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A PRELUDE TO THE WELFARE STATE:
COMPULSORY STATE INSURANCE
AND WORKERS' COMPENSATION
IN MINNESOTA, OHIO, AND
WASHINGTON, 1911-1919

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ABSTRACT

Dissatisfaction with the high transaction costs of compensating workers for their injuries led seven states in the 1910s to enact legislation requiring that employers insure their workers' compensation risks through exclusive state insurance funds. This paper traces the political-economic history of the success of compulsory state insurance in three states in the 1910s -- Minnesota, Ohio, and Washington. State insurance gained broad support in these states because a coalition of progressive legislators took control of their respective legislatures, bringing with them the idea that government had the unique ability to correct market imperfections. The political environment in which state insurance thrived in the 1910s provides important insights into the growth of government in the 1930s and 1960s. The major social insurance programs of the New Deal and the Great Society were widely supported at the time because the private market was seen as unable to solve a particular problem, such as unemployment compensation or poverty in old-age. This paper argues that the government's dramatic expansion after the 1932 federal election was not unprecedented; in fact, the ideological roots of New Deal activism were planted during the debates over compulsory state insurance and workers' compensation in the 1910s.

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**A Prelude to the Welfare State:
Compulsory State Insurance and Workers' Compensation
in Minnesota, Ohio, and Washington, 1911-1919**

"Those engaged in the business of insurance should not lose courage . . . They will survive all experiments in State insurance. Any State monopoly will be ephemeral. The people will not tolerate it long." — Arthur I. Vorys, Ex-Superintendent of Insurance of Ohio (1914, p. 14)

I. Introduction

The growth of the welfare state is perhaps one of the most remarkable features of the United States' political-economic development over the past century. Social insurance programs have grown to encompass pensions and health insurance in old-age, food, shelter, and medical assistance for the poor, protection against unemployment, and compensation for workplace accidents. The recent debate to provide universal access to health insurance is simply the continuation of a trend toward greater government protection against a variety of financial hardships. Of all the health care proposals, the one that incites the most rancor is the single-payer system -- the system in which the government collects insurance premiums or taxes and acts as the sole payer of insurance claims. Adopting such a program, critics argue, would be tantamount to adopting socialism in the United States. The single-payer idea is certainly not novel; the federal government today acts as the sole insurer of medicare, social security, unemployment, and flood insurance claims. What constitutes a "socialistic" social insurance plan, it turns out, depends on the prevailing political winds. Social security and unemployment insurance were enacted along with other sweeping Democratic New Deal reforms and medicare was but one component of the Great Society.

The single-payer insurance plan actually had its political origins on a relatively small scale in the 1910s as many states required that employers insure their workers' compensation risks through exclusive state insurance plans. Workers' compensation, widely viewed as the first major social insurance system in the United States, might be more aptly characterized as an employer mandate.

That is, the law requires employers to pay their injured workers or their families some percentage of the worker's wage if he is injured or killed in the course of his employment. As most states rapidly enacted workers' compensation legislation in the 1910s, seven states created exclusive state insurance funds through which all employers in the state were required insure. Ten states set up state funds that were designed to compete with private insurance carriers, while the remainder of states allowed employers to insure their employees' accident risks through any insurance carrier licensed to operate in the state.¹ In this paper we trace the political history of three states' -- Minnesota, Ohio, and Washington -- struggle to implement a single-payer workers' compensation insurance plan.

Although the three states had different experiences with regard to the state insurance plan, the case studies reveal that the political environment that fostered the relative success of the single-payer insurance movement at the state level in the 1910s foreshadowed the developments that would occur at the federal level in the 1930s and 1960s. What determined the adoption of state insurance in Washington was the Progressives' sweep into power prior to the 1911 legislature; in Ohio, the law providing for state insurance was enacted and later strengthened by newly-victorious progressive Democrats; and in Minnesota, state insurance came within 1 vote of victory in 1919 because the emergent Non-Partisan League, a populist coalition of farmers and organized labor, made state insurance one of its central objectives. In each case that we examine, state insurance found support among a coalition of political reformers who believed that the government offered the best means available to solve a particular fault, either real or perceived, of the private market. In the case of workers' compensation, the goal of no-fault insurance was to reduce the transaction costs associated with compensating injured workers and private insurance companies were believed to be "parasites pure and simple, absolutely unnecessary in industry, yet demanding a part of its created wealth which they have no part in creating, thereby raising the cost to both producer and consumer."² Thus, the ideological roots that enabled the major social insurance programs of the New Deal and the Great

Society to gain such wide-ranging support, in fact, were planted during the debates over compulsory state insurance and workers' compensation in the 1910s.

II. Workers' Compensation and Mandatory State Insurance

Workers' compensation represents one of the major pieces of labor legislation in the twentieth century and marked a radical shift in the way that injured workers were remunerated for the lost wages and medical expenses associated with workplace accidents. Workers' compensation shifted the tort rules governing workplace accidents from negligence liability to a form of strict liability. Whereas accident benefits under the negligence liability system were unpredictable, under workers' compensation all workers injured "out of or in the course of employment" were compensated with fault no longer an issue.³ Not only was the probability of being compensated for an industrial accident much higher under workers' compensation, but the average payments that injured workers received were often substantially higher than the averages received by those getting some positive amount under the negligence system. For these reasons, scholars have generally considered workers' compensation to be the first instance of large-scale social insurance in the United States (Conyngton 1917; Lubove 1967; Weinstein 1967; Goldin forthcoming). But workers' compensation was not (and is not) a social insurance program in the sense that injured workers receive an "entitlement" from the government which is paid out of general revenues. Instead, states mandated that employers provide a set of benefits to their workers who were injured during the course of their employment.

Workers' compensation gained such wide acceptance because it received wide-ranging support from a variety of disparate interests that expected to benefit from the law, primarily workers and their employers. The intense political debates that were fought over the legislation in the early twentieth century were not necessarily over the law's adoption, per se, but over the specific form the law would take. Fighting over such matters as what industries would be included under the law, how many employees a firm needed before it came under the law's purview, the level of wage benefits, the

maximum allowable benefits, medical and hospital coverage, the waiting period, the means of insuring, or the provisions for conflict resolution were contentious issues because they determined the extent to which income would be distributed -- from employer to worker, from employer to employer, from worker to worker, or from employer and worker to insurance companies, doctors, or lawyers. One feature of the workers' compensation system that caused bitter dispute across many states was the method by which the insurance system would be administered. In many states there was a strong movement for state insurance, in which all risks associated with the new law would be insured and administrated through newly-created state funds and bureaucracies. Interest groups split rather decisively over state insurance. Social reformers and organized labor vilified the casualty insurance industry because insurers were seen as contributing to the negligence liability system's debacle. According to supporters of state insurance it was the insurance industry that contributed to the long delays in accident compensation and the animosity created between employers and workers. Further, insurance companies were criticized for paying out less than 40 percent of what employers paid in liability premiums. State insurance, according to supporters, could eliminate the overhead and profits associated with selling private insurance and this savings, in turn, could be used to lower employers' premiums and to pay higher benefits to injured workers.

The insurance industry obviously opposed this public intrusion into their domain, but early in the 1910s the industry seemed to take the attitude that the state funds would fail miserably, as our opening quotation suggests. Thus, the industry did not oppose state insurance very strongly in Washington because they expected to reenter this particular line of insurance after the state's failure. After Washington and Ohio had implemented state funds in 1911, however, the insurance industry developed a strong national lobbying organization to actively oppose the introduction of state funds in other states. By the time the debate reached Minnesota, the insurance lobby was very effective in thwarting the state's further expansion into the insurance business.

Employers seemed to be split on the issue of state insurance. Those that believed that they would be adequately insured at lower rates in the state fund, such as lumber and mining interests in Washington, often supported the idea. Lurking in the background, however, were worries that the expansion of the state's hegemony into insurance might spread to other enterprises. Minnesota employers, for example, generally fought against state insurance on these grounds.

Agricultural interests had a great deal of influence over state politics at this time and were very successful in their efforts to be exempted from the workers' compensation system. Yet, even after they had been excluded from the law's purview, farmers often opposed the passage of workers' compensation either because they worried about the state's bureaucratic costs of administering the law or they worried about losing workers to manufacturing industries. Farmers opposed state insurance in particular because the solvency of the funds ultimately depended on taxpayers.

While competing interest groups shaped the issues and put pressure on legislators to act on their behalf, the political environment in which legislators made their choices clearly influenced whether state insurance was successful or not. Keith Poole and Howard Rosenthal, for example, argue that voting on economic issues in the U.S. Congress is better explained by studying the formation of coalitions based on congressmen's stances on a broad range of issues rather than by focusing on their narrowly defined attitudes on particular bills.⁴ These broad-based coalitions might have been important because legislators who had no direct interest in state insurance may have voted for the measure because it was one component of a much larger agenda that they supported. It is clear that in the states we study here, reform-minded political coalitions played a significant role in the success of state insurance. In Washington workers' compensation and state insurance was not adopted until the most progressive legislature in Washington history swept into power. In Ohio a workers' compensation law and state fund was enacted by a Democratic legislature that promised progressive reforms. While the insurance industry was able to exploit an administrative loophole

when the Republicans retook the governorship and the legislature in 1915, as soon as the progressive Democrats regained the state house in 1917, private workers' compensation insurance was outlawed. Similarly, in Minnesota organized labor's efforts to obtain state insurance only bore fruit after the Non-Partisan League's success in the 1918 state elections shifted the balance of political power in the state. Thus, while workers' compensation attracted very broad support from a variety of interest groups, our case studies show that the more radical experiments were adopted by reform-minded progressives who believed that the state was uniquely qualified to ameliorate market imperfections, real or perceived.

III. The Origins of State Insurance in Washington

Washington employers and workers sought ways to streamline the delivery of accident compensation to injured workers. Lumbermen, mine operators, and labor unions agreed on a solution that established a compulsory state insurance fund for extrahazardous jobs. More importantly, these groups' succeeded in their radical plan for state insurance because the progressives swept into power during Washington's 1911 legislative session, bringing with them one of the most reform-minded agendas in Washington history. The insurance industry largely sat idle while the progressives enacted their experiment because they anticipated that state insurance would be a great failure. As we show below, however, as the state insurance idea became entrenched in Washington, insurance companies then fought vigorously against any further government intervention into their industry.

Throughout the first decade of the twentieth century, employers' increasing liability for their workers' industrial accidents did not come from legislative reforms in Washington, but through court rulings. After the Washington Supreme Court sharply limited the assumption of risk defense in Green v. Western American Company in September 1902, employers sought to pass and adjust factory inspection laws in ways that would limit their liability. Each legislative change was either rejected or ignored by the Washington Supreme Court. After each of the Court's responses in favor of injured

workers, the number of employers' liability cases in the Washington Supreme Court jumped sharply, as did liability insurance rates for employers.⁵

Dissatisfaction with the liability system was widespread by 1910.⁶ Employers worried about the sharp rise in their liability insurance rates and the increasing number of court suits. Workers complained of long court delays, shabby treatment by insurance companies, and the low likelihood of winning a court suit. The blame for the inefficiency of the injury compensation system and the large gap between what employers paid and workers received was focused on attorneys and insurance companies.

In July 1910 Governor Marion Hay chaired a conference that designated a committee of ten men to prepare a bill. The committee was dominated by representatives from the two most dangerous industries in the state, as it was composed of four lumbermen, two coal operators, a coal miner, a railroad man, a printer, and a carpenter. Lumberman Paul Page, the chair of the committee, publicly stated his preference for some type of state fund.⁷ He was aided in drafting a state fund bill by Harold Preston, who was popular with the labor movement because his brief had been the basis for one of the key supreme court decisions that expanded employers' accident liability. Further help was obtained from Guvnor Teats, a state representative who had amassed a considerable fortune from personal injury litigation.

The commission's bill was limited to workers in extrahazardous employment and called for fixed monthly payments to workers that did not vary with the workers' preinjury wage. The most controversial features of the bill involved proposals to implement two state insurance funds. A first-aid fund would collect up to 4 cents per man-day, half from workers and half from employers. Compensation for lost earnings was to be paid out of a separate state insurance fund. Contributions to the fund were compulsory and employers would not be permitted to insure outside the fund with private companies. The state was expected to pay for the costs of administering the funds. The

strongest support for this bill came from the Washington State Federation of Labor (WSFL), which declared that they were unalterably opposed to any bill that permitted casualty insurance "to continue as a disturbing factor between employer and employee by the prevention of quick and just settlements of all questions of compensation."⁸

A large number of groups expressed general support for a workers' compensation bill, but opposed specific features of the commission's bill.⁹ Insurers supported the general notion of workers' compensation, but "unalterably" opposed the state fund bill because it "gives absolutely no alternative to the employer or the employee whether they shall insure with the state or an insurance company." The insurance companies rallied support for their position through the Chamber of Commerce, but compared to their opposition to state insurance in other states in later years, Washington insurers were relatively inactive politically. The casualty insurers themselves claimed that "not one liability insurance company has raised a hand to defeat this bill. The liability companies held a meeting in New York and agreed to permit Washington to be the 'dog' on whom the medicine should be tried, and they argued that this would be a lesson to other states who contemplated crazy legislation."¹⁰

The opposition of most manufacturers centered on experience rating across industries. Aware of the dominance of coal and lumbermen on the commission, other manufacturers believed that the proposed insurance rates would force them to bear a substantial portion of the coal and lumber accident costs in the state fund. One study of the decade-long experience of 65 manufacturers in Seattle claimed that the cost of insurance would rise 11-fold if the new bill passed.¹¹ State Senator Josiah Collins, a sponsor of a bill without a state fund, ridiculed the proposed rates for mines and lumber mills as well below the rates of safer endeavors.¹² The commission bill set up funds for 31 separate industries, but the language was hazy enough to create worries that the fund in one industry could be tapped to pay for accidents in other industries. Opponents of the bill therefore called it the

"Jack Pot Accident Fund." The House Committee on Labor and Labor Statistics was able to eliminate much of this objection by adding an amendment to create 47 separate funds such that "no class shall be liable for the depletion of the accident fund from accidents happening in any other fund."¹³

Many lumbermen, led by Speaker of the House Howard Taylor, opposed the first-aid fund feature of the commission bill on the grounds that they were already providing adequate first aid at their mills.¹⁴ Further, the first-aid fund was opposed as a \$2 million source of patronage. Antiprogressive William Beach saw the fund as an opportunity to build "the greatest political machine ever constructed under the sun. All this money is to be expended by appointees of one man who will build \$2.5 million worth of hospitals and employ thousands of men and women to keep them going."¹⁵

The House fought the battle over the first-aid fund, while the Senate later fought over state insurance. In the House, the labor committee, chaired by Guvnor Teats who helped draft the commission bill, recommended the amended state insurance bill for passage. Beach moved that the first-aid clause be eliminated from the bill and the initial vote ended in a 40-40 tie with 16 absentees. Speaker Howard Taylor then directed that all members of the House be found and a vote taken on reconsidering the Beach amendment. After a bitter debate, the House voted to reconsider the first vote, 64 yeses to 26 nos. They then eliminated the first-aid clause by a vote of 55-35 with 6 absentees.¹⁶ The House then passed the state insurance bill without the first-aid clause by a vote of 69-24-3.¹⁷

Our empirical analysis of these votes implicitly assumes a model in which legislators vote on issues based on a combination of their own self-interest, the interests of their constituency, their own ideology, or their participation in a political coalition that favors certain general types of legislation (a political party is an example). We estimated probit equations in which the dependent variable takes a

value of one for votes to keep the first-aid clause, a value of zero for votes to eliminate the first-aid clause, and is treated as missing if the voter was absent.¹⁸ In the final House vote on the state insurance bill without first aid, a yes vote is treated as one. The right-hand side variables, listed in Table 1, include variables that describe the legislator's political party, occupation, membership in the labor committee, and variables describing the legislative district he represented.

Another important variable to consider is the legislator's membership in a political coalition, other than his party. The 1911 legislature in Washington was widely known for the progressive coalition that made it the one of the most reform-minded in Washington history. Workers' compensation was just one platform of the reformers' agenda, as the legislature also ratified the federal income tax, passed women's hours legislation, and expanded voter participation in government by establishing initiatives and referenda, the recall option, and judicial nominations by primary.¹⁹ Following the work of William Kerr, we created an index of membership in the progressive coalition by determining the percentage of times the legislator voted the progressive position on all progressive issues, aside from workers' compensation.²⁰

The voting analysis may not fully capture the direct interests of legislators and their constituents because of log-rolling arrangements that are difficult to measure. Two newspapers reported that part of the voting support for Speaker Taylor's opposition to the first-aid clause came from members "who curry favor with the chair on account of pet measures."²¹

The effects of one-standard-deviation (OSD) changes in the variables on the probability of voting is reported in Table 1. Vote 1 in the table is the vote to drop the first-aid clause; Vote 2 is the vote to reconsider the first vote; Vote 3 was the last vote to eliminate the first-aid clause. In all three cases, a positive effect implies that increases in the variable led the legislator to increase his support for the first-aid clause. Vote 4 is the final vote on the state insurance bill without the first-aid clause, and a positive effect implies that increases in the variable led to more support for the state insurance

bill.

The results are generally consistent with the public stances of the interest groups that had the greatest stake in the legislation. Legislators who owned lumber companies opposed the first-aid fund, although the effect is strongest and only statistically significant in the first vote, where an OSD increase in the probability of being a lumberman lowered the probability of voting for the fund by 22.9 percentage points. The lumbermen appear largely indifferent to the state insurance bill once the first-aid fund was eliminated. In the final vote an OSD increase in the probability of being a lumberman lowered the probability of voting yes by a relatively small and statistically insignificant 2.4 percentage points. This finding seems consistent with the statements of Representative McNeeley and Speaker Taylor, who argued in support of the final version of the House bill on the grounds that they had agreed to support the bill once the first-aid clause had been eliminated.²²

Legislators from more unionized districts favored the first-aid fund and state insurance with OSD increases raising the support for the first-aid fund by 11.9 percentage points in the first vote and 9.9 points in the third vote, and raising support for state insurance in the final vote by 7.2 percentage points. None of these results, however are statistically significant.²³

The importance of the progressive coalition is shown by their strong support for the first-aid fund and the state fund. An OSD change in the progressive index raised support for the first-aid fund by 40.1 percentage points in the first vote, 29.2 points in the vote to reconsider, and 34 points on the third vote. The OSD effect in the final vote raised support for the state insurance bill without the first-aid clause by 16.1 percentage points. These effects are all statistically significant and are large enough to suggest that the progressive coalition was the predominant reason why state insurance passed the House.

The voting analysis also suggests that agricultural interests were generally opposed to workers' compensation, which is similar to our finding for Missouri and other states.²⁴ In the final

House vote on the state insurance bill, legislators from areas with the highest crop values per adult male sharply opposed the bill, with an OSD effect that increased the opposition to the state insurance bill without first aid by 14.3 percentage points. Lawyers, who were excoriated as a key cause of the liability problem, also opposed the passage of the House bill without the first-aid fund.

The House state insurance bill, stripped of the first-aid clause, faced stiff competition in the Senate from a workers' compensation bill without state insurance. Senator Ralph Metcalf, chair of the Senate Labor Committee, proposed the alternative bill on the grounds that compulsory state insurance was likely to be ruled unconstitutional.²⁵ His argument was based on the New York court decision that had struck down a compulsory workers' compensation law for extrahazardous employment, but the New York law did not call for compulsory state insurance.²⁶

Lined up in favor of the state insurance bill were progressive Senate President Paulhamus and lumberman J.A. Falconer, who was a member of the commission that drafted the original bill. The WSFL and the lumber and mining interests peppered senators with telegrams supporting state insurance. Meanwhile, House supporters of the bill served notice that if the state insurance bill did not pass, all Senate bills would be held up in the House.²⁷

The showdown came in a roll call vote on whether to replace the House's state insurance bill with the Metcalf bill. The Metcalf bill lost 18-22. Opponents of state insurance then failed in their efforts to reduce support for the final bill by saddling the bill with the first-aid clause and with high salaries for the commissioners who would administer the new workers' compensation system. The state insurance bill passed 30-10.

Probit analysis of the roll call votes in the Senate reveals many of the same patterns seen in the House votes. The estimated marginal effects on the voting are reported in Table 2, where Vote 1 refers to the vote to substitute the amended Metcalf bill for the state insurance bill and Vote 2 is the final vote in the Senate to pass the state insurance bill. A positive effect in each vote implies that

increases in the variable led to more support for the state insurance bill. As in the House, the progressive coalition was the predominant factor shaping both votes in the Senate. An OSD change in the progressive index raised support for the state fund in the first vote by 35.9 percentage points and raised support for the final bill by 33.5 points. Lumbermen, mining interests, and the unions also strongly favored the state fund, with OSD effects in the state fund vote that raised support by 14.5 to 25.3 percentage points, although only the lumber effect is statistically significant.

The state insurance act set up the Industrial Insurance Department, which ran into a number of problems in establishing state insurance, but they were able to effectively exclude all private insurance coverage for workers' compensation risks.²⁸ The Washington Supreme Court quickly ruled that the compulsory state insurance fund was constitutional. The swiftness with which the Washington legislature implemented state insurance was remarkable among early adopters of the legislation. In Ohio, for example, the legislature was not as successful in closing legal loopholes that allowed private insurers to enter the workers' compensation market through back channels. In Ohio private insurers did not concede defeat easily, as they had in Washington, and fought bitterly against government interference in an otherwise competitive market.

IV. The Extended Fight Over Monopolistic State Insurance in Ohio

The development of the state fund in Ohio differed greatly from the experience in Washington. The two experiences were similar, however, in that the adoption and strengthening of state insurance was championed by newly-elected progressive reformers. When workers' compensation was introduced in 1911, there were no direct votes on the specific issue of state insurance. The insurance industry seemed largely left out of the public debate, although they made a last-ditch effort to offer an alternative bill without a state fund. Once the state fund was established, the insurance industry and organized labor fought several bitter battles over the issue. The insurance industry failed in attempts to strike down the state fund monopoly through court suits and referenda,

and legislation allowing private insurance was struck down by both Democratic and Republican legislatures. However, an administrative ruling in 1915 by the insurance commissioner under a newly established Republican administration opened a loophole that the insurance industry quickly exploited. Organized labor filed an unsuccessful lawsuit, but when the progressive Democrats returned to power in 1917, legislation was enacted that completely prevented the sale of private insurance. Ohio resembled Washington in one major way: who won the battle over state insurance was largely determined by changing political coalitions in the legislature and the governor's seat.

Employers' expanded liability for workplace accidents prior to workers' compensation was legislatively driven in Ohio. In 1904 organized labor obtained the Williams Act, which limited the assumption of risk defense.²⁹ Employers' liability was expanded further by the Metzger Act for railroad workers in 1908 and the Norris Act for all but agricultural workers in 1910. Both bills established comparative negligence, limits on the fellow-servant defense, and more limits on the assumption of risk defense. As part of the political compromise for the passage of the Norris Act, the legislature established limits on the damages that could be collected under the act, postponed consideration of a women's hours bill, and established the Employers' Liability Commission (ELC) to propose a workers' compensation bill.³⁰

The ELC consisted of two labor representatives who followed the Ohio State Federation of Labor's (OSFL) lead in supporting monopoly state insurance.³¹ The two employers' representatives made no mention of the issue in their published statements, while employers had testified on both sides of the issue.³² Supporters of state insurance were influenced by the rapid rise in insurance rates that seemed to outstrip the rise in payouts to injured workers following the Norris Act.³³ The decisive position was held by Chairman J. Harrington Boyd, whose public statements show that he was willing to accept the OSFL's argument for a monopoly state fund. In speeches and in every hearing that the Commission held around Ohio, Boyd emphasized the cost of insurance, claiming that

2/3 of insurance premiums went to "pay the salaries of attorneys and claim agents, to the costs of soliciting business, to the costs of administration, and profits."³⁴

Whether it was agenda-setting by the commission or lack of interest by insurance companies, only one insurance executive spoke before the ELC. Aetna executive W.G. Wilson endorsed workers' compensation but challenged Boyd's depiction of insurance costs as misleading, noting that the administrative costs of workers' compensation might be as low as 15 percent and that insurance company expenses included inspection departments that thwarted accidents. He then expressed businessmen's prime worry about state insurance. If the government sells insurance, he argued

why may not the State enter the coal mines...engage in the manufacturing of clothing and the raising of crops...? This subject of workmen's compensation...may very easily and subtly lead us upon dangerous ground.³⁵

The Commission ignored Wilson and wrote a compensation bill with exclusive state insurance. The commission split on two other issues, however. A four-man majority -- supported by the Ohio Manufacturers' Association (OMA) -- wanted employers to pay 75 percent and workers 25 percent of the premiums (we call this the employers' bill). The employers' bill further stipulated that if the employer contributed to the state fund, the worker was automatically enrolled and his right to sue under the common law was removed.³⁶ Labor representative W.J. Winans, with the help of the OSFL, offered a minority bill calling for employers to pay 100 percent of the premiums, and giving workers the option of choosing after the injury between workers' compensation and a negligence suit under the Norris Act (we call this the labor bill).

Representatives of employers and organized labor battled over these issues within a legislature that had changed dramatically since 1910. The Democrats had won a majority in both houses and progressives from both parties held 47 percent of the House seats and 32 percent of the Senate seats.³⁷ While the House fought over the assignment of the labor and employer bills to a Special

Committee, Senate President William Green -- later President of the American Federation of Labor -- rammed the labor bill with only minor amendments through the Senate 29-1. Despite labor's success in the Senate, the employers held a trump card in deliberations because "if the bill had...become law...no employer in Ohio would have insured under it, and the labor leaders and their allies knew this to be a fact."³⁸ Democratic Governor Judson Harmon also favored the employers' bill and promised to veto the labor bill if it passed.³⁹ Harmon worked closely with the House Special Committee to craft a compromise that would avoid compelling employers to join the state fund because the New York Supreme Court had recently struck down a compulsory law. Harmon wrote the clauses that gave employers a choice, but also the incentive, to join the state fund. The clauses prevented workers from suing for damages if the employer elected to join the state fund unless the employer had failed to observe laws safeguarding machinery or caused injury through a wilful act. An employer who failed to join the state fund, on the other hand, lost his three common law defenses.⁴⁰ The compromise also called for employers to pay 90 percent of the premiums and workers 10 percent.⁴¹

After the Senate passed the labor bill, the insurance lobby through the Cleveland Chamber of Commerce tried to offer a bill without state insurance.⁴² But the ELC had clearly set the agenda, and the only questions remaining for the House's Special Committee and the whole House was what share of premiums employers would pay and whether workers would retain their rights to sue. In late April the House fought over the two key issues, but the only substantial amendment to the compromise excluded employers with fewer than 5 workers in order to please agricultural and small business interests. The act passed the House 83-18.⁴³

While the OMA considered the new law "probably the best law on this subject in the United States today," they feared that the rise in their share of premiums from 75 to 90 percent might lead to the failure of the fund, but they held judgment until the insurance rates were announced.⁴⁴ The Ohio

State Board of Liability Awards took advantage of the fact that the state paid their administrative expenses and set their workers' compensation insurance rates below employers' liability rates, thus encouraging employers to sign up with the state fund.⁴⁵

The insurance companies proceeded to test the new state insurance system at every turn over the next several years. They initially attacked the new state fund on the grounds that the law was unconstitutional. The OMA consequently recommended that employers not pay into the state fund until the courts decided the law's constitutionality.⁴⁶ At the OMA's suggestion, and with aid from the OSFL, the Ohio Attorney General sought to settle the issue quickly by asking the State Auditor to refuse to pay a voucher issued by the Liability Board.

After the law was validated by the Ohio Supreme Court in January 1912, insurers battled the state fund further by claiming that it did not protect employers against lawsuits by workers who claimed that an employers' wilful act or disregard of a safety law caused their accident.⁴⁷ The insurers claimed the courts were failing to draw a clear distinction between a negligent and wilful act. The Liability Board responded with a pamphlet that reassured employers that the workers' compensation law was constitutional and gave full protection, that claimed that the distinction between wilful acts and negligence was clear, and that the Attorney General had ruled that private insurers could not sell liability insurance to indemnify employers against willful acts.⁴⁸

The OSFL, the Liability Board, and progressive leaders worried that the number of employers electing to join the state fund was still inadequate.⁴⁹ They sought to fully establish the fund by proposing a constitutional amendment at the Ohio Constitutional Convention of 1912 to make the law compulsory. The Labor and Judiciary Committee at the Convention chose the less radical of two proposals and the OSFL lobbied for passage with the aid of 15 convention members who had pledged themselves to Labor's cause.⁵⁰ After almost no floor debate, the proposal passed the convention unanimously.⁵¹

With the support of the OSFL and despite the public opposition of the Ohio Board of Commerce and many manufacturers, Ohio voters approved the workers' compensation amendment in the November 1912 election, 60 to 40 percent.⁵² The statistical analysis summarized in Table 2 shows the importance of the progressive coalition in the amendment's passage and the strong opposition of agricultural interests. The strong impact of the progressives is measured by the percentage of the electorate voting for Theodore Roosevelt in the 1912 presidential election. An one-standard-deviation (OSD) increase in the percentage of the population voting for Roosevelt raised the probability of voting yes by 2.24 percentage points and lowered the probability of voting no by 3.1 points, which clearly would have swung the vote in favor of workers' compensation. The results show that the foreign-born voters and voters in manufacturing districts, which probably had higher union memberships than other counties, also favored workers' compensation. The strong opposition of agriculture to the compulsory law also stands out clearly. An OSD increase in crop values per capita raised the probability of voting no by 3.3 percentage points and lowered the probability of voting yes by 2.3 points. Unlike in those states where agriculture was clearly excluded from coverage, Ohio farmers may have perceived that they would have been affected by the law because agriculture was not specifically exempt from workers' compensation coverage. Only firms with 5 or fewer workers were exempt, which should have excluded many agriculturalists. The agricultural vote against workers' compensation, on the other hand, might also have been part of a general tendency to vote against all of the constitutional amendments.⁵³

The progressive's and the OSFL's next step was to enact a new compulsory law in the 1913 legislature. With a larger Democratic majority and a true progressive governor in James Cox, the 1913 legislature was fertile ground for enacting the new compulsory law.⁵⁴ Cox in his inaugural address claimed to have an open mind about the issue of competition between private and state insurance, but he was strongly influenced by the OSFL's opposition to private insurance.⁵⁵ His first

choice to draft the compulsory workers' compensation law was Mayor Newton Baker of Cleveland because he could easily consult with OSFL leaders.⁵⁶ After Baker declined, Cox held a meeting of the key Democratic leaders and members of the Liability Board. Liability Board member Wallace Yaple opposed a state fund monopoly, claiming that the state would outcompete private insurers, but others used analogies of price cutting by Standard Oil to convince him to support the state monopoly.⁵⁷

After labor's Senate leader William Green drafted a compulsory workers' compensation bill, the liability insurers pressed their supporters to flood the governor with letters and telegrams and sent trainloads of businessmen to visit him.⁵⁸ Allen R. Foote of the Ohio State Board of Commerce argued for competition between private and state insurers in which the costs of administering the state fund would be paid out of the state fund and not by taxpayers. That way, the state fund's premiums would better reflect the "true cost" of the insurance, and would not allow the state fund to drive private insurers out of business.⁵⁹ Other manufacturers' representatives, including Daniel Ryan the general counsel of the OMA and W.H. Stackhouse, expressed support for a monopoly state fund.⁶⁰

As a compromise, the compulsory bill was amended to allow employers to self insure. Senator Bernstein submitted a labor-sponsored amendment prohibiting employers of financial ability to maintain mutual benefit associations with other employers in lieu of their participation in the state fund. When the amendment lost 19 to 13, it left the door ajar for later attempts by insurance companies to sell mutual insurance to self-insuring employers. The compulsory bill then passed both houses unanimously.⁶¹

During the summer of 1913 the insurance companies sought to use the newly-created initiative and referendum process to have the compulsory law repealed. The Ohio Equity Association (OEA) gathered signatures for petitions to repeal the new compulsory law and to offer a substitute law sweetened with higher benefits. A scandal developed concerning false names on the petitions and the

Secretary of State declared the petitions null and void.⁶²

The insurance companies redoubled their efforts in the 1914 governor's race. In contrast with the OMA, which was pleased with its access to Governor Cox, the insurers supported Republican Frank Willis. Cox proudly stated to the OSFL that he would continue his policy of preventing liability insurers from writing workers' compensation insurance. Willis meanwhile sought support from the OSFL by stating his desire to raise benefit levels.⁶³

Willis defeated Cox in the 1914 election and conservative Republicans reclaimed both legislative chambers, while the number of labor representatives fell to the lowest in years. Seizing their chance, the insurers introduced House Bill No. 1, which would have allowed private insurers to write workers' compensation insurance under regulations established by the insurance commissioner. The insurance companies sought to sway legislators by arguing: "Without free and open competition, it is impossible to ascertain which, if any, one plan of Insurance be superior to all others. The test of experience would alone determine the survival of the fittest." Further, they argued that the state fund made no pretense of complying with the full legal reserve requirements imposed by Ohio law on other forms of insurance, which could lead to a deficit of staggering proportions.⁶⁴ Opponents argued that private insurers would "pick the gilt edge risks, leaving all the hazardous ones to the ...Fund...and bring about its...insolvency."⁶⁵ The bill was sent to the Labor Committee, which recommended that it be indefinitely postponed. The House agreed by a vote of 75-25.⁶⁶

The insurers also failed in their attempt to amend the workers' compensation law to allow injured workers to sue under the common law without affecting their claims under the compensation law. Insurers hoped then to obtain authority to write insurance against that liability. The goal was to offer workers more benefits in hopes of obtaining their support and thus undermine the state insurance fund. Both the OMA and the OSFL excoriated these proposals to their membership.⁶⁷

When their proposals failed in the legislature, the insurance industry asked the Industrial

Commission to modify its rules and to let them sell workers' compensation insurance. After the request was denied, the insurers went to newly appointed insurance commissioner Frank Taggart and sought a license to sell mutual insurance to employers who chose to self-insure under Section 9510 dealing with mutual insurance in the Ohio General Code. Taggart granted the license and also allowed insurers to insure against common law suits where workers claimed that the accident was caused by the employers' willful act or failure to honor safety laws.⁶⁸ In aggressively seeking new business the insurers emphasized their new advantage over the state fund, which could not offer insurance that covered both the court losses and workers' compensation.⁶⁹

The OSFL battled back by aiding Attorney General Edward Turner in filing suit in the Ohio Supreme Court against over twenty insurers. While the Supreme Court deliberated, the state fund again became an issue in the Governors' race of 1916. In a rematch of the 1914 race, James Cox announced his support for a labor union petition to expel private insurance from workers' compensation. The court then handed down its final decision on January 31, 1917, holding that employers had the right to self-insure and that insurance companies could sell mutual insurance for self-insuring employers. The ruling, however, eliminated some of the private insurers' advantages because it disallowed insuring employers for wilful acts or failure to observe safety laws and it prevented them from selling indemnity policies for workplace accidents that were not straight workers' compensation.⁷⁰

Although the OSFL was dissatisfied with the court decision, the election results had left the OSFL in a much stronger position than in 1915. Cox returned as governor, the Democrats recaptured both houses, 16 OSFL members held seats in the legislature and absent were "quite a few senators and representatives who had tried to impair the Workers' Compensation law in the interests of the liability insurance companies."⁷¹ By petition, the OSFL introduced House Bill No. 1, which prohibited private contracts by insurance companies to get around state insurance. The bill passed the

House 118-2, the Senate 28-2, and was quickly signed by Governor Cox on February 19, 1917. The new bill outlawed private workers' compensation insurance.⁷² The insurance companies issued yet another court challenge on the grounds that the new law canceled contracts, but the Ohio Supreme Court sustained the new law.⁷³

V. Minnesota's Failed Attempt at State Insurance

Minnesota failed to enact compulsory state insurance by 1 Senate vote in 1919. While the Minnesota State Federation of Labor (MSFL) lobbied incessantly for state insurance since the early debates over workers' compensation in the state, it was not until 1918 when the Non-Partisan League seriously threatened the Republican party in Minnesota that state insurance made significant political inroads in the state legislature. Thus, what ties Washington and Ohio's success with state insurance with Minnesota's failure is that in all three states the legislation gained political support because newly-elected reform-legislators swept into power with state insurance a central objective.

Like most other states that adopted workers' compensation early, Minnesota established a commission to investigate the workings of the employers' liability system and to propose a new no-fault liability system. Translating their mutual dissatisfaction with the traditional negligence system into a workable compensation system proved more difficult than the three commission members had originally thought.⁷⁴ Employers and organized labor fought over specific features of the proposed legislation, so the legislature decided to forego enacting any compensation law in the 1911 session until the two parties agreed on a plan. With his bill facing certain defeat in the legislature, William McEwen, organized labor's representative on the commission, took the offensive. The MSFL had one ultimate objective for their workers' compensation law -- having the state act as the sole insurer of accident claims -- so McEwen drafted a bill to amend the state constitution in order to allow the state to go into the insurance business. McEwen admitted that "I do not expect the bill to pass, but it will undoubtedly have its education effect. Some day the state will be obliged to take up this

subject."⁷⁵

The Minnesota Employers' Association (MEA) and the MSFL agreed to a compromise workers' compensation bill that was enacted in the 1913 legislature, but the MSFL stood firm in its belief that "no satisfactory solution to the question of workingmen's compensation can be had except through the medium of state insurance."⁷⁶ A bill to amend the state constitution to allow for state insurance died in the 1913 legislature, as insurance companies and employers lobbied against it. But George Gillette, President of the MEA, issued an ultimatum to the insurance industry: "My belief is that it would be good policy on the part of the liability companies not to try to make too much money during the earlier stages of the operation of this law, for I believe such a course would kill the goose." If complaints against insurers accrued or rates became exorbitant and unreasonable, then Gillette warned that "not only in my opinion will Minnesota have state insurance, but it ought to have it."⁷⁷ Gillette's rhetoric, combined with organized labor's insistence on state insurance and Ohio and Washington's recent enactment of monopolistic insurance funds, posed a serious economic threat to insurance companies and independent agents operating in Minnesota. Accordingly, in September 1914, a "few stalwart insurance men" met in Minneapolis to form the Insurance Federation of Minnesota (IFM), which acted as the industry's lobbying group against state workers' compensation insurance, in particular, and other state intrusions into the insurance market, in general.⁷⁸

Organized labor's relentless lobbying for substantive improvements in the 1913 workers' compensation law bore fruit in the 1917 session of the legislature. Three amendments were enacted in 1917 that raised the level of compensation from 50 percent of lost wages to 60 percent; reduced the waiting time for compensation from 2 weeks to 1 week; and raised the maximum weekly benefit from \$11 to \$12 per week. According to the labor periodical Labor World, "These amendments were stubbornly fought by the employers and their adoption is a distinct victory for the forces of organized labor."⁷⁹ More importantly, organized labor's cherished state insurance received serious debate in

the 1917 legislature and attracted a core of legislative support.

State insurance supporters won a significant victory when the Senate's Employers' Liability Committee recommended passage of the bill, which was not overly surprising given that 3 of the 7 committee members co-introduced the bill. On the downside, however, the committee suggested that the bill be rereferred to the Judiciary Committee for a report on its constitutionality. After the Senate successfully voted to recall the bill from Judiciary, the committee reported that the bill was constitutional.⁸⁰ Two days later the bill lost 42 to 21. Table 3 reports the marginal effects on the voting if the independent variables describing the individual legislator and his constituency are changed one-standard-deviation (OSD). The variables that seem to have had an important impact on the voting are the dummy variables measuring membership on the Labor and Employers' Liability Committees and the dummy variable for senators who were farmers. These findings indicate that a small coalition between farmers and organized labor, which accounted for the stunning success of the Minnesota Non-Partisans in 1918, may have had roots in the 1917 legislature.⁸¹ That a coalition could form prior to the Non-Partisan's formal challenge to takeover the dominant Republican party in Minnesota is unremarkable given that in neighboring North Dakota 87 of 113 newly-elected House members and 18 of 25 senators (24 senators were held over from 1914) were Non-Partisan League members.⁸²

State insurance had more limited success in the Minnesota House in 1917. The bill was originally referred to the Committee on Workmen's Compensation, but by a vote of 9 to 4, the committee members sent the bill to the Judiciary Committee, widely regarded as the "morgue for this kind of bill."⁸³ The next day, Representative Thomas McGrath, a lawyer and union member, moved to recall the state insurance bill from the Judiciary Committee, but left the Committee with the charge of commenting on its constitutionality. The recall motion passed by a relatively slim margin, 68 to 54.⁸⁴ The marginal effects on the voting, reported in Table 3, indicate that organized labor was

critically influential in keeping their state insurance initiative alive. Increasing the percentage of a legislator's constituents who were in labor unions OSD (2.4 percentage points) raised a legislator's probability of voting to recall by 19.5 percentage points. It is also interesting to note that representatives who were lawyers tended to vote against the recall, although the effect is not statistically significant at conventional levels. That lawyers would vote against the recall is expected given that they constituted the Judiciary Committee and were probably trying to protect their jurisdiction.⁸⁵

After the bill was recalled from the Judiciary Committee it was placed on general orders for future consideration. In the meantime, the Senate had already defeated their state insurance bill, so the House voted unanimously to return their bill to the calendar, where it died with the close of the session.⁸⁶ Although the issue was moot, the House Judiciary Committee, by a vote of 7 to 4, belatedly concluded that the proposed state insurance law would have been unconstitutional. The different legal interpretations of the Senate and House Judiciary Committees invited ridicule among state insurance champions. The different legal opinions "only substantiates the oft repeated claim that lawyers do not know any more about the constitutionality of a piece of legislation than a layman."⁸⁷

As the IFM presciently advised its members in 1917, "the fight against state insurance in Minnesota has really just begun." The Secretary, E. A. Sherman, admitted that he did not know "What new influences they [MSFL] will bring to bear in later contests . . . but I mention for your earnest consideration -- the Non-Partisan League."⁸⁸ Perhaps the most important influence that organized labor brought to the 1919 legislative session was their numbers. Between 1918 and 1920 union ranks soared 75 percent, from 51,000 members to over 89,000.⁸⁹ But certainly the most threatening political force in the state, from the IFM's perspective, was the emergence of the Non-Partisan League.

Among the Non-Partisan's other socialistic objectives, the first plank of their labor platform

was the implementation of state insurance to administer the workers' compensation system. The League was well-organized in early 1918 and was organized for the complete takeover of the Republican Party in Minnesota. Although the Non-Partisans League failed to win the governor's seat, the League was quite successful in building a coalition that altered the balance of political power in the Minnesota, pitting a newly-formed coalition of grain farmers, organized union members, and radical progressives against the Republican party, which drew its support from those who favored the status quo and progressives who feared the Non-Partisan's radicalism. Since the Non-Partisans were able to secure 24 seats in the House and 8 in the Senate, the animosity of the 1918 elections was carried into the 1919 legislative session. As Chrislock noted, the Republicans' "compulsion 'to beat' the Nonpartisan League dominated the legislature of that year [1919]."⁹⁰ State-run workers' compensation insurance proved to be one of the battlegrounds.

Labor's struggle for state insurance in 1919 was chronicled as "one of the hottest fights ever waged in the state legislature."⁹¹ The IFM believed similarly, calling their fight to suppress the legislation "the most closely fought legislative contest Minnesota has ever known."⁹² The importance of the Non-Partisan movement in forging a coalition in favor of state insurance is very apparent in our analysis of the House voting. After four hours of floor debate, during which the House agreed to an amendment to allow non-profit mutual companies or inter-insurance exchanges, the state insurance bill won by a comfortable 78 to 48 margin.⁹³ The estimated effects on the voting are shown in Table 3. Legislators certainly responded to the interests of their constituents because legislators were much more likely to vote for state insurance if their districts were strong Non-Partisan supporters in the 1918 gubernatorial election. Raising the percentage of the legislator's district's voting for the Non-Partisan-supported candidate Evans by OSD (10.5 percentage points) increased the probability that the legislator voted for the insurance bill by 16.0 percentage points, which is statistically significant at the less than 1 percent level. Representative Asher Howard, who

opposed state insurance in the 1917 legislature, but supported it in 1919, captured the feeling that many legislators no doubt shared: "If you want to prevent the seats of this House from being filled by Socialists and Nonpartisans you have got to play fair with the workingmen and the farmers."⁹⁴

Like the House recall vote in 1917, we found that representatives responded to organized labor's demands for state insurance. An OSD increase in the percentage of the legislator's constituents who belonged to a labor union increased his chances of voting for state insurance by a statistically significant 14.3 percentage points. Further, being a member of the Labor Committee, which traditionally championed labor causes, increased a representative's likelihood of voting for state insurance by 23.3 percentage points, but the effect is not statistically significant at conventional levels. Members of the Banking Committee were strongly opposed to state insurance; their chances of voting for the measure was 47 percentage points less than the average member's. This result might be expected if committee member were following their banking constituents' interests because Minnesota banks acted as insurance agents during this time and they obviously would have viewed any government intervention into the insurance market as threatening. This line of reasoning would suggest that Insurance Committee members should have been opposed to state insurance as well, but this prediction is not borne out in the regression results. Given that one of the Non-Partisan League's primary objectives was the socialization of certain lines of insurance, it seems that representatives sympathetic to the Non-Partisan's cause self-selected onto the Insurance Committee. In fact, we found that legislators who sat on the Insurance Committee and agriculture-related committees represented districts that equally strongly leaned toward the Non-Partisans.⁹⁵ Finally, our results indicate that the coalition between agriculture and labor might have been somewhat strained when it came to state insurance for workers' compensation. We included three variables to capture agricultural interests and they produced offsetting effects, and none is statistically significant.⁹⁶ Despite the political coalition that organized labor and farmers formed, agricultural interests'

apprehension about expanding the government is consistent with our findings for Missouri and Washington and Ohio, as reported above.

The House's state insurance bill moved to the Senate, where the "legislative contest was very intense and the feeling engendered was extremely bitter."⁹⁷ The Senate Committee on Workmen's Compensation, by majority report, substituted the House's bill for the Senate's and recommended passage. Three senators in the minority, however, offered their own report, substituting the Senate state insurance bill with another bill that would have created a workers' compensation board and empowered the Commissioner of Insurance to regulate workers' compensation insurers.⁹⁸ The minority committee report was rejected 31 to 35. The majority report -- to substitute the House's bill for the Senate's -- failed passage as well, with the vote deadlocked at a 33 tie. The next day, when the House bill itself came up for consideration, "The Minnesota State Senate wrote another chapter of treason to the people and fidelity to privilege," according to the labor press.⁹⁹ Senator Charles R. Fowler, a lawyer who represented insurance interests in Minneapolis, introduced an amendment that would have allowed employers to insure their workers' compensation risks in "any company, association or other insurer authorized to write such insurance in this state."¹⁰⁰ The Fowler amendment passed 34 to 32. The amended bill was unsatisfactory to organized labor because the primary reason for allowing the state to operate as a single-payer was the belief that the state insurance could be offered at lower cost than private insurance. The MSFL urged the defeat of the amended bill, which it was by a vote of 9 to 57.¹⁰¹ Our empirical analysis of the major votes on state insurance in the Senate revealed no statistically significant pattern. None of the variables in any of our estimations was statistically significant. One potential explanation for our not finding any strong coalitional support for the insurance measure in the Senate is that it was but one issue in a much larger logrolling effort. Contemporary accounts offer some evidence for this interpretation. The IFM suggested that "It [state insurance] was made a political issue, and the interests of the

insurance men were used as trading stock for political expediency, or to secure votes in favor of or against other measures pending in the legislature."¹⁰² Labor claimed that a "two percent beer bill was used as a club" against them in the Senate. Further, Robert Asher suggests that there was a logroll between Republicans who wanted an iron ore tax killed and legislators who wanted state insurance.¹⁰³

What put a halt to all discussion of state insurance in Minnesota was the outcome of the Senate's and House's 1920 interim investigation of workers' compensation and state insurance. The interim committees heard arguments from representatives of the MSFL, MEA, and the IFM, and committee members interviewed officials in 10 other states about the operation of their state funds or industrial accident commissions, which administered their workers' compensation systems. The first major suggestion of the committees was that the administration and payment of claims be made through an administrative industrial commission, instead of the district courts which had jurisdiction over these matters since the law's inception in 1913. The second major conclusion of the investigation was that a monopolistic or competitive state insurance fund would not help the state achieve the fundamental goals of their workers' compensation law. According to the committees' majorities, the best means of providing "fair" insurance rates for employers and to ensure the prompt payment of claims to workers lay in regulating compensation insurance rates and in creating an open field for competition in the business of insuring such liability.¹⁰⁴ Accordingly, the interim committees proposed legislation that would have enabled the state insurance department to regulate workers' compensation insurance and would have allowed mutual insurance companies to write compensation insurance. Since the law's adoption, insurance carriers were not regulated with regard to rate-setting or financial soundness and the law forbade mutual companies from operating in this line of insurance.

The majority report of each committee made three general recommendations to the 1921

legislature: one bill made numerous provisions to increase the benefits to injured workers and to clarify the means by which the law would operate; a second bill provided for the creation of the industrial commission; and a third bill mandating the regulation of workers' compensation insurance carriers and provisions for allowing mutual companies to compete with stock companies. A minority report argued for the adoption of a state insurance fund. But the committees' exhaustive investigations of the state insurance issue silenced proponents of a monopolistic state fund. The proposed bills of the interim committees were easily enacted, with perhaps one or two dissenting votes in each chamber, and the state insurance bills were killed in committee. All efforts in the 1921 legislature were focused on making the workers' compensation system more accountable to the injured worker and on reducing, as much as possible, employers' insurance costs. While the 1921 legislature was willing to augment the administrative bureaucracy needed to ensure the efficient functioning of the workers' compensation system and willing to expand the scope of the state's regulation over private industry, in the end, legislators were not willing to substitute public for private enterprise.

VI. Concluding Remarks

Workers' compensation is widely viewed as the first major instance of social insurance in the United States, ensuring that injured workers and their families were adequately protected against the financial hardship associated with industrial accidents. Employers and employees at the turn of the century were clearly dissatisfied with the costliness and uncertainty of using the courts to settle accident compensation claims. There was widespread agreement that the negligence liability system was too burdensome and that workers' compensation would lower the transaction costs of compensating workers for their injuries. A central question in most states was how costs could be minimized.

One of the key debates that accompanied the adoption of workers' compensation was the issue of how the insurance mechanism would be administered. Labor unions and insurance companies

lined up on opposite sides of the state insurance debate. Employers generally offered mixed support for a state-run insurance fund, fearing the implications of allowing the state to enter an otherwise competitive industry. As we have shown in this paper, while the competing interest groups framed the debate over state insurance, success ultimately depended on the political environment in which the antagonists fought. In Washington, Ohio, and Minnesota state insurance was enacted (or nearly enacted) because a coalition of progressive legislators took control of their respective legislatures, bringing with them the idea that government had the unique ability to correct market imperfections. Thus, convincing legislators that state insurance was superior to private insurance was certainly made easier because arguments in favor of the relatively radical plan were viewed through this ideological lens.

The political environment in which state insurance thrived in the 1910s provides important insights into the growth of the welfare state in the 1930s and 1960s. The major social insurance programs of the New Deal and the Great Society received broad support at the time because the private market was seen as unable to solve a particular problem, such as unemployment compensation or poverty in old-age. The welfare role of the government grew dramatically in the 1930s and 1960s because the American electorate placed into power reformist politicians with a mandate to solve particular problems. This paper has shown that the government's expansion after the 1932 federal election was not unprecedented; in fact, the ideological roots of New Deal activism were planted during the debates over compulsory state insurance and workers' compensation in the 1910s.

FOOTNOTES

1. Monopolistic state insurance funds collected 12.3 percent of the approximately \$197.5 million's worth of workers' compensation premium income collected in 1920. Competitive state funds received 6.7 percent of the nationwide premiums. See McCahan, State Insurance, p. 12.
2. Ohio State Federation of Labor, Proceedings, 1915, p. 23-25.
3. In many states, however, agriculture, domestic service, casual labor, and public service were excluded from the compensation laws. Sometimes, specific industries were excluded. For example, Maine excluded logging, Maryland exempted country blacksmiths, and Texas excluded cotton ginning. For a more comprehensive summary of the exemptions across the United States, see U.S. Bureau of Labor Statistics, "Workmen's Compensation . . . 1917-1918," , p. 58.
4. Poole and Rosenthal, "Congress and Railroad Regulation."
5. For a description of the attempts by employers to limit their liability and the response of the courts, see Tripp, "An Instance," , pp. 533-538. The rise in insurance premiums is described in Washington Industrial Insurance Commission, First Annual Report, p. 19. It is signalled further by the fact that between 1900 and 1910, total employers' liability insurance premiums collected in Washington rose more than 11-fold, while premiums for all types of insurance rose only 6-fold. Washington Insurance Commissioner, Report, 1902, pp. 47, 60, 1910, p. 28, 1911, p. 41. The Hall v. West & Slade Mill Company ruling in 1905 initiated a dramatic jump in court activity. The number of employers' liability cases contested in the Washington Supreme Court rose from 6 in 1904 to 35 in 1905 and continued to rise to 53 in 1910 and again in 1911. The exception to the rise was a drop in cases to 29 in 1907. The numbers were compiled from Washington Supreme Court Reporter, Reports, for the volumes covering 1904 to 1911. The increase in the cases probably signals a rise in uncertainty about how the law would be applied.
6. The legislature had actually defeated workers' compensation bills in 1907 and 1909. Washington Industrial Insurance Commission, First Annual Report, p. 20.
7. See Pacific Coast Lumber Manufacturers' Association (PCLMA), Reports, pp. 31-32.
8. "State Federation on House Bill No. 14," Seattle Union Record 3/4/11, p. 1.
9. The Seattle Daily Times, an ardent opponent of the bill, faithfully reported that the iron and foundry manufacturers, the Chamber of Commerce, local insurance men, the Washington Manufacturers Association, the Seattle Retail Lumber Manufacturers Association, the United Metal Trades Association, the Brotherhood of Railway Trainmen and the Pacific Coast Lumber Manufacturers' Association all had expressed their opposition to the bill as written. Each group made it clear that they supported the concept of workers' compensation, but that they had major problems with the bill as it was presented by the commission. See the following articles in the Seattle Daily Times: "Employers Pick Flaws in Compensation Law," 1/6/11, p. 6; "Casualty Companies Will Fight New Bill," 1/7/11; "Railway Trainmen Do Not Want Law," 1/7/11; "Foundry Men Against Compensation Act," 1/10/11, p.5; "Business Men Opposed to Compensation Law," 1/11/11, p. 11; "Compensation Bill Vigorously Opposed," 1/12/11, p. 3; "Local Men Consider State Insurance Idea," 1/13/11, p. 15; "Liability Insurance Law Finds Opposition," 1/17/11, p. 10; "Manufacturers Go to Fight Insurance Bill," 1/26/11, p. 7; "When a Man Gets Hurt at Work," 1/28/11, p. 6; "Lumbermen Plan to Fight Insurance Act," 1/29/11, p. 13; "Underwriters Score Hay's Liability Bill," 1/31/11, p. 4; "Laborers Left to Hold Empty Sack," 2/2/11; "Reasons for Opposing Liability Law Stated," 2/13/11, p. 11; "The Protection of

- Workmen," 2/19/11, p. 6.
10. "Underwriters Score Hay's Liability Bill," Seattle Daily Times 1/31/11, p. 4; "Casualty Companies Will Fight New Bill," Seattle Daily Times, 1/7/11.
 11. Argus 2/18/11 and Seattle Daily Times "Reasons for Opposing Liability Law Stated," 2/13/11, p. 11; "Liability Insurance Law Finds Opposition," 1/17/11, p. 10.
 12. "Workingmen's Act Still Hanging Fire," Seattle Daily Times, 3/7/11, p. 11.
 13. Washington Industrial Insurance Commission, First Annual Report, 1912, p. 23; Washington House of Representatives, Journal, 1911, pp. 438-443. The amendment went a long way toward solving the experience rating problem across industries, but it did not eliminate worries within industries that safer employers would be forced to pay high rates to subsidize unsafe employers. In fact, this problem came to a head within the first-year of the operation of the state fund. An explosion killed 8 girls at a small poorly-run powder mill. Because the powder fund was a mutual fund, the Washington Industrial Insurance Commission tried to get Dupont, which employed 82 percent of the powder mill workers in the state to pay 82 percent of the cost of the accident. Dupont refused on the grounds that it followed much safer procedures than the other plant and therefore should not be forced to pay for the mistakes there. See J.V. Paterson, Workmen's Compulsory, pp. 9-10.
 14. The PCLMA came out in opposition to the bill unless it lowered the rate set by the commission from 2.5 percent of the payroll to 1 percent, eliminated the first-aid fund, allowed for monthly payments into the fund, and added several other amendments. See PCLMA, Proceedings...1911, p. 4, and "Lumbermen Plan to Fight Insurance Act," Seattle Daily Times, 1/29/11, p. 13. Ironically, Speaker Howard Taylor was the brother-in-law and partner of Paul Page, the head of the commission that wrote the bill.
 15. "Opponents of First Aid Fund Winners," Seattle Daily Times, 2/22/11, p.8. Beach's speech echoed sentiments expressed by other opponents of the fund. See "House and Senate Split on Labor," Seattle Daily Times, 2/10/11, p. 12.
 16. Washington House of Representatives, Journal, 1911, pp. 443-450; Washington Industrial Insurance Commission, First Annual Report, 1912, pp. 19-25; "Opponents of First Aid Fund Winners," Seattle Daily Times, 2/22/11, p. 8; "First Aid Scheme Cut Out of Bill," Seattle Post-Intelligencer, 2/22/11, p.4; "First Aid Clause Eliminated," Seattle Union Record, 2/25/11, p.8; Argus, 2/25/11; Tripp, "An Instance," p. 544.
 17. "Liability Bill, As Amended, Passed by Lower House," Seattle Post-Intelligencer, 2/24/11, p. 7. Washington House of Representatives, Journal, 1911, pp. 459-460; Washington Industrial Insurance Commission, First Annual Report, 1912, p. 25.
 18. The only vote on which abstentions or absenteeism would be a significant problem is on the first vote where there were 16 absentees. In all remaining votes there were so few abstentions that we do not believe our results to be biased.
 19. Although the Washington legislature was dominated by Republicans throughout the period, the progressive movement developed a strong following in Washington with most of the reformers working within the Republican party. After the legislature enacted a direct primary law in 1907, progressive reformers scored an important electoral victory in 1910. Schwantes, Radical Heritage, pp. 193-199; Kerr, "The Progressives," pp. 1-10.

20. Kerr, "The Progressives."
21. "First-Aid Clause Eliminated," Seattle Union Record, 2/25/11, p.8. See also "Appropriations Already Asked Total \$11,675,000," Seattle Post-Intelligencer, 2/18/11, p. 11, which predicted just before the first-aid vote that the battle over the employers' liability measure in the House would involve log-rolling as several legislators tried to save their pet projects from elimination.
22. "Liability Bill, As Amended, Passed by Lower House," Seattle Post-Intelligencer 2/24/11, p.7.
23. Legislators from mining districts generally showed large-scale support for the first-aid fund and the state fund. While the mining employers were said to have the same interests as lumber employers, the strong support for the funds may reflect the fact that the United Mine Workers had a strong presence in many of the leading mining districts.
24. Kantor and Fishback, "Coalition Formation," pp. 268, 281, 291.
25. Ralph Metcalf, a lumberman from Tacoma and the chairman of the Senate committee on labor and labor statistics, sponsored a bill (SB 49) largely based on the Graves bill of 1909. Also under consideration was Josiah Collin's bill (SB 266), which also eliminated the state fund and called for alternative administrative procedures. The Collins bill procedure was later amended onto the Metcalf bill. See Washington Senate, "(Substitute) Senate Bill No. 49," and "Senate Bill No. 266," Senate Bills, 1911. See also "Teats Bill Shorn of First-Aid Section," Seattle Daily Times, 2/25/11, p. 9; "Senate to Split on Liability Bill," Seattle Post-Intelligencer, 2/25/11, p. 10.
26. It is interesting to note that the Washington Supreme Court later took a position diametrically opposed to the one of the New York court when it declared the Washington compulsory state insurance law constitutional. See "Senate Studies Liability Bills," Seattle Daily Times, 3/7/11, p. 7, and Tripp, "Progressive Labor Laws," pp. 72-3.
27. "State Federation on House Bill No. 14," Seattle Union Record, 3/4/11, p. 1; "The Week's End at Olympia," Seattle Union Record, 3/4/11, p. 1; "House Slapped by Staid Senators," Seattle Daily Times, 3/3/11, p. 11; "The Employers' Liability Law," Seattle Post-Intelligencer 3/4/11, p. 5; "Everett Armory Lost by 1 Vote," Seattle Post-Intelligencer 3/4/11, p. 2; "Workingman's Act Still Hanging Fire," Seattle Daily Times, 3/7/11, p. 11.
28. For a description of the experience with state insurance in Washington, see Tripp, "Progressive," pp. 174-222.
29. The act qualified the risks deemed to be assumed by worker. If the employer failed to protect machinery, the fact that the worker kept working with a machine knowing its lack of protection was not an assumption of risk. Employers agreed to the act because it limited their risks of paying exorbitant damages by imposing maximums of \$5,000 for death and \$3,000 for nonfatal accident. Mengert, "Ohio Workman's Compensation," p. 5-6. Republicans in 1904 had a 4-1 majority in the House, 7-1 in the Senate. Warner, Progressivism, p. 144. The Williams bill passed the Senate 22-4, and passed house 57-25. Ohio Senate, Journal, 1904, p. 710; Ohio House, Journal, 1904, p. 368. The Williams bill was infamous because it was lost for a period after it was sent to the governor for signing. Mengert claims that there was gossip that opponents of the bill stole it. The attorney general of Ohio was said to have decided that he could reconstruct the bill from the records, and that the public was told the bill had been found folded into another bill. See also "Williams Wins in Senate," Ohio State Journal, 4/22/04, p. 5; "The Missing Bill in Columbus," Cleveland Plain Dealer, 4/29/04, p. 6; "Williams Bill Has Disappeared," Ohio State Journal, 4/28/04, p. 3; "Say Senate Drew Teeth of Measure," Ohio State Journal, 4/30/04; "Missing Measures Both Found," Ohio State Journal, 4/1/04.

30. See Foote, Report on Legislative Work for 1910, p. 14.
31. For the OSFL position, see the testimony of Voll and McNamee, Ohio Employers' Liability Commission, Report, vol. 2, pp. 414, 417. The labor representatives were W.J. Winans and W.J. Rohr. Winans, "New Workmen's," p. 291-2; Rohr, "Proposed," p. 307-8. Rohr was later repudiated by labor people for signing the majority report of a bill supported widely by employers, even after promising to join Winans in the minority report. "Senate Passes Liability Bill," Ohio State Journal, 3/23/11, p. 2; "Favor Compromise Bill," Toledo Union Leader, 3/24/11, p. 1; Byrum and Ohio State Federation of Labor, Report, p. 6. Winans had been the legislative representative for the OSFL and it was discovered later that the OSFL was paying him while he was on the commission. The rest of the commission was not being compensated because the bill called only for the payment of expenses. In fact, Governor Harmon had contributed \$5,000 of his own money to pay the commission's expenses. Ohio State Journal "Commission Pay Bill is Defeated," 5/11/11, p. 2; Nichols, "Judson Harmon," p. 145.
32. Smith, "The Employers' Liability Commission, p. 163; Perks, "From," pp. 330-1. The Toledo Employers' Association and Fred Schwedtman of the National Association of Manufacturers testified for allowing private insurance, while W. H. Stackhouse of Springfield and Stephen Tener of the American Steel and Wire Company testified for state insurance. Ohio Employers' Liability Commission, Report, vol. 2, p. 24, 127, 233, 301, 312.
33. Payments to married men in Cuyahoga County rose approximately 16 percent after the Norris Act went into effect. Meanwhile, W. G. Wilson of Aetna claimed that the Act led to an even sharper increase in insurance premiums, ranging from 100 to 500 percent. The increase was so sharp that when Wilson testified before the commission, he denied any insinuations that "the liability insurance companies were instrumental in lobbying for the passage of the Norris bill with the obvious purpose of mulcting our patrons for increased premiums." Ohio Employers' Liability Commission, Report, part 1, 1911, p. xxxix, part 2, pp. 204, 210.
34. "Employers Liability Commission Hearing," Ohio Journal of Commerce, 10/15/10, p. 246-248; Ohio State Board of Commerce, Proceedings, 1910, pp. 214-255; Ohio Employers' Liability Commission, Report, vols. I, II.
35. Ohio Employers' Liability Commission, Report, pp. 204-211.
36. The OMA formed in Columbus in November 1910 when a group of manufacturers met to discuss the first workers' compensation legislation passed in the state. Members included B.F. Goodrich, Youngstown Sheet and Tube, Republic Steel, Goodyear Tire, Jeffrey Manufacturing, Dayton Manufacturing, Mosaic Tile, Owens-Illinois Glass Co. and Columbus Iron and Steel. Ohio Manufacturers' Association Records, p. 2.
37. Warner, Progressivism, pp. 266-275, 282-3.
38. Secretary's Report, November 1911, Ohio Manufacturers' Association Records. Ohio House of Representatives, Journal, 1911, p. 541.
39. Ohio State Journal "Harmon Veto Held as Menace," 3/29/11, p. 1, 2. "Liability and Compensation," Cleveland Federationist, 3/30/11. "Current Events" Cleveland Federationist 3/30/11. Ohio State Journal, "Liability Bill Has Hogan's Approval," 4/18/11, p. 10.

40. "Favor Compromise Bill," Toledo Union Leader, 3/24/11, p. 1. When Crosser tried to allow workers the right to sue even when employer joined the insurance fund, Ratliff stated that Gov. Harmon had drafted that section and it was his favorite. Mengert, "Workmen's Compensation," p. 12, claims that Harmon wrote these clauses. See also Toledo News-Bee "Liability Bill Compromise is Ready for Action," 4/19/11, p. 1; "New Measure is Drawn up for Workers Relief," 4/20/11, p. 9. Ohio State Journal "Compromise Liability Measure is Reported," 4/20/11, p. 1. Ohio House of Representatives, Journal, 1911, pp. 797-800; "Votes Insurance to Ohio Workmen," Cleveland Plain Dealer, 4/28/11, p. 7; "House Passes Liability Bill," Ohio State Journal, 4/28/11, p. 3.
41. Ohio State Journal "Senate Passes Liability Bill," 3/23/11, p. 2; Ohio Senate, Journal, 1911, p. 288; William Green Papers. See also, Ohio House of Representatives, Journal, 1911, pp. 581, 585. Ohio State Journal "Would Reconcile Differences," 3/7/11. Ohio State Journal, "Hopes to Pass Liability Bill," 3/9/11, p. 3. Ohio State Journal, "Builders to Discuss Employers' Liability," 3/14/11, p. 10. Employers Try New Scheme," Toledo Union Leader, 3/17/11, p. 1; Ohio State Journal, "Wants the Bill Sent Back," 3/17/11, p. 3. Ohio State Journal, "House has a Lively Scrap," 3/18/11. Ohio State Journal "No Vote is Probable Today," 3/21/11, p. 2. Ohio State Journal "Given to Special Committee," 3/22/11, p.2. Secretary's Report, November 1911, Ohio Manufacturers' Association Records. Ohio House of Representatives, Journal, 1911, p. 399.
42. "Liability Bill has Hogan's Approval," Ohio State Journal, 4/18/11, p. 10; "New Compensation Plan" Cleveland Federationist 4/20/11.
43. Representative Reid also sought to amend the compromise bill by allowing employers to keep their three defenses in liability suits even if they do not join the state fund. The amendment struck at the very heart of Governor Harmon's attempts to give employers incentives to join the workers' compensation fund. According to the Cleveland Plain Dealer, "farmers lined up for this amendment." The bill was also amended to exclude agricultural and domestic workers, but Attorney General Timothy Hogan advised the legislature that the agriculture amendment would make the law unconstitutional. As a result the agricultural interests opposed the final version of the bill. "Votes Insurance to Ohio Workmen," Cleveland Plain Dealer, 4/28/11, p. 7. See also Ohio House of Representatives, Journal, pp. 846-852; Ohio State Journal, "House Passes Liability Bill," 4/28/11, p. 3. Toledo News-Bee, "Workers Get Compensation Bill But Not What They Asked," 4/28/11 p. 10.
44. Secretary's Report, November 10, 1911, Ohio Manufacturers' Association Records.
45. Mengert, "Ohio Workmen's Compensation," p. 14.
46. Secretary's Report, November 10, 1911, Ohio Manufacturers' Association Records.
47. Warner, Progressivism, p. 336.
48. Ohio State Liability Board of Awards, Does. See also the speech by Thomas Duffy, head of the Liability Board, in Ohio State Federation of Labor, Proceedings, 1913, pp. 101-2.
49. See Ohio State Federation of Labor, Proceedings, 1912, p. 16 and Secretary's Report, Second Annual Meeting November 19, 1912, Ohio Manufacturers' Association Records.
50. Ohio State Federation of Labor, Proceedings, 1912, p. 22.
51. Mengert, "Ohio Workmen's Compensation," p. 15.

52. Foote, Government, pp. 42-3. Many businessmen and employers were deeply disappointed by the widespread passage of constitutional amendments adverse to business. Newly elected Governor James Cox received a series of letters from manufacturers claiming that the new constitutional amendments, if enacted by the legislature, would cause them to leave the state. See letters to J.M. Cox from Jeffrey, 1/29/13; Stanhope Boal, 3/18/13; George Beatty, 3/20/13; Colin Gardner, 3/21/13.
53. Warner, Progressivism, p. 341, claimed that the strongly agricultural counties voted no on nearly all of the amendments. He argued that nearly all of the areas received strong support from the urban areas and counties closest to them. However, when we include urban areas in the voting analysis, the impact is small and statistically insignificant, while the remaining variables remain strong.
54. The Democratic majority in the Senate was 26-7 and the House majority was 87-36. Warner, Progressivism, p. 386-7.
55. Cox, Message, pp. 27-28; Mengert, "Ohio Workmen's Compensation," p. 17.
56. Warner, Progressivism, p. 401-2.
57. Mengert, "Ohio Workmen's Compensation," p. 19; Warner, Progressivism, pp. 386-7.
58. According to Liability Board chairman Thomas Duffy, Governor Cox convinced many of these men that they had been deceived by misrepresentations by the insurance companies and that the Governor sent them home as champions of the Green law. Thomas Duffy Speech, Ohio State Federation of Labor, Proceedings, 1910, pp. 101-2. See also Mengert, "Ohio Workmen's Compensation," p. 20.
59. Foote, Compensation for Industrial Injuries, pp. 3-5.
60. Many members of the OMA disagreed with Ryan and sought to allow private insurance. See letters to J.M. Cox from Harry Robison, Jan 8, 1913 and from D.R. Hanna, Feb 6, 1913 in James M. Cox Papers, Box 1; Cox, Journey, pp. 137-143; Mengert, "Ohio Workmen's Compensation," p. 20. For position of OMA members see, Minutes of Executive Committee, July 15, 1916, Ohio Manufacturers' Association Records. See also Ohio State Federation of Labor, Proceedings, 1913, p. 10.
61. Ohio House of Representatives, Journal, 1913 on 2/26/13; Ohio Senate, Journal, 1913, p. 213; Warner, Progressivism, pp. 401-2. Mengert, "Ohio Workmen's Compensation," p. 20. Ohio State Federation of Labor, Report of the Legislative Board, pp. 5-7. See also Cleveland Plain Dealer on 1/22, 1/23, 1/31, 2/6, 2/19, 2/27 of 1913.
62. Ohio State Federation of Labor, Proceedings, 1913, p. 10, p. 101-2; Cox, Journey, pp. 137-143; Mengert, "Ohio Workmen's Compensation," p. 23-24; Warner, Progressivism, p. 393-4; and Ohio Equity Association, Conspiracy.
63. Ohio State Federation of Labor, Proceedings, 1915, p. 25-27. Cox charged that Willis was hostile to workers' compensation. Willis always strongly denied this. He stated that not one line of the law had been changed in his administration, and that he had sought higher benefits but both labor and capital stated that the time was not yet right. Ridinger, Political Career, pp. 103-105. Mengert asserted that Willis had interpreted the law to permit private insurance companies to write liability policies for employers who wanted to carry their own risks. Supporters of Willis claimed Mengert was a partisan who was distributing unfair propaganda and they denied his claims.
64. Insurance Federation of Ohio, Truth.

65. Minutes of Executive Committee Meeting, July 15, 1916, Ohio Manufacturers' Association Records, pp. 8-9. See also Mengert, "Ohio Workmen's Compensation," p. 31.
66. Ohio State Federation of Labor, Report of Legislative Board, 1915. Donnelly, "History of Ohio's Workmen's Compensation Law," p. 42. Donnelly was Secretary-Treasurer of the Ohio State Federation of Labor.
67. Secretary's Report, April 28, 1914, Ohio Manufacturers' Association Records.
68. Ohio State Federation of Labor, Proceedings, 1915, p. 18. Mengert, "Ohio Workmen's Compensation," p. 29.
69. For an example of the insurance companies' circulars and the State Liability Board of Awards responses, see Ohio State Federation of Labor, Proceedings, 1915, pp. 18-22..
70. Mengert, "Ohio Workmen's Compensation," pp. 32-34.
- 71.
72. Ohio State Federation of Labor, Report of Legislative Agent, 1917, pp. 1-10; Mengert, "Ohio Workmen's Compensation," pp. 34-35.
73. Mengert, "Ohio Workmen's Compensation," p. 35-6.
74. The commission consisted of the three men who were clearly the most visible and outspoken proponents of workers' compensation in Minnesota at the time -- William E. McEwen, Minnesota Commissioner of Labor and Secretary-Treasurer of the Minnesota State Federation of Labor (MSFL), George M. Gillette, President of the Minnesota Employers' Association (MEA), and Hugh V. Mercer, chairman of Minnesota State Bar Association's Special Committee on Workers' Compensation.
75. Labor World, Mar. 25, 1911, and Apr. 8, 1911, and MSFL, Proceedings, 1911, p. 16.
76. MSFL, Proceedings, 1913, p. 68. Also, see Labor World, Feb. 2, 1913 and June 7, 1913. There was some sentiment for a state insurance plan within the MEA, in fact. In 1912, as the MEA was deciding which tack to pursue in getting workers' compensation in Minnesota, "a number of members" of the MEA executive committee actually favored a state insurance plan like the one enacted in Washington in 1911. Eventually, the MEA decided to lobby for a workers' compensation bill that resembled the one enacted in New Jersey in 1911, which is the one that ultimately passed in amended form in 1913. See MEA, Minute Book, Aug. 2, 1912.
77. Letter dated 23 April 1919 from Gillette to Minnesota's liability insurance companies in MEA, Minute Book.
78. In fact, the Insurance Federation of America was formed in 1911 to insure that workers' compensation laws allowed for private insurance. The adoption of the monopoly state fund in Ohio in 1912 served as a major stimulus in the organization of the IFM. See IFM, History, p. 1. A state insurance bill was introduced in the state House and Senate in 1915. The Senate Employers' Liability Committee reported the bill out with an adverse recommendation. See Railroad Brotherhoods, Biennial Report, 1915, p. 21.
79. Labor World, Apr. 28, 1917, p. 1.

80. Minnesota House, Journal, 1917, pp. 766-770, 957, 1091-2.
81. The Labor World suggested that opponents of state insurance appealed to farmers, hoping to "prejudice the merits of the bill in their eyes" (Apr. 7, 1917, p. 1). Given the results reported here, farmers tended to ignore such appeals. We also attempted to test for any direct influence of the Non-Partisan League. Included in the regression is the percentage of ballots cast for the Farmer-Labor candidate (who represented NonPartisan issues) in the 1918 gubernatorial race in each senator's district. There is no direct evidence that senators who represented regions that turned to the Non-Partisans a year later were more likely to support state insurance.
82. See Russell, The Story, p. 221.
83. The disposition of the bill is reported in the Minnesota House, Journal, 1917, p. 718 and Labor World, Mar. 10, 1917, p. 1. Quotation from Labor World, Apr. 8, 1911, p. 1.
84. Minnesota House, Journal, p. 765. McGrath's occupation is from Minnesota Employers' Association, Bulletin No. 1 (Jan. 6, 1917), p. 9. McGrath was a political representative of the Brotherhood of Railway Trainman in 1909. See Minnesota Employers' Association, Petition, p. 3. McGrath was actively involved in labor issues throughout the period under consideration. In 1917 the Minnesota Safety Commission intervened to end a strike at the Twin City Rapid Transit Company. After the commission's ruling, trade unions protested in sympathy with the Company's trainmen. McGrath was arrested for his part in "inciting riot and sedition," but the case was dropped for lack of evidence. See Chrislock, The Progressive Era, pp. 157-158.
85. We found in Kantor and Fishback, "Coalition Formation," that farmers in Missouri were adamantly opposed to state insurance in the 1920s. We do not seem to be detecting the same pattern in the Minnesota data from 1917. Although representatives who sat on committees relating to agriculture marginally opposed the recall, representatives who were farmers themselves or who represented heavily agricultural areas did not show any strong allegiance to the recall either way.
86. IFM, "Report," 1917, p. 5.
87. Railroad Brotherhoods, Annual Report, 1917, p. 8.
88. IFM, "Report," 1917, pp. 6-7.
89. Minnesota Department of Labor and Industries (MDLI), Sixteenth Biennial Report (1917-1918), p. 167 and MDLI, Seventeenth Biennial Report (1919-1920), p. 172.
90. Chrislock, The Progressive Era, p. 185, quoting from the Minnesota Mascot, Apr. 18, 1919, p. 4. Governor Burnquist, in his inaugural Message to the 1919 legislature, set the tone for the Republicans' position on state insurance: "I am in favor of the application of the principal [sic] of legislation which will not destroy the free and fair exercise of individual initiative in any enterprise that can be as well or better conducted by private management." Organized labor attributed the Governor's opposition to state insurance to the influence of E. A. Sherman, the Secretary of the IFM and member of the Republican State Central Committee. See Labor World, Jan. 25, 1919.
91. Labor World, Apr. 5, 1919, p. 6.
92. IFM, "Report of Secretary", 1919, p. 42.
93. Minneapolis Labor Review, Mar. 14, 1919, p. 1.

94. Minneapolis Labor Review, Mar. 14, 1919, p. 1.
95. The average percentage of the committee members' districts that voted Non-Partisan are as follows: Agriculture-related committees, 32.3 percent; Insurance, 31.0; Bank, 27.7; Labor, 23.5; Workers' Compensation, 24.0. Sources are reported in Table 3.
96. The correlations between the three agricultural variables are not overwhelming enough to indicate that one of the variables is damping the measured effects of the others. We experimented by excluding two of the agriculture-related variables and reestimating the equations with just one of the variables. In no case was the single agriculture variable statistically significant, nor did the results for the other variables change.
97. Lawson, History of Labor, p. 353.
98. Senate, Journal, 1919, pp. 972-975.
99. Minneapolis Labor Review, Apr. 4, 1919, p. 1.
100. Fowler's occupation and insurance leanings are reported in Minnesota Secretary of State, Legislative Manual, 1919, p. 749, and Labor World (Apr. 15, 1911), p. 1. Fowler's amendment is reported in Senate, Journal, 1919, pp. 1147-1148.
101. Lawson, History of Labor, p. 353. Senate, Journal, 1919, pp. 1148-1149. Supporters of state insurance made one last attempt to resurrect their cause after the 9-57 defeat. The following day, Senator Jackson, the chairman of the Committee on Workmen's Compensation, motioned to reconsider the House's state insurance bill, but the reconsideration lost 35 to 30. And with that vote, state insurance died in the 1919 legislature. See Senate, Journal, 1919, p. 1345.
102. IFM, "Report of Secretary," 1919, p. 45.
103. Asher, "Radicalism and Reform," pp. 29-30.
104. Minnesota Senate, Interim Commission, Report, p. 10.

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Table 1
Marginal Effects on Washington Senate and House Roll Call Voting, 1911

| Variables | Means (s.d.) | House | | | | Senate | | |
|---|-----------------|----------------------|----------|---------------|---------------|-----------------------|---------------|---------|
| | | First-Aid Fund Votes | | Final Vote | Final Vote | State Fund Vote | Final Vote | |
| | | V. 1 | V. 2 | | | | | V. 3 |
| Farmer | 0.18 (0.39) | 0.058 | 0.085 | 0.119* | -0.013 | 0.214 (.415) | 0.037 | -0.061 |
| Lawyer | 0.26 (.44) | -0.059 | 0.083 | 0.071 | -0.082* | 0.19 (0.4) | 0.038 | 0.0003 |
| Lumberman | 0.10 (0.31) | -0.229** | -0.073 | -0.074 | -0.024 | | | |
| Labor Committee Member | 0.12 (0.32) | 0.243** | 0.087 | 0.127* | 0.050 | 0.167 (0.38) | 0.059 | 0.069 |
| Democrat | 0.13 (0.33) | -0.033 | 0.085 | 0.085 | 0.009 | | | |
| Value of Agricultural Crops per Adult Male | 250 (381) | -0.127 | -0.006 | 0.064 | -0.14*** | 239.4 (364) | 0.333* | 0.018 |
| NonLumber Manufact. Workers per Adult Male | 2.4 (1.7) | -0.031 | 0.128* | -0.110 | -0.072* | 2.51 (1.46) | -0.043 | -0.23 |
| Lumber Workers per Adult Male | 4.6 (6.4) | -0.031 | 0.064 | 0.008 | -0.013 | 4.71 (5.95) | 0.25** | 0.074 |
| Coal Workers per Adult Male | 1.2 (3.4) | 0.221 | 0.114** | 0.236 | 0.733 | 0.13 (2.27) | 0.198 | 0.045 |
| Unionmen per Adult Male | 4.4 (4.3) | 0.119 | -0.036 | 0.099 | 0.072 | 4.63 (4.22) | 0.145 | -0.021 |
| Progressive Coalition Index | 61.5 (27.6) | 0.401*** | 0.292*** | 0.340*** | 0.161*** | 65.87 (22.3) | 0.36*** | 0.34*** |

Table 1 (continued)

- *** Statistically significant in a two-tailed t-test at the 1-percent level.
 ** Statistically significant in a two-tailed t-test at the 5-percent level.
 * Statistically significant in a two-tailed t-test at the 10-percent level.

Notes: The values are based on probit coefficients in an analysis with an intercept term and the variables listed above. Because the probit function is nonlinear, the impact of a one-standard deviation change differs for an increase and a decrease. We calculated it going in both directions and took the larger of the two for comparisons. A positive value means an increase in the variable raises the probability of voting to keep the first-aid fund in House vote one (the legislator voted no on eliminating the first aid clause), to stop reconsideration of the vote on the first-aid clause in House vote two (the legislator voted no on reconsideration), to keep the first-aid fund in House vote three (a vote of no on eliminating the first-aid clause), and to pass the state insurance bill without the first-aid fund in vote 4 (a vote of yes to pass the bill). In the Senate vote a positive value means an increase in the variable raises the probability of voting to keep the House state insurance bill rather than replace it with the Metcalf bill in vote 1 (a vote of no on substituting the Metcalf bill for the House bill) and raises the probability of voting for final passage of the amended House bill.

Sources:

Age, occupation, party affiliation are all listed in the House and Senate Rosters from the volume Washington House and Senate, Joint Rules, Rules of the House, and Rules of the Senate of the State Legislature of Washington, Session of 1911 (Olympia: State Printer, 1911). Shingle manufacturers were included as lumbermen in the Lumber occupation dummy. Information on the following variables describing the legislator's county came from the computer tapes of ICPSR, Historical and Demographic, Economic and Social Data: The United States, 1790-1970, files for 1900, 1910, and 1920, compiled from information by county published in the U.S. Census. Percent urban was the population in towns larger than 2500 people divided by the sum of the urban and rural populations in 1910. Percent illiterate is the illiterate male population aged 21 and older divided by the male population aged 21 and over in 1910. The value of crops per adult male is the total value of all crops divided by the male population aged 21 and over in 1910. The census did not publish manufacturing information by county in 1910. We also matched up county information from various state reports to compare the following variables as ratios to the male population aged 21 and over: nonlumber manufacturing workers in 1912, lumber workers in 1912, lumber manufacturing workers in 1912, coal workers in 1912, state tax revenues from 1910-1912, workers' compensation payments in 1911-1912, and union workers in 1914. The male population aged 21 and over comes from the 1910 Census information described above. The number of coal workers is the number of inside and outside workers in 1912 from Washington State Inspector of Coal Mines, Report for the Biennial Period Ending December 31, 1912, Olympia: State Printer, 1913), pp. 21-47. Manufacturing workers in 1912 and lumber workers in 1912 is the sum of unskilled and skilled manufacturing workers reported in blanks collected by the Deputy Factory Inspectors from Washington Bureau of Labor Statistics and Factory Inspection, Biennial Report, 1911-1912, (Olympia, 1912), pp. 137-143. The number of lumber workers includes shingle workers. The Washington BLS says that these figures are incomplete because manufacturers were not required to return the forms. They still may offer a guide to the extent of manufacturing as long as the probability of return was random across counties. These variables still may be superior to the manufacturing variables from the 1900 and 1920 census. The correlation of this manufacturing variable to the manufacturing average for 1900 and 1920 is .721. Labor union membership is the number of union members reported by the Washington Bureau of Labor Statistics and Factory Inspection, Ninth Biennial Report, 1913-1914, (Olympia, 1914), pp. 104-106. We reduced the membership by eliminating members in unions that formed after 1911. The 1914 information was clearly more complete than the information reported in 1912. We found a number of unions that had formed before 1912 that were missing in the 1912 listings. These listings are incomplete. Tax revenues are the receipts from counties from the State Tax for the period from October 1, 1910 to September 30, 1912 from Washington State Treasurer, Twelfth Biennial Report, October 1, 1910 to September 30, 1912, (Olympia, 1912). The workers' compensation payments are the workers' compensation awards distributed by counties for the period November 1911 to September 1912 from Washington Industrial Insurance Department, First Annual Report for the twelve months ending September 30, 1912, (Olympia, 1912). The industrial commission stopped reporting information on awards by county after this report. The votes on Workers' Compensation bills and amendments, as well as the votes used to calculate the progressive

attitude measure, are listed in William T. Kerr, "The Progressives of Washington (1910-1912)" An unpublished Senior Thesis at the University of Washington, 1963, available in the University of Washington Library, pp. 38-45. All voting information he collected came from the Senate Journal of the State of Washington, 1911, and the House Journal of the State of Washington, 1911. All of Kerr's votes are coded as X supports progressive measure, 0 opposes progressive measures. We created the progressive attitude measure by calculating a progressive voting measure for the house from a series of votes on measures that Kerr identified as progressive. The issues included votes on amendments and key aspects of bills on the following issues: allowing voter initiatives (House Bill 60; 2 votes), an 8-hour day for women (House Bill 12, 4 votes), and an initiative and referendum bill (House Bill 153, 6 votes); a recall election bill (House Bill 62, 5 votes), and a primary second choice bill (House Bill 199, 1 vote). We also included the votes on the final roll call for each of these measures plus the vote on a federal income tax (SJR 1). Each vote following the progressive line was treated as a 1, abstaining was 0.5, and against was a zero. We totalled the values and divided by the relevant number of votes and multiplied by 100 to get an index. The progressive measure in the Senate was calculated using the same procedure as described for the house. The only difference is in the votes considered. The progressive votes in the Senate was based on votes on the 8-hour day for women (HB 12, 2 votes), the initiative and referendum bill (HB 153, 3 votes), the recall bill (HB 62, 1 vote), a bill for the nomination of judges (Senate Bill 3, 1 vote), a bill for weights and measures inspection (SB 122, 2 votes) and a bill for the support of trade reciprocity (SJM 7, 1 vote). In addition, all final votes on these issues were incorporated.

Table 2
Marginal Effects of Voting Yes, No, and Abstaining in the
1912 Ohio Referendum on Compulsory Workers' Compensation

| Variable | Mean (s.d.) | Yes | No | Abstain | Yes minus No |
|--|-------------------|--------|-------|---------|--------------------|
| Probability at Sample Means | | 20.3 | 19.2 | 60.5 | 1.1 |
| Risk Measure: Injury Compensation per Adult Male in County under Workers' Compensation, 1914-1915 | 1.77 (1.58) | -1.22 | 0.27 | 0.95 | -1.5 |
| Illiteracy Rate for Male Adults, 1910 ^a | 4.14 (2.41) | -2.41 | -1.33 | 3.74 | -1.1 |
| Value of Crops per Adult Male, 1910 ^a | 257.46 (129.1) | -2.24 | 3.72 | -1.48 | -5.96 |
| Percent Black of Male Adults, 1910 | .021 (.023) | -0.003 | -0.20 | 0.19 | 0.19 |
| Percent Foreign-Born of Male Adults, 1910 ^a | .111 (.106) | 2.26 | -2.17 | 0.09 | 0.81 |
| Percent of Adult Males Voting for Theodore Roosevelt for President, 1912 ^a | .17 (.069) | 2.23 | -3.04 | 0.82 | 5.28 |
| Percent of Adult Males Voting for Debs, Chafin, and Reimer for President, 1912 | .065 (.037) | 0.56 | 0.25 | -0.32 | 0.81 |
| Coal Miners (1913) per Adult Male, 1910 | .044 (.109) | 0.24 | 1.00 | -1.24 | -0.77 |
| Manufacturing Workers (Average of 1900 and 1920) per Adult Male, 1910 ^a | 19.36 (17.65) | 1.11 | -0.75 | -0.38 | 1.88 |
| Taxable Wealth (1912) per Adult Male, 1910 | 4.96 (5.43) | 0.34 | 0.01 | -0.35 | 0.33 |

Table 2 (continued)

^a Jointly significant at the 5 percent level.

Sources: Votes for the workers' compensation referendum, Roosevelt, Debs, Chafin, and Reimers are from Ohio Secretary of State, Annual Statistical, 1913, pp. 322-359, 389-395, and pp. 686-689. The Compulsory Workers' Compensation referendum was Amendment 11. The number of people abstaining was the adult population aged 21 and over in 1910 (subtracting unnaturalized foreign born) minus the number of voters who vote yes and no on the referendum. Taxable wealth in 1912 is total value of property in 1912 in Ohio State Auditor, Annual Report, 1913, pp. 562-3. Coal miners in 1913 is from Industrial Commission of Ohio, Statistics, p. 40. The injury risk variable is the total amount awarded in workers' compensation claims in Ohio from January 1, 1914 to June 30, 1915 from Industrial Commission of Ohio, Industrial Accidents, pp. 64-118, divided by the adult male population in 1910. Information on the adult males, foreign-born adult males, black adult males, crop values, manufacturing workers and illiterate adult males comes from the computer tapes of ICPSR, Historical and Demographic, Economic and Social Data: The United States, 1790-1970, files for 1900, 1910, and 1920, compiled from information by county published in the U.S. Census. The adult males is males aged 21 and over. The illiteracy rate is the illiterate male population aged 21 and older divided by the male population aged 21 and over in 1910. The value of crops per adult male is the total value of all crops divided by the male population aged 21 and over in 1910. The census did not publish manufacturing information by county in 1910, so we used the information on number of manufacturing wage earners in 1900 and 1920 to calculate an average for the county over the period.

Notes: The voting estimates are derived from a minimum logit chi-squared estimation of the votes on the compulsory workers' compensation referendum for the 96 counties in Ohio in 1912. The estimated probabilities are computed by setting each variable at its sample mean. The marginal effects reported here reflect the changes in probabilities from a one-standard deviation increase in the variable.

Table 3

Marginal Effects of Minnesota Senate and House State Insurance Roll Call Voting, 1917 and 1919

| Variable | House 1917 | | Senate 1917 | | House 1919 | |
|--|---------------------|----------------|---------------------|----------------------------|---------------------|----------------------------|
| | Mean (std. Dev.) | Recall Vote | Mean (std. Dev.) | State Insurance Vote | Mean (std. Dev.) | State Insurance Vote |
| Committee Membership | | | | | | |
| Agriculture, Dairy, or Grain | 0.292 (0.457) | -0.17*** | 0.313 (0.467) | 0.123 | 0.379 (0.487) | 0.205 |
| Insurance | 0.131 (0.338) | -0.147 | 0.134 (0.344) | -0.273 | 0.129 (0.336) | -0.473 |
| Banking | 0.115 (0.321) | -0.036 | 0.134 (0.344) | -0.922 | 0.114 (0.319) | -0.074* |
| Labor | 0.146 (0.354) | 0.133 | 0.134 (0.344) | 0.663* | 0.144 (0.319) | 0.343 |
| Workers' Compensation | 0.115 (0.321) | -0.212 | 0.104 (0.308) | 0.694* | 0.114 (0.319) | -0.064 |
| Occupations | | | | | | |
| Farmer | 0.262 (0.441) | 0.069 | 0.119 (0.327) | 0.444** | 0.402 (0.492) | 0.214 |
| Lawyer | 0.262 (0.441) | -0.195 | 0.373 (0.487) | 0.070 | 0.182 (0.387) | 0.037 |
| Characteristics of Constituency | | | | | | |
| Value of Agricultural Output per Capita | 210.3 (154.2) | 0.063 | 199.8 (146.9) | 0.005 | 222.3 (173.1) | -0.070 |
| Percentage Population in Labor Unions | 1.831 (2.416) | 0.291* | 1.980 (2.449) | 0.049 | 3.361 (4.080) | 0.178*** |
| Percentage Vote for Farmer- Labor Candidate in 1918 Gubernatorial Election | 29.334 (10.531) | 0.043 | 46.496 (13.167) | -0.032 | 29.334 (10.531) | 0.206* |
| <u>N</u> | | 121 | | 63 | | 126 |
| Estimated Probability of Voting Yes at Sample Means ^a | | 0.682 | | 0.077 | | 0.656 |

Table 3 (continued)

^a Estimated probabilities were computed based on logit regression coefficients not presented here. The probabilities were derived by setting the continuous variables at their sample means and the dummy variables at zero.

Notes: The marginal effects reported here reflect the change in the baseline probability (reported in the last row of the table) resulting from a one-standard-deviation change in the variable under consideration (holding all others constant at their means). The marginals for the dummy variables reflect the change in the baseline probability when the variables changes from 0 to 1, holding all others constant. Because the estimated marginal changes are sensitive to where on the logistic distribution the change takes place, we have estimated the marginal probabilities by adding and subtracting one standard deviation. The values reported here are the larger one in absolute value.

Sources: The roll call votes are from the Minnesota House, Journal, 1917, pp. 765-766; Minnesota Senate, Journal, 1917, p. 1112; and Minnesota House, Journal, 1919, p. 789. Committee memberships for both chambers are from Minnesota Secretary of State, Legislative Manual, 1917, pp. 157-161 and House, Journal, 1919, pp. 66-76. Occupations are from Minnesota Employers' Association, Weekly Bulletin, pp. 7-10 and Minnesota Secretary of State, Legislative Manual, 1919, pp. 789-809. Union membership is from Minnesota Department of Labor and Industries, Sixteenth Biennial Report, p. 167 and Seventeenth Biennial Report, p. 172. Agricultural output and population data were obtained from the ICPSR census tapes. Election data from the 1918 state elections are from Minnesota Secretary of State, Legislative Manual, 1919, pp. 670-671.