ 20c for rd. trip..........	.60

Daughter—Average monthly expenditure for carfare to school........................... 2.60

Total carfare for month.........................$7.20

Note 5. Beneficial Insurance: Burial fund insurance, payable to family immediately upon proof of employee's death.

Meat—	
2 1-2 lbs. Veal chops @ 20c....................	.50
1 lb. Lamb chops @ 20c........................	.20
3 lbs. Round Steak @ 18c......................	.54
2 lbs. Sirloin steak @ 20c.....................	.40
1 lb. Sliced ham............................	.25
2 lbs. Fresh Fish............................	.25
1 lb. Halibut steak..........................	.20
1 1-2 lbs. Sausage @ 15c......................	.23
4 lbs. Leg of Lamb @ 19c......................	.76
3 lbs. Pot Roast @ 15c........................	.45
Cheese	.25
Soap—	
3 cakes Ivory Soap...........................	.15
6 cakes Naptha Soap..........................	.30
1 cake Bon Ami Scouring Soap.................	.10
Miscellaneous—	
1 doz. Glass Jars for preserving fruit..........	.60
1 Box Bluing...............................	.10
2 bottles Olive Oil...........................	.50
1 bottle Ammonia for household cleaning..........	.10
1 bottle Vanilla Extract......................	.10
1 bottle Lemon Extract.......................	.10
1 lb. Raisins................................	.12
1 cake Chocolate.............................	.20
1 lb. Baking Powder..........................	.25
6 boxes Matches.............................	.10
1 sack Salt.................................	.05

1 lb. Starch....................................	.05
1 lb. Tea..	.60
1 lb. Coffee......................................	.25
Kerosene Oil, 35 Gals. @ 10c.....................	3.50
Furnished all heat for cooking, baking, washing, etc. No coal or wood used for such purposes.	
1-2 Gal. Gasoline for cleaning floors............	.10
Total expenditure for the month............	$27.26

P. S.

"I believe if several household expense statements were obtained and presented in proper form to those in authority for their inspection and consideration it would do good. If we are extravagant they would then be in a position to tell us how to become more economical. If we are not extravagant they would be in a position to say so and grant an increase of wage upon that basis. In either event we would benefit, as a saving in expenditures is as good as an increase in salary. But in arriving at a decision let them base their judgment upon Washington prices and conditions, not upon the prices and conditions that may prevail elsewhere."

SUPERANNUATION

One of the most serious problems in the Civil Service is that of superannuation, the problem of what to do with employees who have grown old or have become disabled in the service. There is a strong prejudice in the United States against civil pensions, due partly no doubt to the steadily increasing and great cost of military pensions. Federal judges, however, are retired with full pay at the age of 70 years after 10 years' service, and Army and Navy officers are retired for age on three-quarters pay without any serious objection on the part of the public. While public interest in superannuation in the Federal Civil

Service may be of comparatively recent birth in Washington, there has been no lack of discussion of the subject in public reports. The 16th annual report of the Civil Service Commission for the year ending June 30, 1899, treated the subject somewhat at length, as will appear from the following quotations:

"The question of the superannuation of employees as affecting the efficiency of the service is worthy of serious consideration, and bills have been repeatedly introduced in Congress having in view the retirement of such employees."

Reference is made to the Joint Commission of Congress appointed in 1893 to inquire into the organization of the executive departments at the National Capital, which found that of 17,073 employees in the executive civil service at Washington, 1,416 were 60 years or over, 288 were 70 years or over, while 40 were 80 years or over. In 1897 the Secretary of the Treasury in an effort to find relief from the burden imposed on his department by aged and incapacitated imployees who hindered the proper performance of work created an Honorable Service Roll to which were to be transferred all employees whose usefulness had become impaired by age, and 70 was fixed as the age for transfer. All employees borne on this roll were to be paid a salary of $700. This practice was promptly stopped by Congress on the ground that it tended to the establishment of a civil pension list. The report of the Commission proceeds as follows:

"It must be admitted, however, that the question of the superannuation of employees is a serious one confronting those who are responsible for the proper and efficient administration of the work of the executive civil service. As shown by the report of the Joint Commission of Congress, there are incapacitated employees in various departments, and there can be no doubt that their retirement would be in the interest of good administration. It is unfortunately true that many of these employees are in high grade positions, some of them having supervision of the work of others, and their lack of energy and inability to perform the work assigned them are very detrimental to the service."

THE CIVIL SERVICE LAW AND PERMANENCY OF TENURE

The text of the civil service law itself does not promote superannuation in the service, although the practical operation of the law does work that way. The 19th annual report of the Civil Service Commission says on this point:

"Opponents of the competitive system urge that its permanency of tenure tends to promote superannuation in the public service. The civil service law itself provides for no permanency of tenure. Any employee can be dismissed at any time, but the old motive for making dismissals is gone as the new appointments are not made through favoritism or influence. Removals are much fewer than formerly. To this extent the act has promoted a permanency, and a very much smaller proportion of persons are removed from the competitive classified service than from other parts of the service. In order to secure justice in making such removals it was further provided by executive order that the appointing officer must give his reasons, with proper notice and an opportunity for answer, to the person proposed to be removed, and that removal should only be made for such reasons as would promote the efficiency of the service. It is evident that under this rule, rigidly enforced, no person ought to be retained in the public service whose dismissal is required in the interests of good administration. But it is also true that from humane considerations appointing officers will be reluctant to dismiss those who have become superannuated or otherwise incapacitated where hardship is entailed on the persons so removed, and especially in cases where the employee in question has served the government faithfully for many years."

WHAT SUPERANNUATION COSTS IN WASHINGTON.

That superannuation in the government service right here in Washington is costing the Government a large sum every year is made apparent by a report on the subject contained in the 23rd annual report of the Civil Service Commission. Acting on directions given by the President, the Commission collected information respecting the number and efficiency of employees in Washington over 60 years of age. Adjusting the salaries of the 1,626 employees over 65 years of age to work which would be performed by thoroughly efficient employees, shows an apparent annual loss through lack of efficiency due to superannuation of over $400,000.

ROTATION IN OFFICE

While the Civil Service law apparently operates to retain in the service clerks after they have become superannuated and less efficient, it apparently fails to retain in the service employees who are young and efficient. The Civil Service Commission in its annual reports has frequently called attention to the difficulty of securing and retaining competant employees. In its 24th report it says:

"The rotation in office which critics of the merit system formerly said was insufficient, is now so frequent as to seriously impair the efficiency of the service. The proportion of separations exceeds 10 per cent annually in the departmental service, and in some branches of the service rises as high as 25 per cent. This means a serious loss of valuable employees who after they have acquired experience and become most useful leave to go into outside employment because of the lack of opportunity in the Government service. The higher positions are not usually filled by promotion, and there is not sufficient inducement for the most capable man to enter the examination, either in the salary immediately offered or in the prospect of advancement. The Government service, therefore, instead of offering a career is thus being regarded as a mere make-shift by many capable young men who leave it for private employment at the earliest opportunity. Nearly 30 per cent of those who are offered appointments from the eligible register decline when their names are reached, and about 10 per cent withdraw from the register. Under certain examinations the declinations amount to one-half of all those offered appointment, as in the case of male stenographers and typewriters. This means that in some instances a large part of the work of the Commission goes for naught, and that the departments instead of securing the best material from the register are only able to obtain persons who are less successful in outside business. Much time is also expended in correspondence because of successive refusals to accept appointment. Many men either will not accept the low salary or having once entered and finding little chance of increase, pass out to more remunerative fields of employment."

CIVIL PENSIONS IN GREAT BRITAIN

If the payment of superannuation and disability allowances to employees in the service is a sign of national progress, then the United States is one of the most backward nations, for Haiti and a few South American countries are said to be the only ones which do not maintain a civil pension list. The practice is universal in all other English speaking countries. Great Britain had a superannuation fund for employees in the excise department which was supported by deduction from the salaries of the employees, almost a hundred years before the separation of the American colonies. The customs service created a similar fund in 1708. The first general pension law was passed in 1810. This was a non-contributory act, and its terms were so liberal that the expenditures for civil pensions trebled in ten years. A contributory law was short lived, but was again resorted to and remained in force 23 years. The law was very unpopular, mainly because no refund was made to clerks who resigned or died before reaching the age of retirement. It was shown that not more than one in six or seven who contributed to the fund remained in office long enough to secure any return for what he paid in. Because of dissatisfaction with this law, Parliament in 1859 passed a new law providing for free and universal civil pensions. This law grew very unpopular because the clerks thought that their pensions were merely deferred pay and kept their salaries lower than would otherwise have been the case. The present law on the subject was passed in 1909, and benefits are now also paid to those who resign or die before arriving at the pensionable age. The lesson taught by Great Britain's century and more of experience seems to favor a contributory system rather than a straight government pension.

NEW SOUTH WALES AND NEW ZEALAND

The English speaking countries in the southern hemisphere have experimented in this matter for over half a century, and have made many changes in their laws. The examples of New South Wales and New Zealand are typical. New South Wales established a straight pension system in 1854, and thirty years later inaugurated a contributory plan compelling all employees to pay four per cent annually of their salaries. The fund soon became hopelessly insolvent, and in 1902, there was a deficit of eight and a half million dollars which the government assumed. All entering the service since 1895 have been required to take out endowment insurance either for the payment of a lump sum at death or for an annuity at reaching the age of 60 years. New Zealand passed a general pension law in 1858 which had to be abandoned because it proved too expensive. A compulsory savings scheme was then tried, and 5 per cent per annum was deducted from the salary of every employee which was repaid with interest when he left the service. This plan proved inadequate as a means of taking care of superannuated employees, and an insurance scheme was adopted, which proved no more satisfactory. In 1907 a general superannuation law was passed to which employees contributed a percentage of their salary, ranging from 5 to 10 per cent according to age. It is not expected that the employees shall bear the entire burden of their pensions. The balance is borne by the government, but the entire cost was figured out in advance and the fund is placed on a sound actuarial basis. The mistake has not been made of requiring the younger clerk to contribute towards the pension to be paid to clerks about to be retired from the service. The New Zealand plan so far seems to be successful.

CANADA

The experience of our nearest neighbor, Canada, illustrates the difficulty of legislating on this subject and shows the necessity of starting right. The Dominion was created in 1867. The Superannuation Act was passed in 1870. To some extent is was a straight pension system. Clerks receiving over $600 contributed 4 per cent of their salaries to a common fund, while on smaller salaries the rate was 2 1-2 per cent. In 1873 these reductions were reduced and the contributions made by the clerks were inadequate and inequitable, and the government paid the deficit. No return was made of even these small contributions to employees in case of death or resignation. Complaint was made that this pension system was grossly abused for party purposes. It became a party question and is said to have contributed largely to the success of the party which has just gone out of power. The present Canadian plan is a flat rate assessment of 5 per cent on all salaries, and each man gets back what he pays in together with 4 per cent interest, which is not sufficient to provide an adequate annuity.

EUROPEAN PENSION SYSTEMS

It is not easy to give a brief symposium of the civil pension systems of European countries. Some of them require contributions from employees, but the majority do not. The pensions paid range from the whole of the salary at the time of retirement to one-half, but a fair average might be stated to be 1-60 of the salary at date of retirement for each year of service not to exceed forty years, which would make the pension two-thirds of the active pay. Pensions are generally paid for disability after ten years' service, but the pension is almost invariably dependent upon the length of service.

CIVIL PENSIONS IN THE UNITED STATES

Civil pensions in the United States are not even now very common, and the systems in existence are of comparatively recent birth. They may be divided generally into municipal pensions, pensions paid by industrial corporations, railroad pensions and labor organization pensions.

TEACHERS' PENSIONS.

Municipal pensions are of three kinds—those paid school teachers, and police and firemen pension funds. Less than two years ago the Bureau of Labor collected statistics as to teachers' pension systems in the United States, and the report was published as a Senate Document. Figures were given of 46 separate pension funds, including 21 States and the District of Columbia, scattered fairly well through all sections of the country. Six States pension all their public school teachers. Very few of these systems are more than 20 years old, and the great majority have not been in operation long enough to prove whether they will stand the test of time. The many changes that have already been made show that the system has not yet passed the experimental stage. In 85 per cent of the funds the teachers pay the entire expense or contribute to a fund maintained by the municipality or State in which they teach. The pensions paid are as a rule very modest and provide only for a bare subsistance. These pensions average somewhat over $400 a year. Most of the systems pay a pension for service, ranging from 25 to 35 years, and also a pension for incapacity or disability after teaching a smaller term of years. The systems which compel contributions from the teachers and those which do not are about equally divided. With few exceptions where teachers do contribute to the fund a refund is made where the teacher leaves the service before reaching the age for retirement. The most common type of teachers' pensions is one in which the teacher contributes a small amount, between one and two per cent of the annual salary for about 30 years, the State or city contributing the balance.

The arguments in favor of teachers' pensions have been set forth as follows:

1. Nearly all advanced European countries have adopted such a system and find it works to the great advantage of the community where it operates.

2. A few American universities have established funds for pensioning aged professors, and Andrew Carnegie has given a fund of 10 million dollars, the income of which is used to pay pensions to college professors who have served the required number of years in colleges and universities of accepted standing. As a rule professors in foreign universities who have been invited to the United States to teach prefer a smaller salary abroad with the assurance of a pension to provide for their declining years than a higher salary here without such pension.

3. A pension system secures a longer tenure of office for teachers.

4. Disabled teachers are weeded out, and better talent is secured when old age is provided for in this way.

5. Under a pension system teachers would have comparative freedom from business cares and could render better service to the schools.

6. Teachers too old to serve continuously could be called on to assist in some kind of work or could serve as substitutes.

7. Pensions will enhance the dignity, attractiveness and efficiency of the public school service. Schools will be better taught and it will be more economical in the long run.

8. Private corporations find it more profitable to pension their employees, and it should be as possible to pension public servants who perform the important function of training the youth of the land.

POLICE AND FIREMEN'S PENSIONS

There are 86 cities in the United States that provide pensions for firemen and 81 cities that pension their policemen who have seen a certain number of years service or who have become incapacitated in the line of duty. The majority of these funds are not over 12 years old. New York was the pioneer, having established a police pension fund in 1857 and a fund for its firemen in 1871. These two classes of civil employees seem to be peculiarly entitled to the benefits of a retirement system. They are the guardians of the life and property of the community they serve; their occupations are extra-hazardous and they constantly face the danger of being disabled or killed in the performance of their duty. Their years of service average much less than that of persons performing clerical or office work. The number of years service necessary to entitle them to pension is therefore comparatively low, ranging from 15 to 25 years. In a majority of cases the cities appropriate whatever money is necessary to pay these pensions. Sometimes a direct levy is made, and sometimes a certain portion of the municipal revenue is set aside for the purpose. The cases where the cities pay nothing toward the purposes of these funds can be counted on the fingers of two hands. The police and firemen almost invariably contribute towards their own pensions, commonly one per cent of their salary, although the amount varies considerably. The annuity paid is commonly one-half of what they receive at time of retirement.

The muncipal pension system is a distinct step forward. Cities are awakening to the fact that it pays to treat their public servants well. The cities that have pensioned their employees enjoy a more stable and efficient service. The men in the fire department and in the public service when their future is secure are not all the time looking for something better to do. Men will be more careful of their official conduct when they know that they are liable to be discharged for disobedience or inefficiency and thereby lose their chance for a pension.

Teachers, firemen and policemen have their benefit associations and relief funds, and the pension system is but a step in advance. Portions of present pension funds have come from accumulations of these various associations. The men still contribute in most cases. The deductions from salary remove the objection often raised that a pension tends to make the recipient lose his self-respect. Instead of that he feels he is getting only what he deserves.

The policy of municipal pensions has on the whole worked well. The principle is sound, and the administrative errors can be corrected. By no possibility could private enterprise provide such security at similar cost in such hazardous occupations as the police and fire departments, and to leave it to the slow and uncertain chance of personal savings would be to throw the majority of incapacitated and worn out employees back on the public or private charity. Such an outcome would be a disgrace to the community.

The nation approves our system of military pensions which has continued for over a century and stands ready to approve an adequate and well-digested system of civil pensions for public and private employment.

WORKMEN'S INSURANCE AND BENEFIT FUNDS.

The 23rd annual report of the Commissioner of Labor is entitled "Workmen's Insurance and Benefit Funds in the United States." It records the remarkable growth in the United States in the last quarter of a century in the application of the principle of insurance for the protection of workmen as a distinct class against sickness, accident, death, old age or other adversity. The field is covered in part only by the regular insurance companies, though many old line companies now sell insurance against sickness as freely as they do against death and accident. Mutual benefit associations pay out millions annually in life and health insurance benefits. This report, however, is confined to a study of various schemes of insurance designed for the benefit of wage earners and persons on small salaries, and the benefits paid in each case were usually comparatively small.

About twelve funds were investigated, most of which are maintained by labor organizations. Some of them limit their membership to the employees of a particular establishment. Reports were obtained concerning fifty railroad funds. The two principal classes of benefits paid are for death and temporary disability. It is said that:

"Only a small percentage of the funds pay superannuation benefits; that is, benefits to members who have passed a prescribed age. This kind of insurance has not made much progress in the United States, although it seems to be meeting with some favor in recent years. The principal funds making such provision are the railroad pension funds. The national labor organizations are also introducing this feature. In the funds paying this kind of benefits, superannuation is not always clearly differentiated from disability incident to old age and the benefit is paid under circumstances blending these two factors. Length of service is an element entering into the superannuation benefits. Two motives appear to actuate in the introduction of this form of benefit or insurance. First, philanthropy, and second, a desire on the part of labor organizations to hold their members, and of employers to keep their employees permanently in their employ."

The letter carriers of the United States have a mutual benefit association now twenty years old, composed of members of the National Association of Letter Carriers and subject to the supervision of that body, which pays death benefits not in excess of $3,000, on monthly assessments ranging from $2.31 at the age of 21 years to $5.49 at the age of 50. These rates were adopted in 1906, superseding the previous schedule which had proved inadequate. In the fiscal year 1908, 63 claims were paid, aggregating $156,252.17

The letter carriers also maintain a separate and distinct retirement association, organized in 1902, which provides a scheme of annuity and disability payments and members may belong to either class, or to both. An annuity member who withdraws is repaid what he has paid in as premiums with interest at 4 per cent per annum upon the surrender of his certificate. If in arrears for four monhts he is treated as if he had withdrawn. Annuity certificates are issued in sums of $100, $200, $300, $400 and $500. The premium rates are determined by the age at the time of taking out a certificate and by the age at which the annuity is to be given. The minimum age for entering is 20 years and the maximum is 65. Annuities may be purchased to begin at the age of 30 years, or any five year period between that age and the age of 70, and payments continue thereafter for the balance of the life of the member. The disability benefit payment is $8.00 a week, limited to twenty weeks in any one year. Members may borrow money on their certificates. If the earnings of the retirement fund exceed 4 per cent per annum the surplus is apportioned among the annuity members.

The International Association of Machinists, with headquarters in Washington, D. C., established a superannuation fund to be computed from June 1, 1903. Ten years' service thereafter will entitle a member to a superannuation benefit of $500 on reaching the age of 65 years, and after 20 years' service to the payment of $1,000 on attaining the age of 68 years. A fund is now being collected to insure these payments which will not be payable until 1913 and 1923 respectively.

The Pattern Makers League of North America has adopted a superannuation benefit which will be operative in 1920. Members 60 years of age after 25 years' membership will be paid $12.00 a month, and members 65 years of age after 30 years' membership will be paid a superannuation benefit of $16.00 a month.

The United Association of Journeymen Plumbers, Gas-fitters, Steam-fitters and Steam-fitters' Helpers of the United States and Canada has adopted a superannuation benefit to members of not less than 45 years of age, the amount being governed by the length of membership in the association. To those of the highest class membership of 30 years and over $500 will be paid; to the second class membership of 25 years and under 30 years, $400; to the third class membership of 20 years and under 25 years, $300. To be entitled to this superannuation benefit a member must be totally incapacitated by old age or infirmity from following his trade. This benefit is not yet operative.

The Amalgamated Association of Street and Electric Railway Employees of America is accumulating funds for the purpose of carrying out the provisions of a superannuation pension system not yet in operation. It is proposed to pay small pensions to members who have reached the age of 65 years or more and are prevented because of age from following their occupation as street and electric railway employees. For mebers in continuous good standing between seven and ten years the benefit will be $1.00 a week. For members whose service has been between ten and fifteen years $1.50 a week; between 15 and 20 years $2.00 a week; for service 25 years or more $3.00 a week.

The International Typographical Union began the payment of old age pensions in August, 1908. The sum of $4.00 per week is paid any member of the Union on reaching the age of 60, who has been in continuous good standing in the Union 20 years and finds it impossible to secure sustaining employment. The German-American Typographia, composed of printers of the German language and a part of the International Typographical Union, pays an old age pension of $2.00 per week in addition to that paid by the International Typographical Union.

As far back as 1857 The International Typographical Union had under consideration an asylum for superannuated and indigent printers. The project long considered culminated in the Union Printers' Home at Colorado Springs, Colorado, opened in 1892. For the year ended May 21, 1907, the average number of inmates was 143, and the total expenditure for the year was $66,267.72, and the total receipts and disbursements from June, 1886, to May 31, 1907, were $687,353.99, leaving a balance on hand of $3,569.72.

Of 461 benefit funds maintained in industrial establishments only five provide for superannuation benefits, of which three are pension funds maintained entirely by the company and two are supported jointly by the company and the employees. The age of eligibility to these benefits is either 65 or 70 years, and generally 25 years service is required. One establishment pays a superannuation benefit of $500 in a lump sum, the others make monthly payments for life; in one case $10.00 per month; in another from $15 to $25 per month, dependent upon the average monthly wages for ten years next preceding retirement, and in another case $6.00 per week.

ANNUITIES PAID BY INDUSTRIAL CORPORATIONS

It is impossible to give anywhere near complete statistics as to superannuation allowances paid by industrial corporations in the United States. Most of the largest corporations such as the United States Steel Company, the

International Harvester Company and the Standard Oil Company, have for years made provisions for their employees who have grown old in the service. Sometimes it is done by giving a faithful employee merely nominal work to perform. This practice on the part of large corporations is growing. Some banks and some insurance companies make provision for the last years of old and faithful employees who are no longer able to take care of themselves.

In 1901 Mr. Andrew Carnegie created an endowment fund of four million dollars, the income of which was to be used to pay accident and death benefits and pension allowances for employees of the Carnegie Steel Company and its constituent companies. Pensions are paid for incapacity at the age of 60 years after 15 years continuous service. The pension allowance is one per cent of the average annual pay for each year of service. In the year 1908 $81,093 were paid in pensions to 555 persons.

Judge Elbert H. Gary, executive head of the Steel trust, in a statement made on the 15th of December, 1911, said:

"We have established a pension fund out of our own earnings of $8,000,000. With the $10,000,000 pension fund subscribed by Andrew Carnegie, our total pension fund is $18,000,000. From the earnings of this fund we are maintaining a pension roll which would surprise the country were the number of beneficiaries mentioned.

"Besides this pension fund, we have an annual voluntary aid fund of more than $1,000,000. This money is contributed to the support of workmen injured in our employ and to dependent families in case of the death of their breadwinners. We make no legal quibbles in the distribution of this voluntary aid fund. Not a cent of it comes from the wages of our employees. It is paid out without stint or threat of resorting to lawsuits to determine judicially the merit of the claim that may be presented."

The Western Electric Company, employing 7,000 people, instituted a pension system in 1906, and set aside the sum of $400,000 as a permanent endowment. An additional allowance of $150,000 for the use of the fund has been provided. Employees may be pensioned at the age of 60 after 20 years' service. Pensions are paid for total incapacity after 10 years' service but the rate is determined by the Pension Board in each individual case. The cash on hand in the fund Nov. 30, 1907, was $576,598.64, and the pensions paid for that fiscal year were $2,400 to one high-salaried engineer permanently disabled, and $2,004.87 to eighteen persons in superannuation benefits.

The First National Bank of Chicago has maintained a pension fund since 1889. As a general rule an employee or officer must have served not less than 15 years and have attained the age of 60 years. Retirement is permissible at 60, and compulsory at 65, unless for special reasons the bank desires to continue him in the service and he consents. Provision is made for pensions to widows who are entitled to receive one-half the husband's pension.

Pensions are also paid minor children under the age of 18 years. Members of the fund contribute 3 per cent of their salaries monthly. The pension allowance is one-fiftieth of the salary for each year of service at date of superannuation but in no case more than thirty-five-fiftieths of the salary. High-salaried officers are pensioned at a low rate, ranging between one-third and two-fifths. The number of persons enjoying the fund April 21, 1907, was 503, and the receipts and disbursements for the fund for that fiscal year were about $100,000, of which two-thirds was invested and $9,500 was paid out for superannuation benefits.

One of the latest additions to the list of large private corporations which pension their employees is Armour & Co., the meat packers. They instituted such a plan November 1, 1911, and set aside one million dollars for its support. Twenty years' service is required and employees may be retired on application at the discretion of the trustees at the age of 57, are entitled to be retired at the age of 60, and must retire at 65. Women may be retired at the age of

50 after twenty years' service. Employees may be retired after 15 years' service if incapacitated by sickness or injury. Provision is also made for the widows and minor children of deceased employees.

The pension paid is 2 per cent of the salary which was paid at time of retirement for each year of service. That is, after 25 years of service the employee will receive 50 per cent of the salary paid him at the time he retired. Employees contribute to the fund 3 per cent of their salaries annually. If in any case employees die or leave the employment before a pension has been earned, the contributions already made are returned to the employee or paid to his widow or minor children.

Stockholders of the American Sugar Refining Company will be called upon at the next annual meeting to approve a plan to provide pensions to the company's 7,500 officers and employees. Directors of the company, it has been announced, have worked out details of the plan, which includes the retirement of employees over 65 years of age or after 30 years of service. In case of women the age limit is set at 60 and the term of service at 25 years. An appropriation of $300,000 is suggested as the nucleus of the pension fund. No pension, under the proposed plan, will be less than $20 a month, and none will exceed $5,000 a year. The amount of the pension will be "a sum annually equivalent to 1 per cent of the average annual wage or salary during the ten years preceding retirement multiplied by the years of service."

RAILROAD PENSIONS

Among employees of labor, the railroads of the United States have been the pioneers in the adoption of retirement and pension systems for the benefit of superannuated employees. They are today paying out more money for pensions and are making provisions present and prospective for a larger number of employees than any other class of labor employers. The Grand Trunk railroad adopted a pension system in 1874, and the Baltimore & Ohio in 1888, but the condition of obtaining relief was membership in the railroad relief department and the payment of certain assessments thereto. The Pennsylvania Company was the first to inaugurate a pension scheme which did not rest in part upon contributions by the employees. Its plan was put into operation in the year 1899. Other railroads have followed this example until today some 25 transportation companies, including the largest railroad systems in the country, provide for the comfort of employees who have grown old or become disabled in the service of the company. These various railroad pension systems have more points of resemblance than of difference. They generally fix an age of compulsory retirement and also an age of voluntary retirement. In all cases a certain number of years service is required. In nearly every case the age of compulsory retirement is 70 years. The age limit for entering the service ranges from 35 to 45 years, previous railroad experience being generally required in such cases. The amount of pension paid is based on salary or wages and length of service, and ranges from $20 to $150 a month. The transportation companies pensioning their men employ close to a million persons and pay out annually nearly three million dollars to some 7,000 old and disabled employees.

Most American railway systems have operated a pension system for a term of years ranging from two to ten years, and the practical operation of these systems have worked for efficiency and economy and have the cordial endorsement of the railroad officials and the men.

The Employees Provident Fund of the Intercolonial and Prince Edward Island Railways of Canada is worthy of special attention because these railroads are owned and operated by the Dominion government. The fund, which went into effect April 1, 1907, was authorized by the act of the Dominion Parliament, and is created by the monthly contributions of one and a half per cent of the regular monthly salary or wages of each employee, to which the government adds out of the gross earnings of the railways an amount at least equal. The government pays three per cent interest on the fund, which is controlled and disbursed by a Board of five men composed of the general manager, two other railway officials named by the Cabinet Minister in charge of railways, and two elected annually by the employees contributing to the fund. To be entitled to a pension, employees must have served 15 years or been permanently disabled in line of duty. They must retire at 70 and may retire at 60. The allowance paid is one and a half per cent of the average monthly pay received the past eight years, multiplied by the years of service, and is not to be less than $20.00 per month or more than two-thirds said average salary. Contribuutions are refunded when a pension is not earned.

The 4th annual report for the year ending March 31, 1911, shows the balance in the fund had increased in one year from $255,585.08 to $273,480.01. The contributions made by the employees during the year amounted to $71,296.42, and the company paid an equal sum. There was paid out for retiring allowances $121,014.34, and the total expenditure, including contributions refunded, was $132,861.10. In the four years the amount contributed to the fund averaged about $150,000 a year, the amount paid for retiring allowances had increased from $23,913.04 the first year to $121,014.24 the fourth year, and the average monthly allowance had increased steadily from $25.49 to $26.56.

The report of the pension department of the Canadian Pacific Railway for the year ending June 30, 1911, shows $134,876.92 paid in pension allowances for the year to 492 employees The pension fund at that time amounted to $670,407.46, not one dollar of which had been contributed by the employees of the company. The pensions paid are one per cent of the average salary for the past ten years for each year of service, but not less than $20 a month. The object of the pension system as set forth when it was adopted was to build up among the employees a feeling of permanency in their employment, an enlarged interest in the company's welfare and a desire to remain in and to devote their best efforts to the company's service. All of these ends, the company believes, have been accomplished by its pension system.

The Pennsylvania Railroad company was the first American road to establish a non-contributory pension system, and its disbursements for pensions have always been larger than those made by any other company. At the annual meeting of the stockholders for the year 1911, an increase in the annual expenditure theretofore authorized for the payment of pension allowances from $500,000 to $700,000 was approved, as was also expenditure of $25,247.10 in addition to the $500,000 already authorized for the payment of pension allowances for the year 1910. The Pennsylvania Railroad company and four other companies associated with it disbursed for pensions in the year ending December 31, 1910, the sum of $660,687.24. The number of pensioners on their rolls January 1, 1910, was 2,320, the 255 pensioned for disability. Duuring the year 88 died, 245, leaving the number of pensioners December 31, 1910, at 2,503. The oldest pensioner on the rolls was 93 years of age. Among those retired during the year was the company's first Vice-President, after a service of over 51 years.

The Delaware, Lackawanna & Western Railroad company adopted its pension system in 1902 and stipulated that the annual disbursements of the company should not exceed $50,000. Like some other companies this road found that its first estimate was inadequate. The pension appropriated for the year 1910 was $85,000 and the payments amounted to $80,580.15. The number added to the pension rolls was 51, the number who died 26 and the number remaining on the roll December 31, 1910, was 292.

The New York Central lines, which include besides the New

York Central itself, the Lake Shore & Michigan Southern, the Michigan Central, the Big Four, and two other lines, carried on their rolls 895 employees pensioned for age, and 255 pensioned for disability. During the year 88 died, and the total number of pensioners at the end of the year was 1,072. The average age ranged from 74 years and three months to 72 years and nine months. The amount set aside by these companies for pensions for the entire year aggregated $449,000, out of which there was actually paid $286,530.97. The average monthly allowance on the Trunk lines ranged from $17.23 on the Big Four to $26.07 on the New York Central.

The Atchison, Topeka & Santa Fe Railroad system reports as follows:

"Our pension system is a very liberal one and well received by our employees, and we believe it has produced loyalty and increased efficiency in our force. While this is our opinion, in the nature of things it will be impossible to compare very definitely the sums expended for pensions with the increased efficiency of our employees."

The statement of the operation of this pension system since its introduction follows:

The number of pensioners on the rolls June 30, 1911, 203.
Pensions paid 6 months ending June 30, 1907, $958.10.
Pensions paid fiscal year ending June 30, 1908, $16,222.73.
Pensions paid fiscal year ending June 30, 1909, $30.504.34.
Pensions paid fiscal year ending June 30, 1910, $42,861.52.
Pensions paid fiscal year ending June 30, 1911, $51,864.87.
Number minimum pensioners on rolls June 30, 1911, 143.
Total June, 1911, rolls, $4,648.50.

The president of the Illinois Central Railroad Company in answer to an inquiry said that since the inauguration of its pension system on July 1, 1901 there have been paid out in pensions to June 30, 1911, approximately $512,000. There have been 534 pensioned during this time, 170 of whom have died, leaving 364 living pensioners. In conclusion he says:

"We feel that the system has worked to our advantage by the reason of getting younger men into the service, thereby increasing its efficiency, and that the result has fully warranted the original outlay and the amount expended in connection with the work of the department since its inauguration. We feel that it promotes loyalty on the part of our employees with all the attendant benefits, and it is of course gratifying to the management to be in a position to retire superannuated employees, and to know that their pensions will be sufficient to provide for the few years left them."

The pension system of the Union Pacific went into effect January 1, 1902. For the year ended June 30, 1911, there were carried on the pension rolls 226, and the payments to them for the year amounted to $70,926.03. The Chairman of the Executive Committee writes:

"There is nothing notable in our experience with the pension system department. It was designed to keep active and capable men in the service without dismissing those who have in long service become incapacitated by age or illness; but to make the burden on the company bearable and as a matter of justice and fairness, the benefit is limited to those who at the time have been at least 20 years continuously in the service. The pension system seems to be accomplishing the purpose stated. The company bears the entire expense."

The Southern Pacific company and the railroads owned and operated by it adopted a pension system which took effect January 1, 1903. The rules first adopted have been amended several times. The allowances paid are one per cent of the average regular monthly pay received for the ten years preceding retirement, for each year's service. The company set aside $100,000 at the beginning as a pension fund and pledged a further annual payment of $90,000. This company, as well as most other railroads that have adopted a pension system, prohibits the employment of persons inexperienced in railroad work over 35 years of age and of experienced persons over 45 years of age. The President of the Southern Pacific writes:

"We have found our pensioners very enthusiastic supporters of the Southern Pacific Company in their mingling with the public, and in my opinion a great deal of good has been accomplished by the expressions of good will from these employees who have been retired and placed on the pension rolls. It also has a tendency to inspire loyalty and increase efficiency among the employees who have been in the service for a number of years and are looking forward to the day when they may be eligible for pension."

The pension system of the Rock Island lines has only been in force since January 1, 1910. For the year ended June 30, 1911, the company paid out in pension allowances $35,662.26, as against $13,743.43 the preceding year. This company, unlike most other companies maintaining a pension system, has not set aside any regular sum as a pension fund. The amount required is charged out each month to operating expenses. In announcing the pension system the President, H. U. Mudge, said:

"The system adopted calls for no contributions from the employees themselves. The company hopes by thus voluntarily establishing a system under which an income will be assured to those who after years of continuous service are by age or infirmity no longer able to perform their duties, and without which they would be left entirely without means of support, to build up among them a feeling of permanency in their employment, an enlarged interest in the company's welfare, and a desire to remain in and devote their best efforts to the company's service."

The pension system of the Buffalo, Rochester & Pittsburg Ry. Co. went into effect July 1, 1903. The company appropriates annually $25,000 toward pensions, and the pension allowances paid have increased steadily from $806.94 for the year ended June 30, 1904, to $14,930.58 for the year ended June 30, 1911. The number of pensioners on the rolls is 46, and the pension fund now amounts to $166,482.32. The average age of the pensioners is 65 years and nine months, and the average monthly pension is $27.05. The average yearly pay of the men in the company's employ is $651, making the pension allowance one-half of the regular average pay. The Auditor and Treasurer of this road reports:

"Whilst it is very difficult to say definitely, we feel that our pension plan has inspired our employees with feelings of gratitude and loyalty, and has been instrumental in establishing and maintaining closer personal relations between the company and its employees. Insofar as the above mentioned qualities have been stimulated, the pension system has contributed to secure economy and efficiency in the operation of the railroad."

The last annual report for the Reading Company shows the sum of $93,506.01 was paid out in pensions for the fiscal year ended June 30, 1911. The number of pensioners on the rolls at that time was 258, of whom 9 had been in the company's service for 50 years, and 194 were 70 years of age with 30 or more years' service each. In addition to the above sum $30,869.30 was contributed by the Philadelphia and Reading Railway Company towards the support and maintenance of its relief association, the membership of which is composed of employees of the Reading system. The pension system on this road has been in operation since 1902, and is now regarded as fully established. The payment for pensions in 1904, the first full year in which the system was in operation, was $46,190.02. The cost of pensions on this line has more than doubled in seven years.

The Atlantic Coast Line Railroad Company reports of its pension system:

"The pension department was instituted, and is now conducted upon the idea that old men who have worthily secured the good will of the corporation should be cared for when they are unable to work."

Mr. Louis E. Brandeis, in an article on the contributory pension system recently adopted by the officers and employees of the Boston & Maine railroad made the following statement:

"To make free citizens we must make them financially independent, and such independence is possible only through a comprehensive system of insurance against sickness, accident, old age or premature death. Independence involves protection against the loss of the bare means of subsistence. This pension sytem is under State supervision, and is an important step, since it opens the way for an extension of the co-operative system to cover accident and invalidity insurance. Out of it may develop a general law under which other public service and private corporations may put into operation a co-operative old-age pension system."

There are at least three street railway systems that maintain a pension system. The president of the Philadelphia Rapid Transit Company reports that it has maintained for the past two years a pension and insurance bureau and has placed 45 of its old employees on the pension list at the rate of $20 a month, and has paid out since January 1, 1910, $73,000 in death benefits.

The Brooklyn Rapid Transit company carries 52 of its employees on a retirement roll. Their pensions vary from $20 to $40.30 a month and aggregate $1,442 monthly.

The Metropolitan Street Railway Company maintains a pension system and the employees of the company have a mutual benefit association which has paid out over $468,000 for death claims, sick and injury benefits and medical advice and attendance. This is $93,139.29 more than the money paid to the association by its members. The total on hand in cash and investments September 19, 1911, was $54,662.80.

ARGUMENTS FOR RAILROAD PENSIONS

A magazine article describing the pension system of the Canadian Pacific Railroad set forth the objects of the system as follows:

To build up among employees a feeling of permanency in their employment and an enlarged interest in the company's welfare and a desire to remain in and to devote their best efforts and intentions to the company's service.

The chairman of the Board of Pensions of the Illinois Central railroad declares that the practicability and value of the pension system in operation on that road cannot be over-estimated. Its benefits extend alike to the company and its employees. It is an incentive to faithful work and continued service on the part of employees, draws them closer to the company, inspires loyalty and engenders a spirit of co-operation and mutual interest. It assures employees of a regard for them extending beyond the period of their active duty. They have a knowledge that through the liberality of the company provision has been made for their comfort when failing health and the infirmities of age will not permit of their longer continuing in active service. They are brought to realize that the time will come when after long years of service and with declining powers they must yield to younger and more active men; that the course of progress in justice to employers demands this. Evidence of the realization of this fact is apparent in many of the requests of employees for retirement wherein the reason for such request is given as: "I make this application feeling I can no longer do justice to the company or to myself." The pension system is esteemed and appreciated not only by those enjoying its benefits and by those of advancing years who hope soon to enjoy them, but by outsiders who see the good being done and praise the company for making provision for their old servants instead of dropping them when incapacitated through age without provision for the future.

What Germany does by old age insurance and the British government by old age pensions, American railroads and many of its industrial corporations are accomplishing without outside aid. The cost to the corporations is not relatively large and it is more than compensated for in two ways:

Without a pension system railroad officials hesitate to dismiss old employees who have spent the larger part of their lives in the service and to leave them in poverty. They give them various jobs at smaller incomes where old age is not a fatal handicap. But nine out of ten of these jobs can be done better by young men at smaller salaries; and the more old men are kept in the service after they begin to decline in their efficiency, the poorer the service becomes.

Then, too, for the same reason the advancement of capable men is slower and the spirit in the service becomes slacker. A pension system therefore not only encourages loyalty and better work by making provision for old age dependent directly on the length of service, but it also makes sure that beyond a certain limit no capable man will be held back from promotion by a dead line of retainers. The experience of the railroads that have tried such a plan shows that it is "enlightened philanthropy" of the best sort.

A committee of the Board of Trade of London recently made a report on the railway superannuation and pension fund of the United Kingdom. The accumulated fund at that time approached eleven million pounds, and the number of employees interested was nearly 300,000. The number of funds described was 32, of which 13 were for the benefit of salaried employees and 17 for wage earners. There is great variety among these pension systems and the committee declared that uniformity was impracticable. In many cases the actuarial soundness of the fund is guaranteed by the railroad and the company contributes to the fund not less than the amounts contributed by the men.

MASSACHUSETTS OLD AGE PENSION COMMISSION

The Massachusetts Commission on Old Age Pensions appointed in 1907 made its report in 1910, and rejected all old age pension and compulsory State insurance schemes, for the following reasons:

(1) Because of the heavy expense; (2) the enervating influence on the character, especially the discouragement of savings; (3) disintegrating effect on the family in taking away the obligation to support aged parents; (4) unfavorable effect on wages which would inevitably tend to decline, as a pension system would attract workers to the State, thus over-crowding the labor market and increasing direct competition among laborers; (5) the indirect effect of partial public support, and (6) the tendency of employers to reduce wages as one means of meeting the greatly increased tax which would be levied upon them.

While the Commission was opposed to old age pensions, it favored a contributory retirement system for employees of the cities, towns and counties of the State, and in this connection stated:

"A non-contributory pension scheme is simply a counsel of despair. If such a scheme be defensible or excusable in this country, then the whole economic and social system is a failure. The adoption of such a policy would be a confession of its breakdown. To contend that it is necessary to take this course is to assume that members of the working class either cannot earn enough or cannot save enough to take care of themselves in their old age. If that be true, then American democracy is in a state of decay."

The Commission also recommended that corporations pension their own employees and that State, city and county establish a retirement scheme for public employees, the reasons being summarized as follows:

Considerations of economy and efficiency, not to mention other motives, demand the establishment of municipal pension systems. These considerations are even more imperative in the case of the municipality than in that of a private corporation for political influences come into play to prevent the discharge of civic employees who have outlived their usefulness. * * * The same consideration that makes for the expediency of pensioning municipal employees holds also in the case of other public employees, those in the service of the State and county.

THE SUPERANNUATED MAN

The problem of the superannuated man is becoming a very real one. Men are now considered too old for railroad work at 45 years, and generally at 35 if they have not had any previous railroad experience. Pennsylvania railroad enforces retirement on all its employees from President down at the age of 70. When its pension system went into effect it had nearly eight times as many employees who had served the company fifty years as had the United States in its much larger civil service.

PENSION NOT DEFERRED PAY, BUT DEFERRED BONUS

The argument is advanced that a civil pension is not deferred pay but is a deferred bonus contingent largely on length of service. The system of pensions it is urged is a system of self-interested pensions adopted by the State in order to insure the fidelity of the servant and to retain him in the service a long period. Its advantages are provided at the cost of the State but it makes for efficiency in the public service, in that it renders possible the compulsory retirement of old servants whose powers have become impaired and without inflicting upon them grievous pecuniary hardship.

THE NEW YORK CITY CIVIL SERVICE

In a recent article on pensions for civil service employees Mr. James P. Conway, Assistant Chief Examiner of Municipal Civil Service in New York City, speaking of the service there said the civil service employee ranks higher in intelligence on entering the service than the man outside. The trouble is the man at the top is not skilled in his job. The clerk does not progress after a certain point, but retrogrades because there is no reward for superior skill, and he becomes the victim of a system. There are labor unions and beneficial associations to help men in many other callings. The clerk can only look to the government which has taken away his initiative and made him a machine.

GROWING DEMAND FOR PENSIONS IN INDUSTRIAL LIFE

It is becoming more and more apparent that pension systems assumed voluntarily by corporations to reward their employees for long and faithful service and to provide for those disabled by accident in the service will become a part of the American industrial economy in the not distant future. While corporations and firms employing large numbers of men have commonly taken care of those injured or disabled in their service, usually by giving them some light employment at reduced pay, and so with superannuated faithful workers, the pension system enforced on the employers of Germany by Bismark has given an unmistakeable impetus to the idea in all industrial countries. Industry has grown so rapidly that employers are no longer personally acquainted with their employees. Danger to life and limb has increased in even greater proportion. The number of men killed annually in railroad employ and in industrial accidents has been a potent influence in creating a public sentiment favorable to laws requiring industry to bear a larger share of the loss to life and limb which it inflicts. This movement is evidenced by the large number of employers' liability and workmen's compensation acts which have recently been passed. The German state system is not fitted to the United States, but there is strong public sentiment that public service corporations shall provide for their superannuated and disabled employees. There are many ways in which corporations encourage their men to provide for the future, and whatever the method the idea is extending through all forms of American industry and is contributing to a spirit of thrift and greater conservatism towards employers and society which must work for a more solid state of industrial equilibrium and will uplift the masses.

SOME OF THE REMEDIES SUGGESTED

In its 19th annual report the Civil Service Commission discusses some of the remedies proposed for the evils of superannuation in the public service and enumerates the following:

(a) Fixed terms of office.

(b) Provision for the forced retirement of a certain percentage of employees each year.

(c) Forced retirement at a certain age.

(d) Removal made upon recurring examinations and daily records of efficiency.

And in connection with the foregoing enumerates also:

(1) A civil pension list.

(2) A retirement fund made up by deductions from salaries.

(3) A provision requiring endowment or deferred annuity insurance from all seeking admission to the civil service.

The Commission disposes of the first four suggestions as not worthy of consideration, certain to entail great disaster to the public service and inflicting great hardship on those who have long been faithful servants of the government. A straight pension plan is not approved because of the expense and because of certain abuses which would probably follow the adoption of such a system. A contributory plan is admitted to be feasible if based upon a sound acturarial basis, with deductions graduated according to age. All systems of this kind based upon a flat contribution regardless of age have proved failures. Any such plan is bound to fail if the annuities for clerks about to retire from the service are payable from the contributions made from younger clerks. The only methods by which employees already in the government who are superannuated or are approaching that point can have their future provided for is by an appropriation of Congress.

CIVIL SERVICE COMMISSION PROPOSES ANNUITY INSURANCE

For all those who hereafter enter the service the Commission recommends annuity insurance as having many advantages over any other system of providing a fund for superannuation. Among the other advantages of this system is the strict physical examination which would be required in order to obtain insurance. All that the government would do in a system of this kind would be to deduct the premium in monthly installments from the salaries of government employees and to secure the payment of the annuities by requiring the insurance companies to deposit suitable securities. To these pure deferred annuities should be added insurance disability and also if the employees so desire life insurance, although of course these features would add to the cost. A somewhat similar plan was adopted in Victoria in 1890.

OPINION OF EX-PRESIDENT ROOSEVELT

Ex-President Roosevelt has expressed the opinion that there will be ultimate necessity for some sort of a civil pension list for federal employees. Congress should make some provision for those employees who have given their lives to the government service but who must be removed when they grow old if the efficiency of the service is to be maintained. The humane principle of providing in some degree for the old age of worthy workers is finding increasing recognition by employers of all kinds throughout the world.

NECESSITY OF STARTING RIGHT

The adoption by the United States of any pension system for its civil employees will mark a change of far reaching consequences. It will introduce a new feature into a system of government one hundred and thirty-five years old and add a new item of expense which will never decrease but will be bound to increase. Such an innovation can only be enacted after a widespread campaign of agitation and education. Taking everything into consideration, it is more important to start right than to start at an early date. The friends and advocates of the movement cannot afford to make the mistake of urging plans which are unsound or whose cost cannot be calculated in advance. Congress might readily approve a pension plan involving a small initial expense if it did not fear that the cost would double or even treble within a comparatively few years. Congress must be pursuaded that a pension system will work for efficiency and economy, as experience has demonstrated to the industrial corporations and railroads which now pension their old and disabled employees, for while humanitarian motives enter into the consideration these private associations pay pensions on more practical and selfish grounds.

The prevailing sentiment among federal employees is undoubtedly in favor of a straight civil pension system, maintained entirely by the government, and in support of their position they point to the superannuation systems in operation on the railroads of the country which are with very few exceptions kept up entirely at the cost of the employer and without any contribution from the employee; and assert further that it would be very unfair and practically impossible for federal employees to contribute any amount, however small, from their present inadequate salaries, to help maintain a civil pension fund.

On the other hand, the superannuation benefits paid by the railroads and the industrial concerns which bear the entire expense of such a system would seem very inadequate to government employees, for they are scarcely higher than the pensions paid for military services rendered in time of war. This is made plain by the figures here given, taken in every case from the last annual report that was available:

U. S. Steel Corporation	$240 to $5,000 a year
Pennsylvania Railroad	$241 a year
Canadian Pacific Railway	$274 a year
Delaware, Lackawanna & Western	$275 a year
Big Four	$206.76 a year
New York Central	$312.84 a year
Atchison-Topeka & Santa Fe	$255 a year
Union Pacific	$314 a year
Buffalo, Rochester & Pittsburg	$325.50 a year
Reading Company	$362 a year
Philadelphia Rapid Transit	$240 a year
Brooklyn Rapid Transit Co.	$240 to $483.60 a year
Intercolonial & P. E. I. Railways	$318.72 a year
Southern Pacific Co.	$380.37 a year

While there is a very wide range in the amount of pension paid by the Steel Corporation, it is very likely that 90 per cent if not even 95 per cent of those receiving such benefits are paid the minimum figure. The employees of the last three companies in the above list contribute to the pensions that they receive. It will be noted that these pensions scarcely average over $20 a month, and that in very few cases does it average as high as $25 a month.

Federal employees must bear these facts in mind in urging upon Congress any system of superannuation benefits.

OFFICIAL RECOMMENDATIONS

President Taft and his Cabinet Officers are on record in favor of some kind of a retirement law. These recommendations are not new but have been made continuously for the past five or six years.

President Taft when he was Secretary of War in an address delivered May 21, 1906, before the Civil Service Reform League of Maryland, spoke as follows:

"Now I hope some time we will come to the establishment of a civil pension system for civil servants who have after years of service reached an age when they can no longer be active. The system which soulless corporations adopt because they know it to be for the benefit of their stockholders it seems to me can safely be adopted by our government for the benefit of the men who serve it. It seems to me it might be well to adopt such a system as we have in the army and navy for retired soldiers and sailors. There is a bill now pending which provides for a compulsory contribution from government employees to a fund designed to provide for those forced to retire. I do not know whether this bill will pass or not. Ultimately I believe we will come to the time when the government will take care of its faithful servants by pensioning them. I know this idea is not a popular one and I know the protests that will be made, but I hope to see it nevertheless."

Recommendations by the President, by Members of the Cabinet, by heads of Bureaus, and Chiefs of Division in favor of increase of salaries and the adoption of some retirement plan might be quoted at great length. A few such extracts are given below:

The Secretary of the Interior in his annual report for 1907 said:

"The present need in the public service is a readjustment and re classification of the salaries of its employees and some adequate provision for the retirement of those who are by long and meritorious services entitled to peculiar recognition."

The difficulty of dealing with superannuated employees in the absence of a retirement system is shown in the 1907 report of the Secretary of Commerce and Labor in which he says as follows:

"As a rule, the persons rated below the required standard are employees of advanced age who have given many years of service to the government. The obstacles in the way of the separation of such employees are real and not fancied. The head of the department, while not forgetful of his responsibility, finds it a difficult task to direct removal, although it is conceded that the persons are no longer rendering efficient service. This is not so much due to the sympathy of the appointing officers—although it is possible that this may have some weight—as to the great pressure brought to bear by prominent men and women to prevent dismissal. This is a condition and not a theory, and is perhaps the strongest reason for the enactment of a law for the retirement of superannuated employees."

(Report of Inspector General E. A. Garlington, 1907.)

"I am heartily in favor of the proposition to grant employees in the classified service a general increase of 20 per cent in their present salaries and also of such legislation as will provide a system for the retirement, on moderate annuities, of the faithful employees who become superannuated in the public service."

(Report of the Chief of the Bureau of Insular Affairs, 1907.)

"Effort has been made with considerable success, thanks to the cooperation of the Civil Service Commission, to place returning Philippine employees in the United States service at home, but at best this remedy applies but irregularly and to certain classes of employees. The bureau, therefore, became convinced that the only remedy lies in placing the faithful employees, after a number of years of foreign service, in a pension or retired status. * * *

"It should require no argument to show that the present salaries of departmental employees, fixed almost sixty years ago, cannot be expected to meet present conditions, with the increase in cost of living that has occurred during the past few years. * * *

"Again, while some plan for the ultimate retirement with some proportional part of their pay of civil service employees who devote the best years of their lives to the government appears necessary to the maintenance of efficiency in the service, it cannot appear wholly just to draw largely on the present limited salaries of these employees to establish the funds necessary for this purpose."

(Report of G. M. Gen. J. B. Aleshire, 1907.)

"Expression has heretofore been given to the views of this office on the subject of increased pay and the retirement with pay of employees. The basis upon which claim for increase of pay rests in the increased cost of living. Clerks are now paid according to a rating established nearly forty years ago, and the reasons for revising and increasing this pertain as forcibly to clerks as those officers and officials of the government whose needs have been recognized and provided for. The $900 grade for clerks in this office should be abolished. It is only with great difficulty that competent men can be induced to accept employment at this rate, and as promotions are necessarily slow the best of those accepting are difficult to retain."

(President's Annual Message to 61st Congress, 2nd session, 1909.)

"Under the present system it constantly happens that two employees receive the same salary when the work of one is far more difficult and important and exacting than that of the other. Superior ability is not rewarded or encouraged. As the classification is now entirely by salary, an employee often rises to the highest class while doing the easiest work. for which alone he may be fitted. An investigation ordered by my predecessor resulted in the recommendation that the civil service be reclassified according to the kind of work, so that the work requiring most application and knowledge and ability shall receive most compensation. I believe such a change would be fairer to the whole force and would permanently improve the personnel of the service.

"More than this, every reform directed toward improvement in the average efficiency of government employees must depend upon the ability of the executive to eliminate from the government service those who are inefficient from any cause, and as the degree of inefficiency in all the departments is much lessened by the retention of old employees who have outlived their energy and usefulness, it is indispensable to any proper system of economy that provision be made so that their separation from the service shall be easy and inevitable. It is impossible to make such provision unless there is adopted a plan of civil pensions.

"Most of the great industrial organizations, and many of the well-conducted railways of this country, are coming to the conclusion that a system of pensions for old employees and the substitution therefor of younger and more energetic servants, promotes both economy and efficiency of administration.

"I am aware that there is a strong feeling in both Houses of Congress, and possibly in the country, against the establishment of civil pensions, and that this has naturally grown out of the heavy burden of military pensions, which it has always been the policy of our government to assume; but I am strongly convinced that no other practical solution of the difficulties presented by the superannuation of civil servants can be found than that of a system of civil pensions."

(President's Annual Message to Congress, 1910.)

* * * "It is impossible to proceed far in such an investigation without perceiving the need of a suitable means of eliminating from the service the superannuated. This can be done in one of two ways—either by a straight civil pension or by some form of contributory plan."

(Report of the Secretary of the Treasury, 1910.)

"But this is clear, that any successful effort to improve the administrative operations of a large department like the Treasury is immediately handicapped and might well be discouraged entirely by the absence of a just method of retirement. And even when it is possible to protect these displaced clerks from being thrown into the streets, it is done, in many cases, in denial of the right of an office to efficient help. Working in these improvements brings constantly to mind the hopelessness of ever arriving at a complete state of efficiency without a way of retiring clerks in a just and humane manner. I have no doubt that this very discouraging feature has in the past stood in the way of many attempts to improve the efficiency and economize the expense of operation in the departments."

(Report of Secretary of Commerce and Labor, 1910.)

"Probably no question dealing with the personnel of the service has been so seriously considered during the past year as that relating to superannuation. Most civilized countries now provide equitable means for the retirement of their employees, as do many of the state and municipal governments, as well as corporations and large industries, of this country. The problem was encountered and dealt with in the United States Army and Navy 50 years ago. It is now critically present and awaiting solution in the civil departments of the government. While many unacquainted with actual conditions have frequently approached the subject in the spirit of humanitarianism, most of those in and out of the service now look upon superannuation as an unavoidable contingency which must be met by the application of modern ideas and strictly business principles. Until this is done department officials will continue to bear the burden of an inefficient force rather than place themselves on record as removing, or even reducing, a public servant who has become incapacitated while in the faithful performance of duty. Therefore, while humanitarian reasons may have at first suggested the advisability, and in fact the duty, of providing a system of retirement, it is now being recognized quite generally that the conditions are such as to more than justify it from a strictly economical point of view. The retirement of aged and superannuated employees under some liberal system would likely result in a positive financial saving by creating opportunity for the employment of young men who are able to do two or three times as much work for the salaries paid. It is therefore important that the subject have serious attention, to the end that the government may be conducted in the most economical manner and at the same time provision be made for faithful srvants who have devoted their entire lives to the transaction of the public business.

"Reports recently submitted by the Bureau officers show that there are 103 employees in the department 65 years of age or over whom they would be willing to recommend for retirement if some suitable system of providing an annual income were in force. The aggregate salaries of these employees is $110,645.46, of which $28,100.77 is said to be unearned."

(Report of the Secretary of War, 1910.)

"I renew the recommendation made in my annual report last year that some provision be made for the retirement on annuities of employees who have become superannuated in the service, thus following the practice which many railroads and other large business enterprises have found it advisable to adopt."

(From the report of the Commissary-General, 1910.)

"I also earnestly recommend the passage of a measure providing for the retirement on some equitable plan of old and faithful superannuated employees of the government for the reason that it would result in marked improvement in the service.

"First, by attracting a better class of employees, a large percentage of whom by reason of the provision for old age would remain in and make the service their career, becoming expert in their particular line of work to the distinct advantage of the government; and there never was a time when the highest qualifications and equipment were more needed in the service than at present.

"Second, by the added incentive held out to each employee to do his best in order to obtain promotion to higher grades, and later, profiting by increased retired pay.

"Third, by the periodic and automatic elimination of those whose efficiency has been impaired by age or infirmity and the introduction of younger and more vigorous men, thereby maintaining an active and efficient working force and making it possible in time to transact the business with fewer employees.

"Fourth, aside from all sentimental consideration, it is believed that the service would be greatly improved if it should be known to all who enter it that provision is made for the support of themselves and their families when old age comes upon them. It would be an inducement for men not only to remain in the service but to deport themselves in such a manner as to do nothing to forfeit so valuable a provision.

"Fifth, because in cases of protracted illness, employees worry over the possibility of being discharged and the anxiety tends to retard their recovery and return, whereas if they were free from this apprehension and felt secure of being provided for in the event of becoming incapacitated, their strength and courage would be sustained and recovery assisted rather than impeded.

"Sixth, because railroads, corporations and commercial houses recognize and reward long and faithful service by retirement and regard it as a good business investment; and other governments also make some provision for their aged and worn out civil servants."

(Report of the Secretary of the Interior, 1910.)

"The appropriation for the maintainance of the service of the Department and of its buildings and grounds can be lessened only by unification and simplification of business methods in the several bureaus and the establishment of a retirement fund for government employees. So long as a retirement fund is withheld, the practice of pensioning superannuated and defective, though deserving clerks, by retaining them on the salary roll must continue. This necessarily results in many competent persons receiving inadequate salaries and a reluctance to reward the highest grade of service by compensatory remuneration."

EXTRACTS FROM ANNUAL REPORTS FOR 1911.

President's Message of December 21, 1911

I have already advocated, in my last annual message, the adoption of a civil service retirement system, with a contributory feature to it so as to reduce to a minimum the cost to the Government of the pensions to be paid. After considerable reflection, I am very much opposed to a pension system that involves no contribution from the employees. I think the experience of other governments justifies this view; but the crying necessity for some such contributory system, with possibly a preliminary governmental outlay, in order to cover the initial cost and to set the system going at once while the contributions are accumulating, is manifest on every side. Nothing will so much promote the economy and efficiency of the Government as such a system.

Secretary of the Treasury, 1911

The possible extent of efficiency and economy that is attainable by any of the departments is rigidly restricted by the lack of a retirement allowance and system. In a Government so generous and intelligent as ours, the absence of a civil retirement system is singularly inappropriate and inexplicable. Self-interest alone ought to secure this enlightened provision for the civil employees, not to speak of the human interest which in this regard in now almost universally felt and adopted. Not only Governments but an ever increasing number of private corporations have provided a retiring system for their employees. Indeed, the adoption of a provision retiring members of the civil service has become so usual and so a matter of course that America is the only important civilized Government which does not recognize this as a national duty both to the employees and to the Government and people. And this Government would not at this late date, I believe, be lagging in this important respect so far behind all its world neighbors but for the unhappy disputes of our Government clerks. So far the clerks appear to have no leaders or leadership equal to the occasion; and unless something adequate in the way of this necessary leadership shall arise it is only too likely that nothing will be soon accomplished. And yet the responsibility, after all, rests upon the Government and especially upon the Congress—and the Congress should, of course, ignore the unfortunate disagreements among the clerks and take the matter into its own hands.

The executive departments are suffering extremely for want of a retirement law; and all improvements of the public service have to constantly meet the discouragements of this condition, while much improvement is by this condition discouraged even from a beginning. I appeal, therefore, to Congress again, as I have done each year, in behalf of such a law. Every consideration of humanity, economy and efficiency, that is conceivably related to the question, calls for action at this session.

The retirement system which I consider most in the interest of the clerks themselves is the contributory system; and that would cost the Government no money whatever—if that were thought to be desirable. That this system could be put in operation without increased expenditures, I believe is entirely true; and I think it could be adopted with the provision that each department should put it into operation without any cost to the Government; but it is at the same time a question whether that would be the best course to pursue. This contributory system, if adopted, would leave the claims of the clerks to revised or higher salaries unaffected. On the other hand, the so-called straight pension—the pension paid wholly by the government—would take the place of any possible advance in salaries for, at any rate, a considerable period, not withstanding the fact that under such a system comparatively few of the clerks would ever become beneficiaries.

However, some system of retiring allowance is so greatly needed as an aid to economy and efficiency, that I would be glad to see any system adopted which could be put into effect immediately; for any system could be changed after experience showed its defects.

Secretary of War, 1911

I am heartily in favor of some measure by which employees of the Federal Government may be retired and pensioned when they reach a condition of impaired usefulness after years of faithful service. In taking such action we should only be following the world-wide trend of national governments and large business corporations, whether we find warrant for such action in humanitarian principles or considerations of a sound business policy, or both combined.

The purely monetary rewards and opportunities of the Government service ought not to be and never will be so great as those offered in the business and professional world elsewhere, and if the Government service is to be maintained upon a high and increasing level of proficiency it must meet the competition from other quarters by some compensating features that will attract the best talent to its service and retain it.

While I am not prepared to express a decided conviction as between a straight-out Government pension and one to which the employee himself shall have contributed a portion, there is abundant proof that the Government, in effect, though indirectly, has for many years throughout its service maintained a pension system without retirement, and if it should now establish a pension system with retirement there is good reason to believe that in the long run it would not only suffer no pecuniary loss, but on the contrary would reap a substantial gain in the increased efficiency and improved morale of the service.

The Attorney General, 1911

The salaries paid to members of the classified civil service are not large, and they have, therefore, very little opportunity for saving. Some provision should be made by Congress by way of a retirement law to secure to faithful service over many years at least that ordinary meed of justice which is coming to be recognized as due from all private employers under similar circumstances.

The Postmaster General, 1911

Almost without exception, foreign nations provide for the pensioning of civil service employees when they become superannuated. Large corporations in this country are rapidly adopting the same principle in the retirement of their aged employees. On business grounds, if for no other reason, the Government should do likewise.

While the compensation of postal employees has been considerably increased during the last few years it is hardly more than sufficient to meet necessary living expenses and consequently does not permit the putting aside of any considerable savings against old age. It is believed that a civil pension based on length of employment should be granted by the Government. Benefits to the service far outweighing the expense of such pensions would undoubtedly result.

Secretary of the Navy, 1911

During the past few years great stress has been laid, by heads of departments and others, upon the fact that the schedule of salaries for clerical employees in the executive departments in Washington has not been revised since the passage of the act of April 22, 1854.

As a matter of fact, the schedule of 1854 has been revised downward. Of the employees engaged in clerical and technical work in the departments in Washington, approximately 25 per cent now receive less than $1,200 per annum, the minimum salary prescribed for clerical services in the act of 1854, and in the Navy Department this percentage is 33.

I am of the opinion that existing conditions as to cost of living warrant a general increase in compensation for all departments of the Government; but if Congress is not ready to make a general increase, it should at least equalize the compensation of positions of the higher grades.

Not only should increased compensation be provided for the clerks, but legislation should be enacted looking to the establishment of some form of civil service retirement. I am not prepared at this time to advocate any particular system, believing that this is a matter which should be determined by Congress after careful consideration; but unless some provision be made for the pensioning or retiring of superannuated civil employees the Government can never hope to secure the most efficient and satisfactory service.

There is no class of employees who are more deserving of increased compensation and retirement with reasonable pay than the employees of the Government. Very few of them are able to accumulate much, if anything, during their long years of service, and when old age disability does come to them they must either be carried as a burden on the Government's rolls or thrown out on the world with no suitable provision for their last years.

But, aside from all sentimental considerations, I believe that civil service retirement by the Government would be along the lines of sound business management. Many railroads and industrial corporations have found it advisable to adopt such a system, and the practice is a growing one.

I earnestly recommend that suitable legislation be had in this matter.

Secretary of the Interior, 1911

I earnestly recommend the enactment of legislation authorizing the retirement of employees who, after long and faithful service, are disabled by age or infirmity from the efficient performance of their duties. The civil servants of the Government, like those in the military and naval service, are debarred from the chance of large gains, the hope of which is the constant stimulus to men in private business. Moreover, those of technical or superior administrative ability are and must continue to be paid smaller salaries than they would command in private employment. It is therefore impossible for them to acquire financial independence or make due provision for old age, either by way of profits or by way of savings from their salaries. Considerations of humanity and justice might well be urged against the dismissal of employees who have given the years of their strength to faithful and efficient public service and against their assignment to the lower grades of menial or clerical duties as an alternative to dismissal. But I prefer to put the matter on other and more selfish grounds. The Government simply can not afford not to retire these employees with due and honorable provision for their old age, and this for two reasons.

In the first place, many able and energetic men serve the Government at salaries far below the commercial standard for like services. They choose to do so because the public service satisfies their best and highest ideals of personal integrity and professional achievement. Such men are continually forced out of the service by the necessity of making due provision for themselves and their families before old age comes upon them. If the Government would insure them against this peril it could continue to employ them at salaries far less than a private corporation would be compelled to pay. Every consideration of economy and sound business policy requires that their services should be retained on terms so favorable to the Government. The loss, taken in the mass, is irreparable, for the system operates as a survival of the unfittest by continually drawing off the more energetic and abler men, leaving a larger and larger proportion of the inefficient in the public service. In the second place, the Government is paying much if not most of the cost of a proper retirement system through the inevitable relative inefficiency of the present plan. Not only are superannuated employees dropped to and retained in the lower grades because of sympathy yielding to personal or political pressure, but in the higher grades, from which the rank and file of the service inevitably derives its spirit and tone, there is a tendency to retain men who have lost the alertness and enthusiasm essential to the highest efficiency of their own work, and still more essential for inspiring in and requiring of their subordinates such alertness and enthusiasm. Not only do they thus fail to make the positive contribution to the general efficiency of the service which is due from men in their position, but they have a negative effect in the same direction by blocking the avenues of promotion and legitimate ambition. The men below them not only fail to receive the proper stimulus of precept and example, but are at the same time deprived of the hope of promotion which ought to be the reward of efficient service.

This condition is now becoming apparent. It has been delayed by the fact that the widespread application of the principle of permanency in the public service goes back less than one generation, and by the further fact that the industrial and social problems of recent years have forced the Government into new fields of activity and thus compelled the organization of new bureaus and departments. These new administrative units have been largely recruited from young men who are still in the prime of life. Many of the older bureaus and departments have from similar causes largely increased their personnel, recruiting them chiefly from young men. This sudden expansion of governmental activity has postponed and mitigated the worst evils inherent in the present system; but sudden expansion can not continue indefinitely. We must face and provide for normal conditions of growth. Under such conditions general efficiency in the public service is impossible without due provision for the retirement of aged employees. This is attested by the experience and practice of foreign governments, which have long had a permanent civil service and by that of large railroads and commercial corporations in our own country.

Secretary of Commerce and Labor, 1911

Superannuation in the civil service and the proposed retirement of employees who have passed their age of greatest usefulness have attracted much attention. Considerable discussion of the subject has appeared in the public press, and many Government officials in reporting on conditions affecting the personnel of their respective departments or offices have laid more or less stress on the evils of superannuation in the service and the necessity of providing, as has been done by a number of countries and private business concerns, some equitable scheme of retirement of those who are no longer able to render a fair degree of service, but who would be left without adequate means of support if dismissed. Many difficulties, of course, may be expected to attend the passage of any law looking to the retirement on pay of superannuated employees in the civil service, whether such retirement is accompanied by annuities paid outright by the Government or whether it is made possible by contributions in whole or in part by the employees themselves.

Incomplete reports recently received from the bureaus show that there are 72 employes of this Department who are more or less superannuated; that the agggregate of their salaries is $73,385; and that their average age is 70 years. Perhaps a greater amount of superannuation and consequent loss to the Government may be found in the older departments and offices. As this Department last year recorded its opinion on the subject of superannuation, it is unnecessary to again point out the advantages and economy that would result from the retirement, which practically everyone admits should be on an adequate annuity, of the civil employees of the Government who have become inefficient through advancing age.

President's Message, January 17, 1912.

Attention has been directed in recent years to the need of a suitable plan for retiring the superannuated employees in the executive civil service. In the belief that it is desirable that any steps toward the establishment of such a plan shall be taken with caution, I instructed the commission to make an inquiry first into the conditions at Washington. This inquiry has been directed to the ascertainment of the extent to which superannuation now exists and to the consideration of the availibility of the various plans which either have been proposed for adoption in this country or have actually been adopted in other countries. I shall submit, in the near future, for the consideration of the Congress a plan for the retirement of aged employees in the civil service which will safeguard the interests of the Government and at the same time make reasonable provision for the needs of those who have given the best part of their lives to the service of the State.

15c