

The Money Value of Risk:
Life Insurance and the Transformation of American Public Health,
1896-1930
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ABSTRACT

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This study examines the engagement of the life insurance industry with the emerging field of public health during the Progressive era. By conducting research, promoting hygiene, and providing the services of visiting nurses, firms such as Metropolitan Life and the Prudential transferred their ideologies and methodologies into the wider medical arena. Thus, the collaborations conducted during this period had significant ramifications for the future shape of American public health, which drew methods of risk assessment and a statistical approach to medicine from the alliance. This dissertation asks why the partnerships occurred. Public health and life insurance are not automatic allies, and their cooperation took place in a wider context of economic growth, social upheaval, and changing attitudes toward the management of risk. The study notes the power of life insurance firms as cultural institutions, which derived their commercial success from their ability to harness the social preoccupations of the buying public; the most profitable companies had a history of adjusting their sales rhetoric to anticipate, match, and manipulate public perceptions about which risks were salient and what the best ways to manage them might be. The passage of social insurance legislation in Europe provided a powerful example to reformers, whose structural approach to social betterment favored poverty prevention and legislative change. To prevent such measures from becoming law in the United States, insurance firms engaged in a strategy of political capitalism that

included activities promoting public health. By positioning themselves as guardians of the nation's physical vitality (and, by extension, its prosperity), they protected the dominance of the private sector, strongly influenced the nascent field of public health, and created a point of significant methodological transmission to the medical arena.

TABLE OF CONTENTS

Introduction	1
Chapter 1: “The Myth of the Actuary”	21
Chapter 2: The Struggle Between Conservatism and Audacity	80
Chapter 3: The Burden of Risk	147
Chapter 4: Political Capitalism Exposed	183
Chapter 5: A Machinery for Public Health	224
Chapter 6: More than Life Insurance: the Metropolitan Life and the Uses of Welfare Work	303
Epilogue	381
Bibliography	389

LIST OF ILLUSTRATIONS

Sample Industrial Policy, Metropolitan Life	56
Upper View of Marble Court, Metropolitan Life	90
James Hazen Hyde's "French Ball"	193
Charles Evans Hughes	201
Metropolitan Life Milk Hygiene Flier	334
St. Louis Tenement Law Flier, 1914	347

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For R, J, & J of RJJM.

INTRODUCTION

In April, 1911, the vice president of the Metropolitan Life, Haley Fiske, stood before an audience of agents and told the men a series of anecdotes designed to elicit tears – and loyalty. “A policyholder in Boston was critically ill with pneumonia,” he recalled. “The doctor said the child had only a fighting chance, and this chance only if he had a good nurse. A special nurse was put in charge, the boy’s life was saved and he was discharged entirely well.” Fiske told another story: “The Superintendent of Nurses in Ottawa, Canada, writes a letter from which we quote,” he began. “A very sick patient coming out of chloroform said to the doctor, ‘Doctor, I belong to the Metropolitan.’ ‘Mon Dieu, madame, your life is saved, then’; and he promptly sent for the nurse.” Fiske moved on to another tale, and then another. For over half an hour, he held the attention of his sales force with stories about the brave but impoverished policyholders for whom the company’s nursing service had signified the difference between life and death.¹

The sales force had a close connection to these policyholders. The Metropolitan was an Industrial Insurance company, and marketed small policies to working class households, whose five and ten cent premiums the agents collected once a week door to door. The policies – worth on average \$100 – were just enough to cover the cost of burial for the insured, and it was the job of the agents to prevent clients from missing payments, as well as to prevail upon every man, woman, and child in the neighborhood to buy more

¹ Haley Fiske, “A True Picture of the Company: Its History, Aims and Present Position,” Address presented to the agency field force as a sequel to the Triennial Address, 1910. This speech contained over a half hour of moving anecdotes about successful nursing care. Haley Fiske, *Speeches and Writings*, MLICA.

insurance. Fiske's stories about the illness and suffering of such people were calculated to inspire enthusiasm for what was at base a difficult and often unrewarding job. Moved by the social good accomplished by their own company, it was hoped that the sales force would pass their conviction on to the clientele.

This dissertation will describe the ways in which the American life insurance industry manipulated the discourse of risk as a way to encourage sales and preserve the market for commercial policies, in the process influencing the future shape of American public health. The history of life insurance is a history of image-making, of firms describing their wares as necessary and desirable tools for managing uncertainty, and finding ways to do so in culturally palatable terms – tasks intimately related to manipulating perceptions of risk.

Establishing a nursing service was a radical departure from the ordinary business for a life insurance company. The primary role of an insurer is the transfer of risk from one party to another. By collecting small sums from individuals and disbursing larger accumulated amounts at the time of death, life insurance companies spread the burden of financial risk from one household across many. On this successful premise, American industrial firms had built a vast empire. At the beginning of 1905, the Metropolitan claimed assets of over \$128 million, and its chief competitor, the Prudential, claimed \$88.5 million.² The firms were economic institutions, and beyond meeting the financial obligations of their contracts, they did not concern themselves with the details of sickness and hazard that colored the fabric of everyday life.

² *Testimony Taken Before the Joint Committee of the Senate and Assembly of the State of New York to Investigate and Examine into the Business and Affairs of the Life Insurance Companies Doing Business in the State of New York*, (New York: J.B. Lyon Company, Printers, 1906), "Report of the Committee," 7: 226; 246.

The new campaign of the Metropolitan changed this. When the company introduced the nursing service in 1909, it did so to demonstrate a commitment to two great watchwords of the hour: life extension and health conservation. The Metropolitan, executives claimed, would henceforth become a social institution, meeting not only the financial risks that accompanied death, but the health risks that accompanied life. Life insurance agents would serve as health educators and social workers for the families on their debits, explaining the laws of hygiene and offering pointers on how to access needed social services. Sick policyholders could call on the company to provide free nursing care. The “Mother Metropolitan” would look after its clients as children, a promise that dramatically altered the company’s image, vastly amplified its cultural reach, and would ultimately impact the future shape of American public health.

It was hoped, as well, that the tactic would expand the company’s sales. The cooling hand of the nurse on the fevered brow of the policyholder was a significant change from the usual imagery with which life insurance firms sold policies. In the mid nineteenth century, those appeals had run to grieving widows and orphans left unprotected in a financial storm, and in the late century they had favored the promise of a wise investment opportunity. Both enticements rested on the capacity of companies to calculate the earning power of the insured, whose wages, it was said, furnished the basis of the policies. In their publication, *The Money Value of a Man*, insurance statisticians Louis Dublin and Alfred Lotka explained the way in which the industry had developed and utilized actuarial life tables to demonstrate, as nearly as possible, “the money value of persons at various ages according to the amount of their earnings.” Such tables had been used by American life insurance firms since 1812 to price the financial risk of

would-be policyholders, as well as to increase the appeal of policies themselves.³ Life insurance agents could apply pressure to a prospective buyer by demonstrating from his position on the table “what [a man’s] responsibility really is in his effort to protect his family.”⁴ That responsibility – his wages – should be insured. Thus, the money value of a man could be used as a sales tool.

Or, more precisely, the money value of *risk* could be used in this way. A changing social climate at the turn of the twentieth century generated new concerns in the lives of Americans, and necessitated that enterprising insurers adjust their rhetoric to match these changing preoccupations. Rapid industrialization had fueled the American economy, but had also created a crisis of accidents, urbanization, and social upheaval. The injury rate in American cities, factories, and mines was over twice that of Europe, and the poverty rate of wage workers was astronomical. Strikes, walkouts, and sabotage gave voice to the distress that workers were unable to express in almost any other meaningful way. By the 1900s a movement was well underway to reduce the burden of suffering and risk that afflicted working people. Health officers and other workers in social fields made new use of life tables to demonstrate the appalling financial losses incurred by disease and premature death. By establishing that wages lost from a preventable disease cost the workingman, the employer, and the economy an ascertainable amount, the officers used the tables to underscore the need for prevention. They hoped in so doing to provoke political willingness on the part of citizens and the state to expand the domain of

³ The first American company to do so, the Pennsylvania Company for Insurance on Lives and Granting Annuities, imported its mathematical techniques from British firms. Daniel Bouk, *The Science of Difference: Developing Tools for Discrimination in the American Life Insurance Industry, 1830-1930* (PhD dissertation, Princeton University, 2009), 37.

⁴ Louis Dublin & Alfred Lotka, *The Money Value of A Man*, (New York: The Ronald Press Company, 1930), 1-6.

government responsibility to include the health and welfare of the body politic. At the same time, they incidentally opened a new financial opportunity for far-sighted insurance firms, which could point to the preventable loss as an insurable interest, and promise to help save policyholders money by working to safeguard their health and prolong their lives. In this new climate it was not just the value of the man that was insurable, but the risk that the man faced throughout his life.⁵

Contemporary scholars such as Mary Douglas and Aaron Wildavsky have noted that the perception of risk is a fluid process that is highly cultural. It is the *construction* of risk – and not risk itself -- that matters and has meaning.⁶ To market policies, life insurance firms have capitalized on that cultural fluidity by emphasizing the objective dangers that have reinforced the moral, political, or religious order; they have sold policies by harnessing the preoccupations at the cultural core of the nation's life and weaving them into a convincing rhetoric. The ability to do so has conferred an intriguing history upon life insurance firms as cultural institutions, whose actions have invariably provoked cultural responses.⁷ Indeed, through the majority of their corporate history, the

⁵ A note on gendered pronouns: the majority of early policies were in fact marked almost exclusively to men, who in middle class households were considered to be the sole meaningful breadwinner. With the introduction of industrial policies in the 1870s, women, too acquired access to insurance. As per linguistic norms, however, the language of the industry remained masculine. I have retained that language for historical consistency

⁶ Mary Douglas and Aaron Wildavsky, *Risk and Culture* (Berkeley: University of California Press, 1983), 6. See also Tom Baker and Jonathan Simon *Embracing Risk: the changing culture of insurance and responsibility* (Chicago: University of Chicago Press, 2002), 19.

⁷ Most historians of the industry have emphasized the role of life insurance companies as aggregators of wealth, as sites of business innovation, or as distributors of risk. Viviana Zelizer's book, *Morals and Markets: The Development of Life Insurance in the United States*, (New Brunswick, NJ: Transaction Books, c1979, 1983, 2008) provided a first departure from the pattern of financial and scientific treatment of industry history through her discussion of the influence of cultural factors on insurance sales. Her analysis has since been amplified in articles and monographs touching on the importance of statistical methods in bridging the chasm between death and control, including Susan Mizruchi, *The Science of Sacrifice: American Literature and Modern Social Theory*, (Princeton, NJ: Princeton University Press, 1998), Beatrix Hoffman, *The Wages of Sickness: The Politics of Health Insurance in Progressive America*,

management of their own cultural image and social position has stood out as a primary challenge for insurers, which they have approached through a series of strategies. This study will trace these changes, demonstrating the patterns of cultural manipulation and reaction that framed and shaped the industry's control of its market, and eventually its engagement with public health.

Shifting Ideologies

In the nineteenth and early twentieth centuries, the size and composition of the American life insurance market changed continually, and only the most dynamic companies could remain competitive. The earliest firms had faced public qualms that insurance resembled gambling by generating an image of the practice as a selfless, moral and righteous investment. In response, companies cast themselves as responsible trustees that operated in *conjunction* with providence, not against it, by facilitating the moral and “good” death that could come only to the breadwinner who had done right by his family by leaving them a legacy. As cultural values shifted, forward-looking companies altered their rhetoric to embrace the growing prestige of science, progress, and professionalism. Reshuffling the role of morality, they described themselves as bastions of scientific certainty and mathematical reliability. Life insurance, company spokesmen assured the public, was a *science* that protected the modern family from darkness and uncertainty; as institutions, the firms heralded safety and progress. The discourse cast an aura of stability

(University of North California Press, CA: 2001), and Brian Glenn, “The Shifting Rhetoric of Insurance Denial,” *Law & Society Review* 34 (2000): 779-808; also “Postmodernism: the Basis of Insurance,” *Risk Management and Insurance Review* 6 (2003):131–43. Most recently, Daniel Bouk’s 2009 doctoral thesis follows strongly on Zelizer’s interpretation of insurance companies as cultural institutions by arguing that firms create and deploy classificatory systems that promote profit by innovating discrimination. Bouk, *The Science of Difference*.

and exclusivity around the practice that increased sales, and also created a role for insurance firms as contributors to the scientific domain.

Life insurance companies also became facilitators of national prosperity. With the economic boom of the gilded age, ordinary Americans looked for ways to share in the abundance and maximize their wealth. Enterprising firms took advantage of this cultural willingness by describing insurable risk as a *speculative* entity, one that presented opportunities not just for loss, but for gain. Setting aside moralistic reasoning as out of date, companies instead placed emphasis on the financial merits of policies, which might one day return far more money than customers ever put into them. It was an ideology that helped to propel life insurance firms into a place of supremacy within the United States economy, where they served as the largest aggregators of wealth and assumed a place among the dominant social and political power holders of the day. The family protection had become a family investment.

But the shift in ideology created an internal contradiction for the firms. The speculative promises contrasted with the ethos of moral trusteeship said to be at the foundation of the life insurance industry. When policyholders did not become the recipients of insurance windfalls (and most did not) they began to regard insurers as corporate malefactors. In 1905, the depredations came to a head in a New York State legislative investigation that revealed greed, financial malpractice, and outright fraud at the hands of all of the large insurers. It exposed a staggering degree of political capitalism, a well. The firms had manipulated not only the rhetoric of risk with which they sold policies, but also the legislators and insurance commissioners responsible for regulating their conduct. Worst of all, the inquiry demonstrated the numerous ways in

which industrial operators took advantage of the vulnerabilities of the poor, frightening them into buying policies with confusing terms and premiums that turned out to be higher than those sold to wealthier policyholders, for much small benefits. The investigation ended amidst a crisis of public confidence and threats of legislative reform formidable enough to shrink the market –and the power – of the leading firms substantially. This dissertation will explore these events as nodes in the history of image making and manipulation that shaped the firms’ future engagement with public health. Ambitious firms would seek recovery by harnessing the political breezes and finding new application for their skill as rhetoricians and political operators.

Managing Risk in a Nation in Crisis

The investigation took place against a backdrop of wider agitation for government regulation and social reform in the United States, was generating political will for the passage of state-based insurance, an even greater threat to the insurance industry than a legislative probe. In response to the rising social distress, social scientists and others emphasized the need for a structural approach to social problems, one that recognized the interconnected nature of state governance, economic systems, and human suffering. The nation’s conventional organization of social responsibility had rested on a tradition of decentralization; individuals were responsible for their own welfare, a principle that had enabled the existence of the private insurance sector in the first place.

The example of social insurance in Europe, however, provided a new model with impressively broad and effective results. With government, employers, and workers sharing the burden of premiums, state-based insurance in Europe provided money to

injured workers to defray the cost of health care and partially replace lost wages. Observers found that the system reduced suffering, improved relationships between capital and labor, and created a new basis of welfare and security for the working class.⁸ Reformers hoped that a similar program could be established in the United States, an idea to which private insurers responded with hostility. If established in the United States, social insurance would transform the way in which Americans thought about the management of risk. It could erode or even eliminate the market for commercial life insurance. Most strongly affected would be the industrial companies, whose working class clientele would no longer need the services provided by private firms.

By introducing new kinds of benefits and participating in the public health crusade themselves, firms gained a prized opportunity to defend and define the role of the commercial bodies in managing risk. Engagement with public health drew upon the companies' earlier identities as scientific bodies, and also aligned them with the growing national preoccupation with resource conservation and business efficiency. Thus, manipulating the discourse of risk became part of a wider strategy of "political capitalism," one intended to protect the private insurance market itself amidst a climate of social upheaval. By claiming a role in the movement for health conservation and national vitality, insurers asserted themselves in the political arena. It was an opportunity they utilized to demonstrate that their own capacity to monitor and improve the national welfare outstripped that of the public domain. Responsibility for national welfare, they asserted, should be left to the private sector.

⁸ American scholars conducted numerous studies of European forms of social insurance. For an overview, see Theda Skocpol, *Protecting Soldiers and Mothers: the Political Origins of Social Policy in the United States*, (Cambridge, MA: Belknap; Harvard University Press, 1992), chapter 3.

Between 1909 and 1930, the Metropolitan and the Prudential launched numerous programs under the auspices of “welfare work” designed to lend support to the new public health, a movement to reduce health risks and prevent disease by teaching Americans to recognize and intervene in the chain of infection. While some initiatives took the form of direct service (nursing care and health instruction), many more took the form of research, which had real and lasting effects on the growth of the field. At the Prudential, for instance, company statistician Frederick L. Hoffman directed extensive research on workplace hazards, cancer, and suicide, in part by utilizing the exceptional trove of data that his company held on file. With decades of records charting the medical examinations and death claims of policyholders, the firm possessed one of the largest data sets ever collected on American mortality, and its in-house statistical department constituted one of the most evolved bureaucracies for cataloguing and analyzing the information. When the Metropolitan founded its own statistical department in 1911, it too began to conduct demographic research using company records, though it also placed emphasis on “sickness surveys” and “demonstration projects,” that carried the research into the wider community. These projects were designed to model ways that health officers might better combat scourges such as tuberculosis and infant mortality. They mimicked efforts of earlier philanthropists to create privately-funded health and welfare programs in hopes that government agencies would eventually adopt them.

Ultimately, the research work of the two insurers accomplished numerous goals, both for the advancement of American public health and for the promotion of the life insurance industry. For the firms, the involvement re-infused their images with the authority, credibility, and prestige of scientific institutions, and created a renewed image

of civic participation that allowed the firms to secure their supremacy as the nation's most ideal managers of risk. Through involvement in the research and practice of public health, the life insurance firms successfully merged the language of insurance with the language of medical science, public health, and national strength. They gained not only scientific credibility, but also identities as the very guardians of national vitality. In an age during which national strength signified national efficiency, they were once again stewards of prosperity.

The scientific gains were even more impressive. The Metropolitan's demonstration projects became guiding lights for work conducted by the national Public Health Service. The Prudential's research initiatives contributed to wider campaigns for health and safety legislation, and served as models for further investigation by other scientific bodies. The success of the company's efforts created pressure for the improvement of national statistics, pressure the companies increased by turning their political prowess to legislative campaigns for data standardization and federal registration. These efforts brought an enormously enduring combination of scientific expertise and statistical management to public health research. By the end of the twentieth century, statistical risk assessment became a touchstone of medicine, public health, and epidemiology, an intellectual transfer with enormous implications for theory, language, and practice of healthcare in the United States. Once associated largely with the sale of commercial life insurance, the language of risk had become the language of medicine.

Historicizing Risk

The collaboration between life insurers and public health facilitated numerous intellectual transfers and linguistic mergers, which had significant implications for the fields of public health and medicine. In today's biomedicine, the use of a statistical framework to delineate "risk factors" and "risk groups" is the dominant approach to understanding and managing health, but as physician and historian Robert Aronowitz has noted, we have rarely asked how or why. As an intellectual approach, thinking in terms of risk has simply been accepted, and it is "unquestioned, implicit, ill-defined, and largely invisible," even to its practitioners.⁹ The use of this risk-assessment framework has had profound ramifications on patients and practice, however, an impact that has been subject to much discussion and critique in recent decades.¹⁰ Nevertheless, the discussion has been largely ahistorical, an omission which has made it difficult to fully unpack the nuanced

⁹ Robert Aronowitz, *Making Sense of Illness: Science, Society, and Disease*, (New York: Cambridge University Press, 1998). While histories of probability and risk abound, only a handful of scholars have treated the history of the risk factor as a biomedical approach. These include Gerald Oppenheimer, who has noted that the term "risk factor" first appeared in the clinical literature in 1961, in the context of a cardiac heart disease study in Framingham, Massachusetts. Gerald Oppenheimer, "Profiling Risk: the emergence of coronary heart disease epidemiology in the United States (1947-70)," *International Journal of Epidemiology* 35:3 (2006): 720 – 730. The otherwise ahistorical treatment makes it difficult to establish an in-depth understanding of the impact of this framework on patients or practice, an impact that has been subject to much discussion and critique in recent decades.

¹⁰ A lively literature exists regarding the paradoxical effects of risk factor epidemiology. The practice is among the most powerful and effective tools in the modern medical diagnostic arsenal, but the fact that it is by design a classificatory tool has provoked the particular concern of those preoccupied with the effect of stigma in medical settings. Beginning in the 1980s, AIDS activists set up a potent warning about the sins of risk factor epidemiology, noting that at base, to indicate that an individual is "at risk" reflects less about biological susceptibility than about social vulnerability; biomedical risk often maps directly onto lines of race, class, and gender. Social theorist Catherine Waldby has called the process of risk profiling "classificatory violence," pointing to its capacity to stigmatize, to reduce, to violate, and to disempower its subjects. Controversy persists to the present day. For a sampling of prominent voices in this debate, see G. Rose, "Sick Individuals and Sick Populations," *International Journal of Epidemiology*, 14:1 (1985): 32-38; N. Krieger, "Epidemiology and the Web of Causation: Has Anyone Seen the Spider?" *Soc Sci Med* 39:7 (1994)., Paul Farmer, *Infections and Inequalities : The Modern Plagues*, Updated ed. (Berkeley: University of California Press, 2001); Catherine Waldby, *AIDS and the Body Politic: Biomedicine and sexual difference*, (Routledge: New York), 1996. See also Trostle, MacIntyre, N. Krieger, "Historical Roots of Social Epidemiology: Socioeconomic Gradients in Health and Contextual Analysis," *International Journal of Epidemiology* 30:4 (2001), N. Krieger, "Re: "Who Made John Snow a Hero?"" *American Journal of Epidemiology* 135:4 (1992).

influences of the model. In this dissertation I historicize the emergence of risk within public health by examining the context in which ideas of risk as a biomedical attribute was transmitted from the American life insurance industry to medicine at the turn of the twentieth century.

One of the few historians to comment on the origin of the statistical framework in public health is William Rothstein, who in 2003 identified the life insurance industry as the incubator of the statistical methods used to describe biomedical risk. Rothstein, however, was unable to identify how the methodology entered into the public health arena.¹¹ Subsequent research by historian Daniel Bouk has provided clarification, demonstrating that firms such as the Prudential that participated in the early century movement to conserve and lengthen human life brought to the task the tools they had developed for mathematical risk assessment. As a feature of the work, company statisticians collaborated with medical personnel from institutions such as Johns Hopkins University Hospital to share and analyze data, and through these collaborations their methodologies moved into the arena of health and medicine more generally. Bouk's writing represents an important advance in efforts to historicize medical risk. The motives and implications surrounding this transfer, however, remain to be examined.

One objective of this dissertation is to do just that. If Rothstein demonstrated the *that* and Bouk laid bare the *how* of the relationship between risk, life insurance, and public health, it is my task to examine the *why*. Notions of risk that emerged through the

¹¹ Rothstein posits that insurers' intellectual methods were transferred into the medical mindset through the expertise of physicians hired to conduct life insurance examinations. This assertion is incorrect, as the mathematical work conducted to assess risk occurred at the hands of company statisticians, not physicians. See also William J. Rothstein, *Public Health and the Risk Factor: A History of an Uneven Medical Revolution* (Rochester, NY: University of Rochester Press, 2003).

life insurance industry were intimately shaped by the needs of the firms, whose profits were dependent on the ways in which they promoted and manipulated their chief product: the management of uncertainty. In early years, companies managed risk primarily through means of exclusion, catering to a supposed circle of the elite by using patrician imagery and high premiums that precluded the participation of those of lesser social status. As they began to market more accessible policies, companies found that more sophisticated statistical methods could create numerical indices which they could use as stand-ins for social factors such as race and occupation in order to justify continued discrimination in access to policies. These uses of supposedly scientific methodologies were highly political.¹²

The construction of risk that the firms brought to public health work stemmed from political motives, as well. At the Metropolitan, the engagement with public health is most remembered for the company's sponsorship of the nursing program (an initiative whose striking aspects Haley Fiske was at such pains to highlight), which utilized the medical and the educational skill of nurses to inculcate habits of hygiene among their patients. It was an example of a "privatized" approach to a wider social problem, and while useful, it shifted attention away from the understanding that conditions of overall social injustice generated poor health, and toward a narrower outlook that located the source of illness within the behavior of the individual. For an insurance firm seeking to prevent the introduction of socialized insurance, this approach was politically expedient. It downplayed the relationship between the individual and the polity, and promoted a sense of personal power over disease – if only each person would purchase life insurance.

¹² See Bouk, *The Science of Difference*, 1-20.

Where health risks were concerned, the insurers argued, the burden of risk had *not* become too heavy for the individual to manage through private measures, and with the help of the insurance company, policyholders could learn how.

All told, both the collaboration between insurance firms and the emerging discipline of public health and the insurers' successful effort to prevent public health advocates from reaching their goal of state-administered insurance, were deeply shaped by the Progressive era's social upheaval, economic changes, and technological innovations. The contrasts and peculiarities abound, making the story of collaboration and contestation between these two unlikely allies a fascinating moment in the history of each, and one that remains critical to understanding the paradoxes and inconsistencies in the modern American approach to public health.

The Plan of the Dissertation

The **first chapter** of this dissertation centers on a case study of the way in which early life insurance companies in the United States influenced social perceptions of risk, and will discuss the work of Frederick L. Hoffman, a young statistician hired by the Prudential Life Insurance Company to document a mathematical basis for the exclusion of African Americans. In the 1890s, several states passed anti-discrimination laws requiring life insurance firms to offer policies to blacks at the same rates as whites, a financial parity that companies abhorred due the perceived social incommensurability of valuing black lives at the same rate as white. Hoffman, a young devotee of the statistical method, had recently published an article in which he used quantitative data in attempt to demonstrate the moral and physical inferiority of the African Americans. In the wake of

the anti-discrimination laws, he found himself courted by Prudential executives, who believed him to be the perfect candidate to “prove” that American blacks were barriers to progress. Though scholars such as Kelly Miller and W.E.B. Du Bois wrote strident critiques of Hoffman’s misuse of data and illogical conclusions, the publication became a chief salvo in the nation’s race debate, and an invaluable tool for the Prudential, which used it to exclude “undesirables.” The tract constituted one in a series of cultural maneuvers on the part of firms to manipulate the discourse of risk in order to appeal to a lucrative range of buyers. The chapter will demonstrate that constructs of risk are socially-based and highly politicized, and establish the extended history of risk manipulation within the life insurance industry.

During the mid and late nineteenth century, the industry’s capacity to reshape its techniques, both absorbing and reflecting the spirit of the times enabled growth that it could not have otherwise achieved, but which also introduced incongruities to its corporate model. **Chapter Two** will chronicle some of those changes, the problems they presented, and the larger issues they foreshadowed as Americans reached new conclusions about the best ways to promote efficiency and fairness in the sharing of risk. To maintain their market share, firms needed to move both with the times and ahead of them.

In the years following the civil war, the life insurance industry evolved into a big business. Amidst growing national prosperity, competitive firms correctly deduced that a sales approach that emphasized gain instead of loss was more likely to satisfy the psychological desires of consumers, and shifted their rhetoric accordingly. Insurers placed emphasis on the financial merits of policies; they highlighted their investment

potential instead of their ideological purity. But the change in ideology created a serious internal contradiction for the firms. The new ethos of competition and growth raised questions about the supposedly benevolent mission of the firms, and even about the place of such corporations in a free society. If insurance were as essential as the companies claimed, then private industry might not be the most efficient supplier. To those who studied the question carefully, insurance purchased in the free market –especially industrial insurance -- simply cost too much to accomplish the social goals that it professed to achieve. The dawn of the twentieth century brought with it perhaps the most challenging ideological battle yet faced by the life insurance industry: how to preclude the establishment of social insurance in the United States

A growing atmosphere of crisis and upheaval took hold in the industrial centers of the United States at the turn of the century, and its ramifications for the insurance industry and the passage of social insurance will be explored in **Chapter Three**. The nation's prosperity seemed to have come at the expense of the working class, whose rates of injury and illness were nearly as appalling as its wages, and the social turmoil that resulted created a new series of challenges and opportunities for the life insurance industry. On the one hand, the surfeit of risk made the ownership of insurance policies more desirable; on the other, risk protection had become such a necessity that many felt the government ought to provide it. Moreover, popular unrest could easily turn into consumer outrage and anti-corporate vitriol, which would weaken the ability of the private insurers to protect their financial interests. To safeguard their own stability, firms engaged in what Gabriel Kolko has termed "political capitalism," covertly influencing lawmakers in order to impact the content and volume of legislation affecting their

interests. This chapter will demonstrate the alacrity with which the firms protected their security, and their increasingly precarious position within the nation's political economy. As traditional conventions for allocating risk (such as the fellow servant law) gave way, corporate conservatives expressed alarm about the "creep of socialism" and the need to take action to protect the private market.

Exposure of the firms' closed-door activities sharply undermined their political capacities, however, and **Chapter Four** chronicles the events of 1904 and 1905, during which the writings of muckrakers and a legislative investigation brought to extent of the companies' political capitalism to light. Their illegal relationships with trusts, their convenient and nepotistic hiring practices, and their extreme political power became the stuff of magazine stories and newspaper headlines. When an internal power struggle at one of the largest firms set off a new round of exposes, the New York State Legislature responded to popular pressure and launched an inquiry into the practices of the firms. The findings revealed widespread financial malpractice and a raft of managerial irregularities, and they also confirmed old suspicions that industrial insurers bilked the poor by offering few benefits and charging premiums almost double those paid by ordinary policyholders. By the end of the hearings, it became abundantly clear that the private insurance industry would have to re-invent its relationship to social and political outlets to negate the appeal of social insurance, or else perish.

Chapter Five describes the state of the life insurance industry immediately after the 1905 investigations, and the unexpected invitation from social reformers to become involved in the movement for public health. The Armstrong Investigations left the companies with a media black eye, through which it would be difficult to oppose the

passage of laws favoring social insurance. Yet reformers faced challenges of their own. Ever under-resourced, their attempts to generate support for a federal health agency, and to promote personal and legislative interest in sanitation were meeting frustration. In the wake of the Armstrong investigation, however, health workers recognized that the machinery of the life insurance industry for creating and distributing social messaging constituted a spectacular resource. The industry's capacity to distribute information, influence public opinion, and even impact the outcome of legislation made insurance executives into allies worth courting, despite social workers' history as the firms' chief detractors. Thus, at a time when insurers were most threatened by government regulation and a changing discourse of risk, they were *invited* to participate in the evolution of social reform by becoming messengers of the movement, an opportunity that afforded them invaluable influence on the course that reform might take.

The Metropolitan accepted the invitation of reformers, initiating a program of public health advocacy that served as a model for other firms and public health bodies, and event the federal government. **Chapter Six** will explore the nature and impact of the company's activities, which included direct service and demographic research, and which spurred competition (and critique) from the Prudential. In 1910, Fiske declared that the Metropolitan would become a *social* institution. He endorsed the creation of a visiting nurse service and a widening of the responsibilities of agents, who would now double as social workers and health educators to the families on their debits. Such efforts at corporate welfare work won popular approval for the Metropolitan, and also allowed the firm to take part in shaping a new rhetoric of risk. In many ways, they constituted what historian James Weinstein has called "corporate liberalism," – the adoption of political

ideologies to gain or retain support for entrepreneurial activity. But this might not have been their only purpose. The direct service and research contributions of the industrial insurers constituted only a portion of their engagement with public health. At the Metropolitan, work extended to advocating health legislation, facilitating the civic participation of policyholders, and creating partnerships with public, private, and philanthropic bodies focused on establishing a federal department of health. These initiatives, which took place under the guidance of prominent social worker, Lee Frankel, reflected the structural goals of the wider reform movement, and complicate the activities of the Metropolitan. Though opposed to the passage of state-administered insurance, the contributions of the firm to the field of public health were significant, as were those of its rival, the Prudential. It is a history that does not lend itself to easy interpretation, and whose nuances persist in the developing field.

CHAPTER 1: “THE MYTH OF THE ACTUARY”¹

On April 6, 1895, a young statistician named Frederick L. Hoffman wrote the following letter to his wife.

I have copied a large part of my manuscript on the “Tendency of the Negro” ... I feel quite sure that it will prove to be one of the most scientific contributions on the subject of race tendency and deterioration. ... [I]n my next article on the Negro I shall present a mass of evidence such as no writer past or present has ever done. I shall make out an argument so strong and so convincing that even those who will be proven in the wrong, will be compelled to admit the soundness of my argument. It will be a paper exclusively statistical and as little as possible shall I advance views of my own, but I shall so arrange the statistical evidence to make clear the present day tendency of the mongrel breed who fain would try to make believe that they were possessed of some higher innate virtues than the white race. But I shall make clear another point, though I shall not say so in words and that is the moral justification of the white people of the South in the course they have pursued since reconstruction days to maintain white political and social supremacy. I shall tell a story and a true story such as will satisfy even Miss Bacon and Miss Ludlow that there are a thousand things in the race problem of which they never dreamed of in their Normal School philosophy. And they shall find that it is always a bad thing to hug a delusion after you have once found out that you are wrong.

Hoffman’s article became a 330 page tract in the prestigious *Publications of the American Economic Association* which purported to demonstrate with statistical reliability that the “American Negro” was uninsurable. Published in May, 1896, *Race Traits and Tendencies of the American Negro* was a compilation of statistics, eugenic theory, observation, and speculation, solicited by the Prudential Life Insurance Company in response to a wave of state legislation banning discrimination against African Americans. Faced with the social incommensurability of Negro and white lives, and convinced that the high mortality of such a group would drive up the cost of doing

¹ Portions of this chapter were published as an article in *Public Health Reports*. See Megan J. Wolff, “The Myth of the Actuary: Life Insurance and Frederick L. Hoffman’s *Race Traits and Tendencies of the American Negro*,” *PHR* 121:1 (2006): 84-91.

business, the Prudential sought to circumvent the anti-discrimination legislation by demonstrating that its decisions were based on the empirical fact of elevated risk, not on social ideology.

Himself a newcomer to the nation, Hoffman's interest in racial difference had advanced with his time in the United States. Raised in Varel, Germany, he had immigrated to the American south in 1884, where for several years he worked itinerant and menial jobs, and where he observed American race relations with a curious eye. On a trip down the Mississippi river, Hoffman remarked to his diary about the "senseless cruelties" practiced upon African American deck hands. On a later journey, he made the acquaintance of Frances and Samuel Armstrong, founders of the Hampton Institute, and learned with great interest about the origins and ideals of the normal school established for the uplift of blacks. Miss Ludlow and Miss Bacon, mentioned in the letter, were teachers at the Institute, and although Hoffman retained his friendship with the Armstrongs throughout their lives (he and his wife even named their second daughter, Frances, after Mrs. Armstrong), his sympathy with the school's mission apparently dissolved.

Like many immigrants, Hoffman made himself an eager convert to the attitudes and loyalties of his adopted country -- one component of which included its white supremacy.² At the time of *Race Traits*' publication, thirty-two years after emancipation, a significant group of Euro-American social thinkers predicted the demise of the race. Others were less sure, noting the apparent increase in the black population of the U.S.; some expressed concern that the group might come to outnumber whites and

² Beatrix Hoffman, "Scientific Racism, Insurance, and Opposition to the Welfare State: Frederick L. Hoffman's Transatlantic Journal." *Journal of the Gilded Age and Progressive Era*, 2:1 (Feb 16, 2004): 150-190.

“Africanize” the nation.³ From all sides, the racial discussion was one obsessed with questions of absolute survival, and in which the outlook for African Americans stood at odds with the optimistic future predicted for the so-called white race. If, as Hoffman came to believe, African Americans were truly inferior and doomed to extinction, then efforts to ameliorate their poverty were useless and – worse -- divisive. Hoffman concluded that the “delusions” of instructors at the normal schools bolstered tensions between north and south, and he sought to put an end to the debate in the most authoritative terms possible, using the irrefutable evidence of statistical data.

In 1892, Hoffman published an article in *Arena* magazine entitled “Vital Statistics for the Negro” in which he projected that high mortality would eventually bring the group to extinction. This outlook was a far cry from the hopes embodied by the Hampton Institute, but it participated powerfully in the overall race debate taking place throughout the United States. It also attracted the attention of the Prudential Life Insurance Company, which had recently faced critique for charging higher premiums to blacks, and then for excluding African Americans from insurance altogether. Hoffman clearly possessed the racial theories and statistical talents to conduct an exhaustive scientific study, one that could convincingly frame the company’s practices as scientifically based. Such an inquiry would lend credibility to the Prudential as a scientific institution, aligning the firm with progressive-era values of rationality, professionalism, and expertise. In early 1895, Hoffman bid a temporary goodbye to his young wife and infant

³ The preoccupation with the threat of white Americans being racially “overwhelmed” was a longstanding one. Emancipation imbued this theory of Africanization with a new urgency. One of the best works cataloging this shift is George M. Frederickson *The Black Image in the White Mind: The Debate on Afro-American Character and Destiny, 1817-1914*, (New York: Harper & Row, 1971).

daughter, and traveled from their home in Georgia to New Jersey to take up employment at the Prudential.

When completed in 1896, the publication won accolades for both Hoffman and the Prudential. Its statistical might awed supporters. Reviews widely heralded *Race Traits* as a work of monumental importance in addressing the race debate. Admirers praised the article as a “mine of statistical information” where “figures culled with evident care from the most trustworthy sources ... are intelligently and impartially combined and discussed in a clear and attractive manner.”⁴ Hoffman, some said, was a genius. The Prudential seemingly agreed, promoting the young statistician year by year until he eventually became a company vice president, and one of the most important counsels to the firm’s chief executive. His worth in delineating company policy became indispensable, but in 1896 Hoffman’s most important contribution to the Prudential was the narrative that he compiled about African Americans, which was both powerful enough and timely enough to successfully exclude them from the fast-growing field of industrial life insurance, one of the most lucrative “scientific” enterprises of the modern era.

The narrative that Frederick Hoffman compiled told a powerful story about African Americans. It was not, however, uncontested, and the work received critique -- even from writers in Hoffman’s own time. African American scholars Kelly Miller and W.E.B. Du Bois pointed out that many of the interpretations Hoffman presented about the health and welfare of African Americans were based on flawed or poorly evaluated data. While it was true that high mortality rates afflicted African Americans, Hoffman failed to stratify his findings by social or economic status, which would have shown that black

⁴ Review is quoted in B. Hoffman, “Scientific Racism,” 8.

mortality rates differed enormously based on “the conditions of life.”⁵ The health outcomes of African Americans were in fact entirely comparable to those of immigrant groups with similar economic resources. “If the population were divided as to social and economic condition the matter of race would be almost entirely eliminated,” wrote W.E.B. Du Bois in a review of Hoffman’s findings.⁶ In a 1906 Atlanta University study, Du Bois presented actuarial data from thirty-four leading life insurers demonstrating the similar outcomes of African Americans and working-class immigrants. “In fact, the Negro makes a better showing than the Irish, nearly as good as the Germans, and better than the economic class of laborers in general,” he pointed out.⁷ Why, then, did insurers single out this group for rejection while accepting and even soliciting other groups with similar mortality at ordinary industrial rates?

Insurance, as I will discuss, is a highly lucrative field. In a business atmosphere infatuated with progress, efficiency, and competition, the turn of the century life insurance industry expanded to become an entrepreneurial super-power. By 1904, the combined assets of American insurers exceeded the total amount of U.S. currency in circulation; they surpassed, too, the gross national products of Greece or Norway.⁸ But insurance is also a highly political field, and singling out a segment of the body politic for

⁵ Between 1890 and 1894, the overall mortality of blacks in southern cities exceed the white 1.6 times. In 1900, overall black infant mortality surpassed white by 240%. See W.E.B. Du Bois, “Review of Race Traits and Tendencies of the American Negro,” *Annals of the American Academy*, (1896): 129; See also W.E.B. Du Bois, “Health and Physique of the American Negro,” *The Atlanta University Publications*, No. 11 (Atlanta: The Atlanta University Press, 1906), 78. For more on the health status of African Americans during the progressive era, see Susan Smith, *Sick and Tired of Being Sick and Tired: Black Women's Health activism in America, 1890-1950*, (Philadelphia: University of Pennsylvania Press, 1995).

⁶ Du Bois, “Health and Physique,” 89.

⁷ Du Bois, “Health and Physique,” 92.

⁸ Morton Keller, *The Life Insurance Enterprise, 1885-1910*, (Cambridge, Massachusetts: The Belknap Press of Harvard University Press, 1963), 14.

insurance exclusion was as much a social and political activity as it was an actuarial one. Selling policies at a breakneck pace, insurers pushed to expand the market, vying with one another to capture share and commercial cachet. Their business was one in which trust itself composed a large part of the product being sold, so insurers cultivated careful and specific images of themselves, their clientele, and their conduct. With their solvency so tightly connected to public perceptions, they took pains to synchronize both their image and their contracts with the social concerns of the day. These concerns specifically pointed to African Americans as barriers to progress.

Insurance banks, literally and figuratively, on social anxieties and representations surrounding mortality, responsibility, power, and human worth. Moreover, its ventures rely on the macabre calculus by which death becomes the basis of commercial action and, paradoxically, progress. In this respect, what is in fact a highly subjective social narrative can be made to appear to be a mathematical description of risk. Political scientist Brian Glenn writes, “Insurers can rate risks in many different ways depending on the stories they tell about which characteristics are important and which are not.” The rhetorical situation in which these decisions appear to be strictly objective is what Glenn has dubbed “the myth of the actuary.” The statistical narrative that Frederick Hoffman compiled about African Americans made dramatic claims about the welfare, vitality, and the social role of blacks, but as Glenn warns, “almost every aspect of the insurance industry is predicated on stories first, then numbers.”⁹ The story that Hoffman compiled in *Race Traits* clearly had a statistical component, but this was only a small element of

⁹ Brian J. Glenn, “Postmodernism: the Basis of Insurance,” *Risk Management and Insurance Review* 6 (2003):131–43.. See also Brian J. Glenn, “The Shifting Rhetoric of Insurance Denial,” *Law and Society Review* 34:3 (2000): 779-808.

the insurance industry's treatment of risk, a treatment based on a complicated and highly adaptable social calculus, and on the dynamic meaning of risk itself.

It would be difficult to overstate the exceptional relationship between the American life insurance industry and social ideology, a connection that was often at the same time prescient, reflective, and productive. With corporate prosperity so inextricably linked to social values, the firm's continued existence was often predicated on the ability of company personnel to correctly identify ascending ideologies, shifting their own rhetoric in time with – if not slightly ahead of – popular thought. The vulnerability of a sluggish firm was irrefutable. Yet as social actors in their own right, the philosophies that American insurance firms endorsed often gained new currency and momentum.¹⁰ This process of social production was not inevitable, but it positioned the life insurance industry as an important node in the dynamics of popular ideology.

This chapter will evaluate the commission and creation of *Race Traits* in the context of the social and ideological influences of the United States during the Progressive Era. Its primary concern is to demonstrate the ways in which the Progressive Era life insurance industry manipulated the discourse of risk to legitimize its cultural authority and to expand its market share, appealing to its authority as a scientific

¹⁰ Most historians of the industry have emphasized the role of life insurance companies as aggregators of wealth, as sites of business innovation, or as distributors of risk, but this dissertation draws attention to the impact of American life insurers as cultural institutions, a topic first explored by Viviana Zelizer, *Morals and Markets: The Development of Life Insurance in the United States*, (New Brunswick: Transaction Books, c1979, 1983, 2008). Her analysis has since been amplified in articles and monographs touching on the importance of statistical methods in bridging the chasm between death and control, including Susan Mizruchi, *The Science of Sacrifice: American Literature and Modern Social Theory*, (Princeton, NJ: Princeton University Press, 1998), Beatrix Hoffman, *The Wages of Sickness: The Politics of Health Insurance in Progressive America*, (Chapel Hill: University of North Carolina Press: 2001), and Brian Glenn, "The Shifting Rhetoric of Insurance Denial," *Law & Society Review* 34 (2000): 779-808; also "Postmodernism: the Basis of Insurance," *Risk Management and Insurance Review*. 6 (2003):131–43. Most recently, Daniel Bouk's 2009 doctoral thesis follows on Zelizer's interpretation of insurance companies as cultural institutions by arguing that firms create and deploy classificatory systems that promote profit by innovating discrimination. Daniel Bouk, *The Science of Difference: Developing Tools for Discrimination in the American Life Insurance Industry, 1830-1930*, Ph.D. Dissertation, Princeton University, 2009.

institution to reinforce a construction of risk that was in fact economic and social.

Although the rhetoric surrounding *Race Traits* appealed to the uninsurability of African Americans as a supposedly natural “fact,” the risk that Hoffman presented was entirely man-made.

The primary mechanism of insurance is the transfer of responsibility from one party to another, and as products intended for resale or redistribution, risks must be made both measurable and palatable for those who wish to lay money down on them.

Purveyors of insurance must construct what sociologist Francois Ewald has called an “insurantal imaginary” – a paradigm or construction of insurance in which profitable and necessary uses are made of the technology.¹¹ This includes an articulation of which risks – or people -- can and cannot be covered. It is a political imaginary that indicates which losses are socially acceptable and which are not. “The methods by which members of a polity deal with loss are both intimately personal and highly public,” writes Brian Glenn. “They both speak to deeply personal visions of who we are in relation to others and have significant policy implications.”¹²

As a construct, as something relational, risk is fluid. The peculiar task of insurers is to anchor risk in a narrative that seems stable, reassuring, and justifiable. But as articulations of the anxieties, relationships, and preoccupations of a particular era, risk narratives that are used to guide decisions and policies also serve to embed those preoccupations into future action. Frederick Hoffman’s actuarial treatment of African Americans reflects much about the ways in which understandings of risk incubated

¹¹ Francois Ewald, “Insurance and Risk” in *The Foucault Effect: Studies in Governmentality*, Burchell, Gordon, and Miller, eds. (Chicago: University of Chicago Press, 1991), 197-210.

¹² Brian Glenn, “Review: Risk, Insurance, and the Changing Nature of Mutual Obligation,” *Law and Social Inquiry*, Vol 28, No 1 (Winter 2003), 295-314.

within the nineteenth century insurance industry reflected political ideologies of the period -- and ultimately reinforced them. It also reflects much about that rapid change in saleable ideology, even across the nineteenth century. The history of the life insurance industry is a history of image-making. To fully appreciate the dynamic nature of *Race Traits* and its place in a business reflective of a transforming society, it is useful to examine the deployment of risk narratives as a process of cultural change and social engineering.

Liabilities

It could be said that the crucial questions surrounding life insurance began with whether the practice was appropriate for people, and evolved to question which people were worthy of the practice. Through most of the industry's commercial history in the United States, the provision of life insurance was stratified by race. Expensive, elite policies were available at a high premium for white elites, and for quite different rates for blacks, usually at separate companies. The early life companies for whites specialized in policies to insulate patricians from loss. Such insurers existed in the American colonies from around 1760 but remained unpopular for many years, in large part due to ethical concerns of the buying public. Those opposed to the practice saw it as speculative and entrepreneurial -- as an act in which individuals placed a money value on the life of the insured, guessed at the approximate date of death, and positioned themselves to make a

profit should their predictions come true.¹³ In Europe, the practice of insuring human lives remained illegal well into the nineteenth century.¹⁴

Though lawful in the American colonies, most people spurned the practice, believing that the purchase of life insurance bore too close of a resemblance to gambling and seemed like a form of spiritual blasphemy. Sociologist Viviana Zelizer explains: “Putting death on the market offended a system of values that upheld the sanctity of human life and its incommensurability. It defied a powerful normative pattern: the division between the marketable and the non-marketable, or the sacred and the profane.”¹⁵ The public felt at best hesitant about, and more often completely opposed to the venture, which “challenged deeply institutionalized values relating to death and concerning the role of Providence in the social order. It defied as well a set of cultural and religious beliefs and ideas on risk and gambling.”¹⁶ To lay down money against one’s own life was to tempt fate. To have another do so was to tempt assassins.

Nevertheless, for a specific few, ownership of a life insurance policy provided the appeal of a buffer against economic loss. A small number of American firms maintained a respectable business selling policies to affluent white adult males, who could purchase policies with a minimum coverage of \$1000. Premiums on such policies were high, but

¹³ Such a deployment of the technology committed a triple sin: the sacrilege of commodifying life, the blasphemy of anticipating the timing of an event known only to the Almighty, and the wickedness of gambling.

¹⁴ Governments in France, Holland, and Sweden took the step of banning the practice in the sixteenth and seventeenth centuries; even within the United States, courts continued to weigh the question of its validity until 1815. See Viviana Zelizer, *Morals and Markets: The Development of Life Insurance in the United States*, (New Brunswick: Transaction Books, c1979, 1983, 2008), 1, 33.

¹⁵ Zelizer, *Morals and Markets*, 42. An 1875 satirical speech by Samuel Clemens captured the essence of the blasphemy of the life contract when the author remarked, “[T]o me now there is a charm about a railway collision that is unspeakable.” (Samuel Clemens. Speech on accident insurance, Delivered In Hartford, At A Dinner To Cornelius Walford, Of London, 1875.)

¹⁶ Zelizer, *Morals and Markets*, 27.

companies targeted the insurance toward those who had significant financial capital at stake by promising to protect against significant economic loss. Naturally, those whose lives were not associated with high economic status were excluded from the practice; wage-workers, children, and the majority of women could not be considered eligible for insurance. An exception to this exclusion of “lesser” lives, however, were those of African Americans, on whom policies could be purchased during slavery in the same manner in which the wealthy protected other valuable property.

The initial slave policies may have been closely tied to marine insurance, which protected not only the ship but also its cargo. Slavers who insured their ventures paid high premiums, but lethal conditions onboard their vessels often justified a high expense. In the mainland United States, the insurance of slaves was infrequent but not unknown, and most southern companies accepted the business. Slaveholders insured against runaways, infirmity, and premature death. Standard policies ranged from 2-3% of a slave’s valuation, particularly when the contract involved competent servants or skilled workers.¹⁷ By a bitter twist of fate, the policies on antebellum slaves were more valuable than the policies that later became available to freedmen, or even to the white immigrants who worked alongside them in many of the same trades. A three-month policy in Memphis in 1851 insured sixteen slaves at a premium of \$85.39; the return totaled \$500 on the life of each of the insured.¹⁸ Such costs were assuredly higher than those for

¹⁷ Eugene D. Genovese notes that slaves were considered to be terminal annuities, whose value was calculated based on his projected life span and an estimate of his productive years. “The Medical and Insurance Costs of Slaveholding in the Cotton Belt,” *The Journal of Negro History*, 45:3 (July, 1960): 141-155.

¹⁸ Terence O’Donnell, *History of Life Insurance in its Formative Years* (Chicago: American Conservation Company, 1936) 745-747.

whites.¹⁹ Nevertheless, (or perhaps as a result) the policies available for slaves signified the most literal possible translation of the convention of property protection as applied to humans.

In the mid-nineteenth century United States, firms worked hard to build their market by deploying a convincing narrative of moral value, placing substantial creative resources into creating an ideal that would appeal to financially powerful buyers. The earliest companies conjured images of upper-class Victorian widows and children in their advertising materials. “How much do you love them?” prodded one advertisement, subtly countering the common accusation that insurance left “blood money” to the widow. “Enough to make a personal sacrifice to assure their support and comfort after you are gone?”²⁰ Such companies attempted to make virtue out of vice by replacing the image of gambling with the threat of loss. They deployed a narrative of risk in which it was not the *purchase* of life insurance but the *failure* to purchase life insurance that constituted a sin. Harm visited on mothers and children in the absence of a life insurance policy was a sacrilege that could not be morally tolerated. Advertisements went so far as to label those who arrived at their deathbeds without a policy negligent, foolish, and even wicked. “He died without even a policy of insurance on his life.” “Stupid, wasn’t it?” “No. We would not call it stupidity. We think the very much harsher term ‘wickedness’ fits the case a great deal better.”²¹

¹⁹ Genovese, “The Medical and Insurance Costs of Slaveholding,” 147.

²⁰ Quoted in Zelizer, *Morals and Markets*, 47.

²¹ William T. Standen, *The Ideal Protection*, (New York: U.S. Life Insurance Co., 1897), 238.

If those who failed to purchase policies were heartless, those who succeeded in doing so were morally enlightened. Clever advertisements managed to invert the amoral image of insurance by describing its purchase as an act of generosity. The security that policies conferred, they insisted, was the very opposite of usurious; it was unselfish – intended not for the breadwinner but for the widows and orphans who were the breadwinner’s concern, and who effectively symbolized society’s most innocent persons. The noble nature of the contract and the moral purity of those whom it claimed to protect conferred a pious aura on the entire transaction, erasing the stigma and the suggestion of malefaction. Capitalizing on the notion of “final judgement,” insurers challenged members of the public to prove themselves responsible, loving, and financially sophisticated through the purchase of insurance. Themes of altruism and moral good dovetailed with claims about moral uplift. In 1865, *Hunt’s Merchant’s Magazine* declared the insured to be a moral elite, “the very best class in the community.” The purchase of life insurance could “elevate the tone of a man’s moral being, refine his nature and render him more beneficent to men.”²²

No matter how appealing an imaginary a firm was able to generate, it could do nothing if people were not exposed to it, so selling policies remained a matter of remarkable suasion. The work of selling insurance, noted one agent of the Equitable Insurance Company, was to “first to *create* a demand, and then to satisfy it.”²³ To meet this challenge, life insurers created a marketing infrastructure that was, as one pair of

²² *Hunt’s Merchant’s Magazine* 53 (Sept 1865): 390.

²³ William Alexander. *The Successful Agent: Practical Hints for the Seller of Life Insurance (The Principles of Insurance Explained so Simply that any layman can readily understand)*. (New York: The Spectator Company, 1917), 9.

scholars have summarized “sophisticated, spectacular, and pervasive.”²⁴ The more effective the companies could become as advertisers, the more sales they could achieve; no amount of rhetorical manipulation could sell insurance if the public didn’t know about the benefits of the product. To get the word out, companies became innovators of printed advertising materials, professional sales techniques, and even urban architecture, erecting towering skyscrapers meant to remind potential customers of the security of the firms. Everywhere that ordinary Americans looked, reasoned company executives, they should be met with a persuasive symbol or message about the utility and worthiness of life insurance.

Almost nothing proved more persuasive than the power of the pulpit, and many insurance sales tactics borrowed substantially from evangelical Christianity. The architecture of the largest firms’ headquarters used brick and mortar to allude to religion and the sacrosanct. The Prudential modeled its Newark home office building on the soaring cathedrals of Europe; the president of the Equitable commissioned stained glass windows for the lobby of the company’s office tower; New York Life nicknamed its multi-story office building the “temple of humanity.”²⁵ The power of the Word was seductive, as well. Numerous firms hired clergy to author pamphlets resembling the church “tracts” with which they attracted converts and inspired members, a tactic that had the double advantage of silencing religious condemnations of the trade.

Ministers who accepted payment from companies lavishly praised the virtues of insurance, comparing and even eliding insurance institutions with Christian ones. One

²⁴ Liz McFall and Francis Dodsworth “Fabricating the Market: The Promotion of Life Assurance in the Long Nineteenth Century,” *Journal of Historical Sociology* 22:1 (March 2009), 30-54.

²⁵ Keller, *The Life Insurance Enterprise*, 39.

reverend likened the “charity” of insurance to that of “Orphan Asylums, Charity hospitals, Poor Houses, Deaf and Dumb Asylums, Sunday Schools and other kindred institutions.” No one who considered his or herself a Christian, he exhorted, “should be found opposed to Life Assurance.”²⁶ Naturally, the most popular ministers also represented the most valuable resources for the companies. In 1871, the president of the Equitable engaged popular orator Reverend Henry Ward Beecher, mouthpiece of the social gospel, to write and preach sermons favoring life insurance. Beecher badgered his audience with questions of whether a Christian man could justify himself in neglecting his duty to purchase a policy.²⁷ Invoking an easy and frequent identification with religion, insurance personnel made regular reference to the “missionary work” and the “gospel” of insurance, noting the “sacred obligation” of life insurance policies as legal contracts and promises to loved ones. The power of such speakers harnessed and even co-opted the social authority of the church -- the very arbiter of morality.

Companies also used the rhetoric of Christianity to inspire the sales force of insurance agents, the industry’s most important body of crusaders. “It has been said and truly said that as the ministry is to the Christian religion so are the agency forces to life insurance,” encouraged one underwriter to a crowded lecture hall of colleagues. “In working out your career within its ranks you are taking part in a great ethical movement. The institution must continue to depend on you to carry its message to the people.”²⁸

²⁶ Rev. S.A. Hodgman, *Father’s Life Boat. Or: Origin, Uses, and Necessity of Life Insurance*, (St. Louis: Review Steam Press, 1871).

²⁷ Henry Ward Beecher, *Truth in a Nutshell* (New York: Equitable Life Assurance Society of New York, 1871); Patricia Beard, *After the Ball: Gilded Age Secrets, Boardroom Betrayals, and the Party that Ignited the Great Wall Street Scandal of 1905*, (New York: HarperCollins, 2003), 18.

²⁸ Alfred Hurrell, “The Increasing Responsibilities of the Agent,” An address delivered at the 22nd annual convention of the National Association of Life Underwriters, Chicago. Oct 10, 1911.

Insurance historians tend to agree that it was the persuasive power of agents that ultimately propelled life insurance from an outlier business to a massive financial industry. Companies that did not send out agents fared poorly; those that did dispatch them saw measurable strides in their business.

With the encouragement (and salaries) of the companies, agents fanned out across all parts of the United States to carry the gospel of insurance as others had carried religious appeals. From industrial cities to far-flung ranches, they carried the message door to door, often returning again and again to make the message known. Not all agents were true believers (though evidence suggests that a reasonable number plied their trade with conviction), nor were all of them convincing messengers, but the sales they generated demonstrated beyond doubt that the best carriers of the message was the life insurance agent.

Agents introduced a human touch to sales. They imparted information more vividly than newspaper ads, and directly countered the doubts of potential customers; they also made more personal and aggressive appeals than any circular ever could.²⁹ In remote areas agents carried the glamour of travel and faraway places, as well as providing company (themselves), gossip, and news. Earnest, relentless solicitation served to boost sales in the city as well as in rural areas, especially when infused with humor or charisma. The business card of one early agent quipped: “Office in my head. Wherever my hindquarters are there you will find my headquarters,” and concluded with the

²⁹ An 1848 newspaper ad for the Girard Life Insurance Annuity and Trust Company devoted multiple paragraphs to explaining the very basics of the business. “The chief object of an insurance for life is to provide a sum of money at the death of the party insured. . .” Item #11339, *The North Star*. Rochester, NY 21 July, 1848.

mantra: “prudent people provide preferred protection.” The ideal agent was morally persuasive as well as magnetic.

Companies touted their agents as teachers who explained the workings of insurance to an interested public, though in reality their success was due as much to their perseverance as to their educational talents. “The purchaser of life insurance seldom seeks out a company; he must be intensively approached by the agent and convinced that he should buy,” remarked insurance scholar Maurice Taylor.³⁰ The art of persuasion came most easily to those who believed in the virtues of the product they sold, a feature which doubtless enhanced the missionary quality of the interaction. Agency handbooks emphasized the role of personal conviction in selling policies, and repeatedly reminded underwriters that their work was truly important. “Never forget that you are doing a work which will bring joy into the deserted home,” urged one guide for underwriters, “and cause the anguish of a widowed heart to find much of its relief in the Life Policy which was effected by your instrumentality.”³¹ Insurance underwriting was an honored profession, a respectable office, a “sacred occupation.” It could best be undertaken by those who truly championed the cause.

Not only did insurance agents carry the gospel, they in fact served as the engine of the industry’s growth. The success of insurance in the United States surpassed that of

³⁰ Maurice Taylor, *The Social Cost of Industrial Insurance* (New York: Alfred Knopf, 1933), 49. Insurance executives made a frequent example out of the contrast between the success of British industrial insurers (who employed agents) and British post office insurance, which provided almost identical coverage but did not employ a sales force. Between 1865-1875 Post Office Insurance sold 4,478 policies. In 1874, the London Prudential sold 16,000 policies in just one week. John F. Dryden, “The First Quarter Century of Industrial Insurance in the US” in *Addresses and Papers on Life Insurance and Other Subjects*, (Newark: The Prudential Insurance Company of American, 1919).

³¹ Philip Sayle, Jr., *Practical Aids for Life Assurance Agents*, (London: Simpkin, Marhsall, & Co., 1870), 14.

European nations such as Austria, Denmark, and Germany specifically because of the efforts of its sales force. Of the European life companies, only British insurers employed agents, and their growth loosely paralleled that of the American companies. The result of such outreach and suasion was the creation of an audience that was intellectually prepared to purchase life insurance. Between 1860 and 1870, the number of policies active in New York State jumped from 50,000 to 650,000; by 1868 the sum of insurance throughout the nation exceeded the national debt.³²

Despite such growth, the market for insurance around the time of the Civil War remained quite limited, largely as a result of the narrow terms within which the firms constructed “insurability.” American life insurance had developed to suit the moral sensibilities of a Victorian elite, and the insurantal imaginary cultivated under such circumstances included only affluent white men, considered to be the nation’s “worthiest” citizens. As a result, regular policies remained beyond the means and even the knowledge of many of those who needed them most. No company existed that would write a contract for less than \$1000. This excluded the vast majority of African Americans and even most whites from the market. Despite the convincing rhetoric of security and need, main-line insurance remained a luxury item and the majority of sales occurred among the social elite. Most policies even included clauses that forbade engagement in many kinds of industrial work. A typical policy for a 35 year old man read:

The company shall be released from all liability under this policy if the insured shall hereafter . . . engage in blasting, mining, or in any business involved in the manufacture of handling of inflammable or explosive substances, or be connected

³² Keller, *The Life Insurance Enterprise*, 8.

with the operation of or service upon steam railroads or sailing or steam vessels, or engage in the military or naval service of any kind except the militia when not in active service, or be engaged in or connected in any manner with the manufacture or sale of ale, beer, wine, or liquor . . .³³

These exclusions notwithstanding, it is unlikely that the urgency and moral intimidation with which the companies marketed policies bypassed the notice of the working classes, whose need for protection from loss mounted with the insecurities brought on by the modern era.

A Society Without a Core

In the later decades of the nineteenth century, a series of social and economic changes in the United States created a climate of sharply increased risk for a vast number of working Americans. In a fast-industrializing nation, relationships of community, family, and labor underwent rapid destabilizing changes. The country, as Robert Weibe once observed, was a society “without a core,” lacking “those national centers of authority and information which might have given order to such swift changes.”³⁴ Over a period of barely forty years the nation had experienced the Civil War, the Emancipation Proclamation and Reconstruction amendments, and the tumultuous surge of the industrial revolution. It also underwent an extraordinary shift of human demographics. Between 1840 and 1860 the urban population of the United States had doubled, but by 1910 it increased almost seven times over.³⁵ For most Americans, the fast-changing,

³³ *The Spectator Handy Guide to Standard and Special Life Insurance Contracts, non-forfeiture values and actuarial tables useful to the life underwriter* (1894 3rd edition), 241.

³⁴ Robert Weibe, *The Search for Order, 1877-1920*, (New York: Hill and Wang, 1967), 12.

³⁵ Weibe, *The Search for Order*, 174.

industrializing landscape brought a heady mix of opportunity and vulnerability, a mix that would increase the desirability of affordable insurance as risks and uncertainties expanded.

Modern life seemed fraught with hazards that had not troubled earlier generations. Crowded conditions and low wages resulted in high rates of illness, and the dangerous jobs available in the industrial sector fostered a large and expanding accident rate.³⁶ “Thousands of wage earners, men, women, and children, [are] caught in the machinery of our record breaking production and turned into cripples,” reported one observer. “Other thousands are killed outright.”³⁷ One observer estimated that at least 42% of railroad workers in the state of Colorado were injured on the job each year. Nationwide, one in three hundred was killed annually; among freight brakemen the death rate expanded to one in one hundred.³⁸ The accident rate in the United States was twice that of Europe.³⁹ The United States faced an accident crisis without equal—even in places undergoing similar industrial economic growth.

Restructuring the urban household around the family wage added another level of risk and insecurity to the lives of American workers. Where entire families had once worked together to share the tasks of agrarian life, they now looked to the family member most able to command a high salary or wage in an industrial economy (usually an adult

³⁶ See in particular Witt, *The Accidental Republic*, Chapter 3; See also Zelizer, *Morals and Markets*, Chapter 2, and Keller, *The Life Insurance Enterprise*, Chapter 1.

³⁷ Editorial, “Slaughter by Accident,” *The Outlook*, Oct 8, 1904, 78:359. The observer, John Fitch, wrote originally *The Surevey* in 1911, and is quoted in Rosner & Markowitz, “The Early Movement for Occupational Safety and Health, 1900-1917” in Numbers and Leavitt, eds, *Sickness and Health in American: Readings in the History of Medicine and Public Health* (Madison: University of Wisconsin Press, 1978, 1997), 467-481.

³⁸ Witt, *The Accidental Republic*, 3.

³⁹ Rosner & Markowitz, “The Early Movement for Occupational Safety and Health,” 468.

male), a reliance that placed an enormous financial burden on the one member of the household most likely to be injured or killed on the job.⁴⁰ The urban landscape complicated and sometimes even dissolved the family ties and social networks that had provided support in small villages and towns. Shut out of life insurance policies by the hazards of their trades, wage-earners created alternative structures. They turned to an older and less formalized technology for managing risk: cooperative and fraternal aid associations.⁴¹

Based on the principles of cooperation and reciprocity, cooperative societies worked to meet the social and economic needs of their members, doing so by pooling small amounts of money and large quantities of social dedication. Association representatives traveled door to door immediately after payday, collecting dues of five or ten cents from each member before the money could be devoted to other uses in the household economy. It was a system that recognized the hand to mouth existence of many industrial wage-earners, for whom low pay and towering expenses made it impossible to set aside savings. It also recognized the near-inevitability of at least one period of privation in the life cycle of any working family, for whom the nation's uneven

⁴⁰ Sophinsiba P. Breckenridge, *New Homes for Old*, (New York: Harper & Brothers Publishers, 1921), 34-5.

⁴¹ Fraternal associations, mutual aid societies, and benevolent associations are in fact slightly different types of organizations, but their structures and functions shade into one another in ways that are indistinguishable for the purpose of this paper, and I will use them interchangeably. As alternatives to life insurance, they accomplished similar goals and set comparable parameters for membership. See Walter B. Weare, *Black Business in the New South: A Social History of the North Carolina Mutual Life Insurance Company* (Chicago: University of Illinois Press, 1973), and John Fabian Witt, *The Accidental Republic: Crippled Workingmen, Destitute Widows, and the Remaking of American Law* (Cambridge, MA: Harvard University Press, 2004), for discussion of differences. For an excellent discussion of mutual aid and friendly societies in the United States, see David T. Beito, *From Mutual Aid to Welfare State: Fraternal Societies and Social Services, 1890-1967*, (Chapel Hill, North Carolina: University of North Carolina Press, 2000), chapter 1.

economic development made periods of dependence a normal fact of life.⁴² While many working class individuals would have refused as charity any help from outside of the immediate family, assistance from fraternal groups carried an element of reciprocity that eliminated stigma and strengthened social ties.⁴³ The protection thus contained a social element as well as the promise of economic safety, in that it shielded those in straitened circumstances from the humiliation of resorting to charity.

Between 1870 and 1920, more workers joined such associations than in any previous period in American history. The market for fraternal protection increased in size thirty times over; between 1880 and 1900, one in three workingmen belonged to a fraternal or mutual association. In 1895, workingmen's mutuals guaranteed over \$6.6 billion of insurance -- \$4 billion more than did the commercial insurers.⁴⁴ The sheer proliferation of such organizations may have been the most impressive feature, since many cooperatives maintained tiny memberships and dealt with small financial sums. It was a period during which mutual aid organizations served as the leading form of social insurance in the United States, a period that some scholars have called "The Golden Age of Fraternalism."⁴⁵

Nearly all segments of the working class found such structures desirable, but by nature and necessity the real power of fraternalism lay in their exclusivity. To prevent the

⁴² Michael B. Katz, *In the Shadow of the Poorhouse: A Social History of Welfare in America*, (New York: Basic Books, 1986), 10.

⁴³ Beito, *From Mutual Aid to the Welfare State*, 18.

⁴⁴ Witt, *The Accidental Republic*, 71-8.

⁴⁵ Brian Glenn. "Fraternal Rhetoric and the Development of the US Welfare State," *Studies in American Political Development*, 15 (Fall 2001): 220-233; See also William G. Lehrman, "Diversity in Decline: Institutional Environment and Organizational Failure in the American Life Insurance Industry," *Social Forces* 73:2 (1994): 605-635.

self-interested departure of low-risk individuals from the financial pool, fraternal associations found creative ways of fostering a sense of belonging. Often, they appealed to the American attraction to rituals. They created rites and taboos; they employed secret passwords, handshakes, and initiation ceremonies, and maintained stringent membership requirements.⁴⁶ This attention to patrolling the borders was an especially appealing attribute to those who looked to such societies as a social buffer against a hostile new environment – and many did.⁴⁷ One observer on New York City’s lower east side noted that his father “loved the ritual of the lodge meetings, the secret passwords, the gold and purple sashes and white gloves, the theatrical ceremonies.” House painting, the man’s profession, was drab, “but at night life became a wonderful lodge meeting.”⁴⁸ In the dangerous and uncertain urban climate, such gatherings offered security and a sense of belonging.

Focal points for organization seemed to exist in never ending supply; cooperative associations developed around ethnicity, religion, neighborhood, gender, trade, and a bevy of other commonalities. Once defined, however, associations strictly limited their mutual support to those on the inside – of social divisions as much as membership lines.⁴⁹

⁴⁶ John Fabian Witt, *The Accidental Republic: crippled workingmen, destitute widows, and the remaking of American law* (Cambridge: Harvard University Press, 2004), 72. See also David Bieto, *From Mutual Aid to the Welfare State: Fraternal Societies and Social Services, 1890-1967*, (Chapel Hill: The University of North Carolina Press, 2000), 5-16.

⁴⁷ Keller, *The Life Insurance Enterprise*, 10.

⁴⁸ Michael Gold, *Jews Without Money*, (New York: Carroll and Graf, 1930, 1996), 211.

⁴⁹ It is worth noting that while workingmen’s cooperatives and trade unions are historically and philosophically intertwined, in the late nineteenth century they often maintained a self-conscious distance from each other. The illegality of trade unions posed a threat to benevolent funds, which guarded their capacity to supply relief in times of crisis. Some avoided legal persecution by including clauses in their charters specifically disavowing any political activity. Trade unions, on the other hand, often found that the collection of dues for benevolent funds created a drag on membership by raising costs beyond the budget or caprice of its audience. Though separate, the two sets of organizations shared the border-patrolling

Native-born organizations excluded immigrants, immigrant groups barred other immigrant groups, most societies prohibited women, and almost all excluded blacks. The Ancient Order of United Workmen, for instance, often cited as the first American workingmen's cooperative, declared in its constitution that "only white male persons should be eligible to membership." The founders thought the clause important enough that they took the care of adding, "This provision shall never be altered, amended, or expunged." An 1891 survey of Connecticut mutuals found that 97% explicitly barred blacks from membership.⁵⁰

African Americans, quite naturally, supported societies of their own, oftentimes exceeding their white counterparts in membership and participation. This was true before emancipation and even more so after it. Historian C.A. Spencer notes, "The exigencies of hunger and illness and the dread of a pauper's grave soon produced a proliferation of benevolent societies which were dedicated to providing funds and services to sick and old members, and to families of deceased members."⁵¹ The necessity for such societies was particularly acute for African Americans, so much so that among fraternal circles, blacks came to be regarded as "joiners," as a people more likely to take advantage of the available opportunities and benefits of actively participating in society governance.⁵² A survey by the Society of Friends in Philadelphia found that one half of adult blacks in the city belonged to mutual benefit societies, often maintaining multiple memberships so as

mentality that kept their mainstream membership exclusively white and native-born, leaving African Americans and immigrants to create their own parallel structures.

⁵⁰ Witt, *The Accidental Republic*, 85.

⁵¹ C.A. Spencer, "Black Benevolent Societies and the Development of Black Insurance Companies in Nineteenth Century Alabama," *Phylon* 46:3 (1985): 251-261.

⁵² Beito, *From Mutual Aid to Welfare State*, 20-21.

to increase the amount of aid available in case of misfortune.⁵³ In communities steeped in hazards and protected with few tangible resources, mutual aid societies provided support that was immediate, personal, and materially invaluable, and numerous persons availed themselves of it to the greatest possible extent.

Whether organized for African Americans, immigrants, or native born Americans, all societies maintained similar practices with regard to burial, which comprised the central feature of most organizations. For those who fared poorly in life, honoring the dead constituted an obligation stronger than the threat of bankruptcy. Few shirked it, but the results could be financially devastating. To avert disaster, the majority of fraternal organizations provided burial benefits to the families of their members. Most benevolent associations required attendance at funerary rituals such as Shiva, wakes, and interment; some even provided parade dress, which added to ceremonial formality. The need for proper burial fueled the existence of fraternal organizations, and ultimately it would even help to bring respectability to the socially delicate sale of main-line life insurance policies.

Despite their popularity, fraternal aid establishments faced formidable financial risks which belied their safety and ultimately undermined their attractiveness. Lack of business expertise on the part of managers could make aid organizations financially vulnerable in the best of times, and periodic economic depressions destroyed many of the ones that were competently managed. In addition, fraternal organizations suffered greatly from a phenomenon known in insurance circles as “moral hazard,” whereby young and healthy individuals can afford to shun mutual aid associations, while the ill and badly-paid seek membership in large numbers. The danger of supporting such a lopsided constituency

⁵³ The survey is quoted in M. S. Stuart. *An Economic Detour: A History of Insurance in the Lives of American Negroes*, (New York: Wendell Malliet and Company, 1940), 6.

could threaten a mutual aid society with ruin. Some fraternalists dealt with bankruptcy by ceasing pay-outs until the situation improved; many folded altogether, taking with them the contributions of dedicated members, much to the horror of their clientele. A stronger, more reliable model was needed for the many thousands of American workingmen whose financial lives teetered one injury or episode away from disaster.

Traits

In some respects, the ideology of life insurance during the late 1900s differed as much between the affluent and working class whites as it had between slaves and aristocrats at the beginning of the century. Even in their successes, the two remained stratified. The non-profit aid organizations of the working class existed to fill modest but important demands: proper burial, care, and a modicum of financial safety. They responded to basic needs so pressing that where associations did not exist or could not be joined, communities created them. The institutions of the wealthy, in contrast, derived from the desire of their clients for status and the security of goods. Insurers strengthened demand for their product with varied contracts and clever advertising methods. At base, the resources and motivations that the two groups brought to the venture were perfect opposites. The spirit of group achievement governed the fraternal associations; the spirit of the individual achiever dominated the life insurance industry. The solidarity of workers allowed them a certain cooperative capital, which they invested in part to steady their struggling financial resources. The wealth of the upper classes endowed them with strong financial resources, which they invested to safeguard their comforts and their social standing. The result was two vastly different systems, and a gap between them that

structured the development of the industry in its biggest era. The continuing tensions between the poor or “undesirables” and mainline companies persisted even as the commercial insurers moved from denigrating the fraternalists and their clientele to co-opting their rhetoric and poaching their policy-holders. Even then, however, African Americans remained outside the scope of the “lives” the commercial insurance industry accepted as valuable enough to insure.

The philosophy of life insurance underwent a shift in late nineteenth century, one that would eventually make some forms of commercial insurance available to blacks, if only for a short time. A changing economy and post-war urbanization helped to move the locus of social anxieties from the moral to the financial, and the vision that mainline insurers projected of themselves shifted accordingly. This rhetorical shift also helped to alter the conception of the “good death,” which life insurers imbued not merely with moral significance but with financial importance, as well. Insurance advertisements rarely dwelled on the spiritual aspects of loss and death, except insofar as ownership of a policy offered the dying himself the peace of mind with which to face death more comfortably. Instead they focused on the financial ramifications to the estate. Life insurance fit neatly within an increasingly rational, formalized set of practices around death. Professional undertakers and the formalization of estate planning trace their roots to the nineteenth century. In cities and among the well to do, death took on the contours of a major financial episode, and life insurance offered services to contend with it.⁵⁴

This worldly and secular approach made convincing claims about the protective benefits of insurance, and it also appealed to the ideology of American classlessness,

⁵⁴ Zelizer, *Morals and Markets*, 43, 56.

whereby the property of the rich could belong to the poor through hard work and sound investment. Less privileged families continued to purchase insurance in the only form it was available to them, but the demand for main-line insurance had been seeded in the working class, blacks as well as whites. The desire to safeguard earnings in a precarious economy, to increase them through sound investment, and to live (and die) in a manner that suggested affluence, constituted a major component of working class ambitions. As the 20th century approached, the rising middle class would increasingly seek access to the benefits of mainline insurance. In the meantime, however, their earnings restricted them to the self-insurance plans available through fraternal and mutual aids.

Yet these institutions were always innovating. In 1868, an adaptation within one of these mutual aid societies made policies of life insurance available to workingmen for the first time, albeit in small amounts. The Ancient Order of United Workingmen (AOUW), founded in that year, offered privileges that extended beyond burial arrangements to the provision of actual insurance. Death benefits consisted of approximately \$1000, and their availability catapulted the AOUW into popularity. By 1902, the group had more than 450,000 members, and hundreds of other organizations had added life insurance to their roster of benefits. Hundreds more sprang into existence specifically to provide such protection.⁵⁵ Dollar by dollar, industrial workers contributed dues and assessment fees to societies that safeguarded not only their burial but also their earnings.

The tremendous allure of this market captured attention not just from the wage earners who invested in it but also from the commercial insurance firms, to whom it

⁵⁵ Beito, *From Mutual Aid to Welfare State*, 12-14.

represented both a brilliant innovation and a dangerous form of competition. Half of all life insurance in the United States was on the fraternal plan by 1895.⁵⁶ To the mainline companies, the fraternal market segment was coming to represent a fantastic new source of revenue, and its popularity among wage earners would not go unchallenged for long.

“The Element of Evolution”

The industry represented an enthusiastic adherent to the doctrine of “progress” and “advancement,” and by the late nineteenth century had come to steer significant aspects of their corporate strategies by it. “Whatever has the element of evolution in it lives,” celebrated an 1890 editorial in the *Insurance Times*. “Only so far as the principle of insurance is capable of development is it entitled to continued existence.”⁵⁷ Titans such as John D. Rockefeller and Andrew Carnegie joined in the chorus of support. “The growth of large business is merely a survival of the fittest,” reported Rockefeller in a Sunday School address. “This is not an evil tendency in business. It is merely the working-out of a law of nature and a law of God.”⁵⁸

Ever a man of the moment, Rockefeller’s comments reflected the powerful optimism of a strain of late-century scientific thinkers, who believed the workings of the natural world were pattern-based and quantifiable, and could be used to model society in the same way that they modeled the laws of physics or chemistry.⁵⁹ By charting the

⁵⁶ Beito, *From Mutual Aid to Welfare State*, 14.

⁵⁷ *Insurance Times*, 23 (1890), 555.

⁵⁸ Rockefeller is quoted in Richard Hofstadter, *The Age of Reform: from Bryan to FDR* (New York: Vintage, 1955), 45

⁵⁹ Descended from the enlightenment-era philosophes who identified a mechanized universe from Isaac Newton’s law of gravity, seventeenth and eighteenth century theorists embraced Baconian empiricism to

patterns of the natural world, observers believed they could discern a moral and orderly rule of life. The possibilities were breathtaking: observed facts would deliver a window on all social order; nature's grand plan could be established through irrefutable laws. The hope of such insight had long inspired scientific thinkers. In an 1850 *Report of the Sanitary Commission of Massachusetts*, one statistician wrote, "Could we see clearly the operation of cause and effect, we should see laws wisely administered in every event that takes place in the universe."⁶⁰ By the dawn of the gilded age, it seemed that these ideals were coming true. Scientific discourse was embracing a quantitative mentality that used the precision and objectivity of numbers to turn theory into fact, and guesswork into science.

Within the American life insurance industry, these ideals were best expressed through the use of mortality tables, which had been required by the business since 1868 and from which commercial firms subsequently derived enormous social authority. By charting the average number of deaths per life-year of the population, life tables demonstrated the "laws of mortality," which insurers argued were so fact-based as to make the accuracy of company-calculated premiums and benefits irrefutable. Those who came to study the mortality tables agreed on the stability of their predictions, and their utility in the market. The establishment of laws of mortality placed insurance on a newly stable footing. One journalist observed that "life insurance has been a science" that

identify – through observation and counting – the lawfulness of the natural environment. In both the United States and in Europe, observers gathered statistics about population size, births, morbidity, and mortality. Figures such as John Graunt and Edmund Halley had been shaping life tables since the late seventeenth century, but by the mid-nineteenth century a new era seemed to have dawned in which the laws of nature and science would be truly revealed.

⁶⁰ Lemuel Shattuck is quoted in Barbara Rosenkrantz, *Public Health and the State: Changing Views in Massachusetts, 1842-1936*, (Cambridge: Harvard University Press, 1972), 10.

“could not possibly fail... An accurate mortality table, common honesty, and good executive judgement – with these as capital no life insurance company could possibly collapse.”⁶¹

Studies in political arithmetic published in Europe helped along the shift toward life tables by establishing a means of attaching economic worth to the scientifically-charted life stages of a wage-earner. Touched off by the 1876 writings of British statistician William Farr, such writings enabled a socially-acceptable manner of assessing the worth of non-slave individuals.⁶² Subsequent publications in England and Germany expanded on the insurable value of individuals. While attempts to evaluate the sentimental value of a person had generally proven futile, the costs incurred and wealth generated at each point in the human life cycle were in fact quite calculable, and yielded a straightforward numerical picture of a nation’s political economy. “There is no novelty in the idea of setting a price on a human individual,” remarked Louis Dublin and Alfred Lotka, statisticians for the Metropolitan Life in 1930.⁶³ For over half a century, the central innovation of the industry that employed them had been the utilization of modern political arithmetic to place financial value on the earnings of free labor.

Insurers rapidly adopted these calculations, using them to bolster a new rhetoric of risk that appointed value not to the family patriarch, but to the patriarch’s *wages*. The shift helped to move the onus of insurance from the hallowed to the worldly, vastly increasing its acceptability among affluent Americans. To the wealthy, the money value

⁶¹ Burton Hendrick, “The Story of Life Insurance,” *McClure’s Magazine* (1906).

⁶² William Farr, “Vital Statistics” *39th Annual Report of the Registrar- General of Births, Marriages, and Deaths for England and Wales*, 1876.

⁶³ Louis Dublin & Alfred J. Lotka *.The Money Value of a Man*, (New York: The Ronald Press Company, 1930), 18.

of slave lives would have been a familiar fact of economics, and the financial valuation of free (or white) lives would have been correspondingly anathema. Political arithmetic, however made clear that while the value of the head of the household was not to be interpreted economically, the wages delivered in support of the family could be easily quantified. It was they, not he, which insurance guaranteed.

The use of scientific life-tables conferred bragging rights that extended beyond the claim of actuarial certainty; they also offered heretofore unattainable levels of efficiency to the business, an aspect that carried great appeal within the increasingly bureaucratic mindset of the Progressive era.⁶⁴ Historian Samuel Haber has noted that the years surrounding the turn of the century “gave rise to an efficiency craze – a secular great Awakening.” During this period, adherents preached the benefits of efficiency to all who would listen, from business professionals, to teachers, and doctors, to workingmen and housewives. Even preachers received the sermons.⁶⁵ Efficiency in the Progressive Era connoted competence and objectivity. Its benefits touched on several realms, promising what seemed like direct, bare-bones productivity in each one. As a personal attribute, efficiency implied discipline. As a feature of mechanics, it referred to the energy input-output ratio of a machine; as a matter of commerce it connoted a similar input-out ratio of dollars. As a social feature, efficiency referred to a system of social harmony achieved through leadership of the “fit” and the “competent.”⁶⁶ Like other natural laws, it was said that the laws of efficiency could be derived from studied

⁶⁴ Weibe, *The Search for Order*, 153.

⁶⁵ Samuel Haber, *Efficiency and Uplift: Scientific Management in the Progressive Era, 1890-1920*. (Chicago: The University of Chicago Press, 1964), ix.

⁶⁶ Haber, *Efficiency and Uplift*, ix.

observation. Like those laws, they would be unbiased, their impartiality implying an inevitability that resonated with the doctrine of progress.

The ideology of business that came to ascendancy during the gilded age incorporated a doctrine of progress that equated profit with evolution, and which acted as one of the key imperatives behind the expansionist policies and cutthroat business practices that came to be the hallmark of the industry during the Progressive Era. Notions of progress also infused the philosophy by which the companies described and marketed their policies. In the rhetoric of the marketplace, the replacement of social contracts with business ones represented a new level of civilization; it represented a freedom from the transient, unsteady trust relationships of an earlier day due to the creation of more rational, secular conventions. The *United States Insurance Gazette* boasted that the use of life contracts, “raises the entire level of society . . . and confers new dignity upon the human race.”⁶⁷ The incorporation of science into life insurance contracts meant that rather than representing a source of risk, the market now came to be a buffer from it, a source of safety. With the advent of late-century life insurance, security itself could be purchased for a simple premium fee.

The insurance industry in this era displayed many strengths, craftiness above all else. Compelling sales appeals made up an important piece of the corporate strategem, but beyond them lay a fount of clever, ruthless, cunning that came to characterize all the major companies, and which seemed to know no limits. Insurers took the values of competitive survival to their logical extreme, challenging anything that seemed to impede their access to profit: regulation, their claimants, and especially each other.

⁶⁷ “Life Insurance,” *United States Insurance Gazette* 27 (June 1868): 82.

Many of their acts were brazen, earning them notoriety and the publicity of scandal. In the absence of non-forfeiture clauses, for instance, policyholders who failed to meet billing deadlines lost the value of their entire policies. Companies were said to take advantage of this vulnerability by absorbing the payments of their forgetful clients into their already-ample profit margins. One chronicler described: “Members forgot the day of payment; and would wake up, a week or so after, and find that the savings of years had been swept away.”⁶⁸ Customer absentmindedness and unpunctuality proved so lucrative that insurers encouraged the habit. Policies included rigid payment deadlines – 12 noon at a certain date – and refused to tolerate the interference of any exigency, including illness, slow mails, or even passengers or crew detained at sea. Some insurers dispatched agents to spread vicious gossip smearing their own company’s reputation, frightening policyholders into forfeiture. Enormous sums could be recouped from these practices. One 1906 muckraker article reported that Mutual Life reaped a fortune during the Civil War when southern customers forfeited their policies, and during the 1860s was rumored to have paid all its own expenses based on lapses.⁶⁹

Devious practices earned the insurance industry an appalling reputation, but failed to damage sales. The solvency of the industry (whose larger companies flourished even through the depression of the 1870s), the fearsome prospect of finding oneself unprotected in an emergency, and the lure of a lucrative investment kept pocketbooks open even while their owners cursed the business. Corporate leaders of the late nineteenth century insurance field were educated, vocal, and articulate, commanding respect as

⁶⁸ Hendrick, “The Story of Life Insurance,” 165.

⁶⁹ Hendrick, “The Story of Life Insurance,” 52.

much through their polished appearance as through their business abilities.⁷⁰ The political and public relations sophistication of the industry's managerial elite helped to mollify its doubters and detractors. By the mid 1870s, the three largest companies – New York Life, the Equitable, and Mutual Life – had expanded into a corporate oligopoly which dominated sales in the cities of the northeast United States and maintained impressive reputations worldwide. Smaller competitors and new ventures would have to carve out their own niches in the field. And they did.

An Industrial Model

In 1875, young businessman John F. Dryden successfully evaded the stranglehold of the “big three” by founding a company whose market share consisted of the long-neglected, vast, and relatively untapped industrial working class. Dryden's company, the Prudential, peddled “Industrial” policies at prices that ordinary workers could readily afford. Agents went door to door on payday collecting premiums of between three and ten cents for policies worth about \$100.⁷¹ Such tiny sums did little more than cover the cost of burial for the insured, but the threat of injury and death dogged working class life, and funerary costs for any member of the family might bankrupt the entire household. “Since death is likely to happen to any member of the family,” noted Dryden, “and since the burden of funeral expenses would fall equally on the survivors, a small policy of insurance on the life of every member is evidently, for this object, a better provision than

⁷⁰ Keller, *The Life Insurance Enterprise*, 24.

⁷¹ Marquis James, *The Metropolitan Life: A Study in Business Growth*, (New York: The Viking Press, 1947), 55.

a large sum upon a single life.”⁷² Knowing this, Prudential sold policies to all comers: women and children as readily as men, white, immigrant, and black, a practice that increased commerce substantially. Industrial insurance dealt literally in nickels and dimes, but the sheer volume of sales turned a profit for Prudential, and inspired companies such as John Hancock and Metropolitan Life to develop industrial branches of their own before the year was out.


Industrial insurance – which combined the small-scale financial model of the fraternal with the corporate hierarchy of mainline insurance -- competed directly with the working-class mutual aid societies, but the contest proved one-sided. The polish, prestige, and in particular the scientific rhetoric of the commercial companies made them enormously attractive to the poorer sector. Moreover, participants of mutual aid societies found the logic of family insurance to be familiar and unobjectionable.⁷³ Agents pitched many of their solicitations to housewives, whom they believed to be more sentimental than men, and whom they often persuaded to take out policies, sight unseen, on every member of the family.⁷⁴ In many wage-earning homes, commercial insurance came to coexist with or else to replace the older, less formal forms of fraternal aid.

To its champions, industrial life insurance was stronger, more bureaucratic, and more reliable than mutual aid. It harnessed the late nineteenth-century ideology of

⁷² John F. Dryden, *Addresses and papers on life insurance and other subjects*, (Newark, N.J: The Prudential insurance company of America, 1909), 10.

⁷³ As noted, affluent Americans would have found the purchase of policies for women and children – whose earning power in the cash economy was small to negligible – to be morally suspect.

⁷⁴ Taylor *The Social Cost of Industrial Insurance*, 41. Women outnumbered men as industrial policyholders by the early twentieth century. See Witt, *The Accidental Republic*, 76.



METROPOLITAN

Life Insurance Company,

HOME OFFICE:
NEW YORK CITY.

INCORPORATED AS A STOCK COMPANY
BY THE STATE OF NEW YORK

In Consideration of the payment of the premium mentioned in the schedule below, on or before each Monday, Doth Hereby Agree, subject to the conditions below and on page 2 hereof, each of which is hereby made a part of this contract and contracted by the assured to be a part hereof, to pay upon receipt of proofs of the death of the insured made in the manner, to the extent and upon the blanks required herein, and upon surrender of this Policy and all Receipt Books, the amount stipulated in said schedule. Provided, however, that no obligation is assumed by the Company prior to the date hereof, nor unless on said date the insured is alive and in sound health. The Company may pay the amount due under this Policy to either the beneficiary named below or to the executor or administrator, husband or wife, or any relative by blood or connection by marriage of the insured, or to any other person appearing to said Company to be equitably entitled to the same by reason of having incurred expense on behalf of the insured, or for his or her burial; and the production of a receipt signed by either of said persons shall be conclusive evidence that all claims under this Policy have been satisfied.

Name of beneficiary and relationship to the insured,

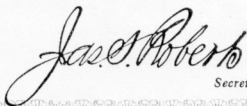
Elizabeth Harrison, mother.

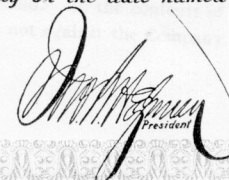
SCHEDULE ABOVE REFERRED TO.

Number of Policy Sample	Date January 1, 1908	Name of the Insured James Henry Harrison
Age next birthday, 35 years	Weekly premium 10 cents	Amount of insurance \$122

One-half only of the above sum payable if death occur within six calendar months from date, and the full amount if death occur thereafter.

In Witness Whereof, the said Metropolitan Life Insurance Company has, by its President and Secretary, signed and delivered this Policy on the date named in the said schedule.


Secretary.


President.

Adult Whole Life.
Paid up at age 75.
Non-Participating.
Form 844. Ed. 1-1907.

*A sample industrial policy for the Metropolitan Life.*⁷⁵

⁷⁵ *The Metropolitan Life Insurance Company: Its History, its Present Position in the Insurance World, its Home Office Building and its Work Carried on Therein*, (New York: The Metropolitan Life Insurance Company, 1908)

progress; it had no element of quaintness. “This is a business done in a business-like manner,” stated one supporter. “Each one pays his share and does so because it is for his interest to do so.”⁷⁶ Promoters of industrial insurance appealed strongly to the “scientific” foundations of their commercial business. “It is upon the science of mathematics that the science of insurance rests,” explained one company statistician, expressing a conviction that harmonized well with the practices and outlook of Progressive-era business, and allowed Industrial insurers to claim managerial superiority over their non-scientific counterparts, mutual aid associations.⁷⁷

Happy to lure more customers away from informal aid and into the commercial market, industrial companies re-described the manner in which fraternal managed risk in such a way as to make fraternal aid appear to be more hazardous than it was protective. Playing on the aspirations of the rising middle class, and on the ideology of progress and civilization, insurers disparaged fraternal associations as backward, un-businesslike, and unsteady – a series of traits that commercial insurers claimed to have conquered through their own mathematical and contractual elegance. Industrial insurance personnel alleged that fraternal had “small regard for the contract or business nature of its implied obligations.” Prudential statistician Frederick Hoffman called the practices of fraternal aid associations “weak and inherently false” because they charged all members the same premium. “Unless the laws of human mortality, of sickness and finance are properly recognized and rigorously applied,” Hoffman asserted, insurance ventures were doomed to fail. Anyone familiar with the science of life insurance, he claimed, would agree that

⁷⁶ Quoted in Zelizer, *Morals and Markets*, 112.

⁷⁷ Hofstadter, *The Age of Reform*, 44.

fraternal aid was an irresponsible indulgence.⁷⁸ In 1898, Haley Fiske, vice-president of Metropolitan Life, was even more hostile to the practice, pronouncing fraternal societies to be “extravagant, unsafe, unfair, and full of abuses.” Organization meetings, he claimed, were characterized “mainly by the amount of beer consumed.”⁷⁹

To further convert the industrial clientele to the purchase of commercial policies, agents and advertisements spread gossip intended to erode the trust that wage-earners had placed in their mutual aid societies. “Countless millions of hard-earned money have been sunk in Fraternal Orders or other forms of workingmen’s insurance associations, for which neither a fraternal or financial return has ever been made,” they cautioned.⁸⁰ The depression of the 1870s, they pointed out, had destroyed many of the smaller insurers. In truth, commercial insurance firms undergoing such trials had failed at comparable rates, but the besieged fraternalists lacked the marketing machinery with which to broadcast this fact in their own defense. Taking aim at their competitors, Industrial personnel announced that fraternalists had proven financially vulnerable due to lack of business expertise, the moral hazard caused by the departure of able-bodied members, and the vicissitudes of the economy. By focusing on the risks faced by fraternal organizations, industrial firms attempted to create an association between fraternal aid and loss itself, casting the brotherly aid associations as yet another of the unfortunate hazards faced by workingmen in the modern world.⁸¹

⁷⁸ Frederick L. Hoffman *History of the Prudential Life Insurance Company of America* (Newark: Prudential, 1900), 7.

⁷⁹ Haley Fiske, “Industrial Insurance,” *The Charities Review* (March 1898).

⁸⁰ Hoffman *The History of the Prudential*, 7.

⁸¹ Powerful competition existed between the commercial industrials, as well, resulting in some noteworthy shenanigans. To out-sell Dryden’s Prudential, the Metropolitan’s president dispatched an employee to

This was effective. Those members who had experienced the trauma of losing years of contributions to bankrupt mutual aid societies proved eager to place their earnings into the promise of a more stable venture.⁸² “The usual appeal to the emotions, feelings, instincts, and habits of prospective purchasers,” noted one onlooker, “strikes an even more responsive chord in the bosom of a class which desires, above all else, security.”⁸³

Industrial insurance maintained the added competitive advantage of having dispensed with the social restrictions of the fraternal, at least at its inception. The drive to efficiency required innovation. As part of the tactic to sell policies in volume, industrial insurance eliminated the requirement of a medical inspection, an omission that saved money by dispensing with doctors’ fees. It also attracted a segment of workingmen who had been excluded from cooperative insurance plans due to the health screenings conducted by those organizations. The removal of medical exams attracted enough sales that it largely recouped losses made from insuring “unhealthy risks.”⁸⁴

England to recruit personnel directly from the British Prudential. The company ultimately hired 544 Englishmen, paying relocation costs for all of them (as well as for 757 dependents), in the hopes that their presence and skills would outweigh the capacities of the Prudential. Despite the high hopes of the Metropolitan, barely a handful of the British agents ever solicited business for the company. Many were apparently more interested in free passage across the Atlantic than they were in peddling insurance. Notations in company records included statements such as “Never worked,” “Dead beat,” and “Absconded with Collections.” See James, *The Metropolitan Life*, 77-78.

⁸² One estimate placed the financial losses of mutual aid associations in the 1870s at \$35 million. Beito, *From Mutual Aid to Welfare State*, 13.

⁸³ Taylor, *The Social Cost of Industrial Insurance*, 41, 81.

⁸⁴ The absence of the medical exam turned out to be periodic. Various industrial companies experimented with requiring one at different times. Even when required, exams tended to be cursory; companies paid examining physicians only half the fee required for inspection of ordinary applicants, and accepted insurance issued by other companies as proof of health. Often the exam was simply a way of determining the honesty of agents, who occasionally wrote fictitious business (paying the first premium themselves) in order to collect a commission. Studies found that in any case the selective advantage of examining applicants disappeared within two years of accepting an insurance contract.

The bare-bones structure of industrial insurance thus identified the business as among one of the strongest adherents to the efficiency craze. Rejecting social rituals and ethnic exclusions, Industrial insurers extracted the single most important prerogative of the mutual aid societies (burial costs) for use in a business contract which, modeled on those available to the elite, contained only one condition: payment. With the availability of insurance reduced to matter of revenue divorced from social standing, industrial policies represented the first insurance accessible to both African Americans and whites, an equality that lasted for approximately six years, from 1875 to 1881.

Members of the working class bought into industrial policies in numbers that surprised even Dryden. Within less than a year, wage-earners by the thousand had purchased policies. Between 1876 and 1880, the amount of industrial insurance in force rose from \$400,000 to over \$19 million.⁸⁵ A rising middle class of African Americans proved especially eager to purchase industrial insurance, a development that directors of industrial firms had failed to foresee, but which evidence suggests would have struck black mutual aid groups as unsurprising. When fraternal organizations began to offer life insurance policies, African Americans bought the protection in unusually high numbers.⁸⁶ In contrast to traditional fraternal aid, life contracts held out the potential of higher economic returns, and offered a form of security that was simpler and less expensive. To fund the pageantry and rituals of social solidarity, brotherly aid associations often demanded extra payments in the form of added taxes and fees, a practice for which

⁸⁵ Taylor, *The Social Cost of Industrial Insurance*, 27.

⁸⁶ Contemporary surveys indicated a strong correlation between ethnicity and the acquisition of life insurance. While between 75 and 85% of most groups purchased policies, black insurance rates were often much higher. A 1917 study of black migrant families in Philadelphia indicated that 98% held life policies. In Chicago, nine in ten families did so. See Beito, *From Mutual Aid to Welfare State*, 24-25.

African American were particularly notorious. One observer noted that members of black societies could expect to pay “joining fees, local dues, grand lodge dues, supreme lodge dues, endowment assessments, extra assessments now and then, general expense taxes, pass-word taxes, educational taxes, building taxes, initiation fees, grand lodge degree fees, supreme lodge degree fees, and special fees which conferred "the *right* to run for any supreme lodge office.”⁸⁷ Many of these extra costs were the result of catering to a population afflicted with a particularly heavy burden of risk. The billing austerity of a commercial policy could be quite seductive when compared to such an assessment schedule.

Yet despite the claims of industrial insurers that their firms could peddle to all comers, the solvency of the companies still depended on the exclusion of certain individuals. Insurers took pains to avoid selling policies to individuals who seemed manifestly more likely to die before enough premiums could be collected to justify the cost of doing business. In conformity to their carefully-cultivated insurantal imaginary, they also took care to exclude those whose social position presented a threat to the political construction of the risk pool; that is, they sought to reject those whose status contradicted the ideals and values that the firms sought to symbolize.

As dedicated apostles to the notions of competition and advancement, insurers steered significant aspects of corporate strategy by the ethos of social progress, an approach that included powerful adherence to the era’s shifting racial thinking. Firms advertised their product as one that would fulfill numerous social goals. It was a moral obligation, a scientific innovation, a social responsibility, an economic efficiency; most

⁸⁷ The observer is quoted in Stuart, *An Economic Detour*, 14.

of all the purchase of a policy could provide a source of uplift for the downtrodden. One company officer declared Industrial insurance, “the most beneficial social institution which has been developed by the genius of man.”⁸⁸ But the circle of munificence stopped short at inclusion of African Americans.

At the turn of the century, popular ideas about race rapidly transformed a somewhat abstract social Darwinism into a set of eugenic theories intended to more directly guide social realities. Numerous turn-of-the-century tracts stipulated minority racial groups to be not only inferior but also barriers to progress, a progress which was explicitly pecuniary.⁸⁹ “Because such traits as thriftiness, intelligence, and the willingness and ability to work were all thought to be distributed unequally among the races, race became a significant economic variable and came to play an important role in many economists’ analyses,” writes economist Mark Aldrich.⁹⁰ Despite their financial capacity to purchase policies, executives within mainline firms felt that the social status of African Americans was incompatible with the primary market the Industrial insurers

⁸⁸ Frederick L. Hoffman to John F. Dryden; 28 February, 1906; Frederick L. Hoffman papers; Box 1; Rare Book and Manuscript Library, Columbia University Library. Hereafter, FLH Collection.

⁸⁹ The doctrine of progress held that change was occurring – and for the better. As J.B. Bury wrote in 1932, the idea of progress “means that civilization has moved, is moving, and will move in a desirable direction.” By the nineteenth century, some thinkers took this to imply that the perfectability of man may not only be possible, but was in fact inevitable. Herbert Spencer remarked in 1864: “The ultimate development of the ideal man is logically certain – as certain as any conclusion in which we place the most implicit faith; for instance that all men will die... Progress, therefore, is not an accident, but a necessity. Instead of civilization being artificial, it is a part of nature; all of a piece with the development of the embryo or the unfolding of a flower.” In its inevitability, progress itself could be considered one of the laws of nature, not to be blocked or tinkered with by the hand of man. See JB Bury, *The Idea of Progress: An inquiry into its origin and growth*, (New York: Dover, 1932). Spencer is quoted in Richard Hofstadter, *Social Darwinism in American Thought* (Boston: Beacon Press, 1944), 40.

⁹⁰ Mark Aldrich, “Progressive Economists and Scientific Racism: Walter Willcox and Black Americans, 1895-1910,” *Phylon*. 40:2 (Spring 1979); 2.

were seeking to attract, and in 1881 Prudential executives took steps to exclude this group.

In accordance with company interests, the actuarial department cast African Americans as an unjustifiable actuarial hazard, and established new guidelines intended to steer agents away from such clients. The practice of articulating “risk profiles” to delineate potentially unprofitable groups was somewhat common among insurance firms, though it was unusual to exclude a native-born population solely on the basis of race. Most ratings focused instead on habits of life, geographic location, industrial occupations deemed particularly dangerous, such as boiler-makers and railroad workers.⁹¹ One survey recounted, for instance:

Agents are instructed not to solicit business from persons who occupy unhealthful quarters or who live in an unsanitary environment. The prohibition extends to persons who are inmates of charitable institutions or who are known to be in receipt of public or private relief. Applicants who are poor moral risks, such as those of intemperate habits, users of drugs, inmates of houses of ill fame, or those engaged in the manufacture or sale of intoxicating liquors, are not to be considered.⁹²

Many of these exclusions contradicted the stated purpose and values of industrial insurance itself. By excluding those who worked at injurious occupations, for instance, so-called workingmen’s insurance disqualified an extraordinary number of actual workingmen. The exclusion of so many categories of people doubtless caused the rejection of numerous souls whose long lives and material prosperity would have enriched a life insurance company, but the exigencies of efficiency minimized the importance of such contradictions for insurers such as the Prudential. Risk profiles

⁹¹ Some companies also composed more whimsical lists, citing acrobats, aviators, drivers of racing cars, jockeys, prize-fighters, members of submarine crews, and wrestlers among those ineligible for insurance. Taylor, *The Social Cost of Industrial Insurance*, 60.

⁹² Taylor, *The Social Cost of Industrial Insurance*, 59-60.

compressed the salient information about a potential applicant into the single criterion of “risk.” Six years after the launch of industrial insurance, African Americans found themselves excluded from commercial insurance because, as the Prudential would later argue, their status as “poor moral risks” made them actuarial hazards too dangerous to insure. African Americans, the company would claim, not only displayed “intemperate habits;” their very racial make-up ensured biological degeneration. The group would soon fall prey to the apotheosis of biological risk: extinction.

A Policy of Uplift?

In 1881, the Prudential had announced its plan to reduce life benefits to African Americans by a third, though black policyholders would continue to pay the same premiums as whites. A memo from John F. Dryden cast the decision as purely economic and scientific. “Under adult policies the sum assured will be one-third less than now granted for the same weekly premium ... *these changes are made in consequence of the excessive mortality prevailing in the class above named; they do not apply to other persons.*”⁹³ Citing elevated mortality rates among blacks, company officials insisted that its decision was “equitable” and based “solely on the basis of facts.” The high cost of doing business with blacks, they claimed, damaged finances so badly that it threatened to drive up the cost of premiums for whites. Although the inequity played out on the basis of race, spokesmen insisted that it was the inherent (if unfortunate) inferiority of blacks that caused their elevated mortality, a quality beyond the control of either Prudential or African Americans. “The color line is not drawn simply because the applicants are

⁹³ [italics original] Memo from John F. Dryden, 10 March, 1881. In Hoffman, *History of the Prudential*, 137.

Negroes – the world is too progressive for that,” assured the medical director of the Prudential. By that very rationale, to deny the company the right to acknowledge and plan for the constitutional defects of African Americans was itself a grave injustice. Editorials in the insurance press vigorously defended the company’s position. “Fire insurance companies are not prohibited from charging higher premiums on frame than brick or stone-built properties,” asserted the *Indicator*, a popular insurance periodical, “and yet they are in just the same position as life assurance companies.”⁹⁴ By the end of the year, Mutual Life followed Prudential’s example and also reduced benefits to black policyholders.⁹⁵

African American policyholders responded vigorously to the companies’ discrimination. Many dropped their coverage; others demanded that companies reduce the premiums by a third, commensurate with the reduction in benefits. Few seemed willing to accept that exclusion was a scientific mandate, as the company claimed, and several prominent voices demanded that the firm at least be forthright about the nature of its discrimination. The Prudential “is not anxious for the colored patronage,” observed the editor of a black newspaper in Philadelphia. “If so, they should come out and say, or else in justice to the large number of faithful applicants of color, reduce the amount of weekly dues.”⁹⁶

In an attempt to have the decision reversed, African Americans with political ties in New Jersey lobbied their allies in public office, a tactic that had met with success when

⁹⁴ Editorial, the *Indicator*, February 5, 1891, Quoted in Hoffman, *History of the Prudential*, 185.

⁹⁵ James, *The Metropolitan Life*, 338.

⁹⁶ “Equity in Life Insurance,” *The Christian Recorder*. Philadelphia, PA, Dec. 12, 1889.

used previously in other states.⁹⁷ In 1884, the Massachusetts legislature had passed an anti-discrimination law forbidding the custom of providing fewer benefits for the same premiums between black individuals and white. Connecticut passed a similar law in 1887, as did Ohio in 1889, and New York in 1892. In New Jersey, Prudential's home state, African American interest groups pushed aggressively for the passage of anti-discrimination laws, and by 1893, the state legislature had debated such bills nearly every year for a decade. A measure finally passed in the spring of that year, only to face the veto of Democratic Governor George Werts.⁹⁸ In his veto message, the governor stated that the open market had ample capacity to solve any ratings inequalities that might exist. "If there be companies that do discriminate, the competition of the others will soon compel an equalization of rates, unless such discriminations be founded upon substantial grounds," he remarked.⁹⁹ The market, presumably, could be relied upon to be more objective and therefore more fair than the New Jersey Senate.

Residents of New Jersey felt differently. "The veto is a direct insult to every colored person in the State of New Jersey," stated a letter to the *New York Times*.¹⁰⁰

⁹⁷ In the late 1900s, enfranchised African Americans formed a small but persuasive voting bloc, one that met particular success in states where large immigrant populations could be roused by arguments emphasizing equality for the oppressed. See Frances E. Scher. *A Survey of the Development and Early History of Civil Rights Legislation in New Jersey During the Nineteenth Century*. MA Thesis, Columbia University, 1956.

⁹⁸ Among his reasons for the veto, Werts filed a letter from a Prudential actuary detailing the comparative mortality between blacks and whites. The actuary, John B. Lunger, presented dire death rates from principal southern cities, noting in his letter that figures from the north would be even more dismal due to African Americans' inability to weather the colder climate.

⁹⁹ "Colored Persons Poor Risks: Why Gov. Werts vetoed the No-Discrimination Insurance Bill," *New York Times*, 24 April, 1893.

¹⁰⁰ The author pointed out the flaws in the statistical logic enumerated in the letter that Werts filed with his veto. In claiming that the black death rate in the south exceeded the white, the Prudential actuary had ignored the violence and lynchings perpetrated against African Americans. "The idea of any sensible man going to the Southern States for information in regard to natural death of colored people [is ridiculous]." Furious at the governor's blindness to the effects of such racism, the author concluded: "If he wishes to

Partisan politics and a series of scandals further diminish the governor's power and credibility. Within a year the statute arrived on the floor again, this time to be passed over the governor's veto on May 3, 1894.¹⁰¹

Prudential responded to the law with the barest form of capitulation. To avoid illegal discrimination in rates, it called for the cessation of all sales to African Americans. "In the states where such legislation is enacted... its agents are forbidden to canvass for such applications, and no commissions whatever are to be paid on premiums collected from colored persons," wrote company vice president Leslie Ward to the *Indicator*. Confident and defiant, he continued to justify the company's decision on the basis of science and statistics. "[W]e are quite sure that mortality, even amongst the best of colored lives, would not compare favorably with the mortality amongst whites."¹⁰² To make the point substantially clear, the company took Governor Werts' suggestion and enlisted the services of Frederick L. Hoffman to demonstrate the "substantial grounds" on which their discrimination policy was based.

The Sway of a Document

"In the plain language of the facts brought together the colored race is shown to be on the downward grade, tending toward a condition in which matters will be worse than they are now, when diseases will be more destructive, vital resistance still lower,

find out the number of innocent people that have been murdered for no other reason than the fact that they are black he can go to the South." See "A Colored Man's Protest. Denunciation of Gov. Werts for his veto of an insurance bill," *The New York Times*, 27 April, 1893.

¹⁰¹ 118th Legislature of New Jersey (1894), Chapter CXXI. "A further supplement to the act entitled 'An act to provide for the regulation and incorporation of insurance companies,' approved 9 April, 1875."

¹⁰² Leslie Ward, letter to the *Indicator*, Sept. 5, 1894, quoted in Hoffman, *History of the Prudential*, 209.

when the number of births will fall below the deaths, and gradual extinction of the race take place,” pronounced Hoffman in his statistical opus.¹⁰³ Presenting demographic figures, morbidity and mortality tables, miscegenation rates, and incarceration, trends he “proved” it to be true.¹⁰⁴

“Only by means of a thorough analysis of all the data that make up the history of the colored race in this country can the true nature of the so-called ‘Negro problem’ be understood,” Hoffman pronounced. In his tract, Hoffman considered the struggling economics and poor health of African Americans and located their causes in the racial make-up of the group. He declared blacks to be inherently “degraded” and “lazy,” and insisted that the race possessed an innate racial inferiority that had brought about “a moral deterioration such as is rarely met with in civilized countries at the present time.”

¹⁰⁵ As a result, claimed Hoffman, the group was dying out. Yet Hoffman’s work would prove to be neither as “fact-based” nor “neutral” as its author had hoped.

Readers greeted *Race Traits* as a statistical opus, but Hoffman’s descriptions of racial dissipation were often so speculative that they omitted any reference to numerical evidence at all. Reiterating salacious and unsubstantiated rumors about African American sexuality, Hoffman described orgiastic bonfires that he supposed were conducted on Louisiana plantations late at night. To explain this supposition, he raised the “well known” specter of black rape against white women, a type of sexual misconduct that he believed illustrated the race’s lack of sexual control. “There is

¹⁰³ Frederick L. Hoffman, “Race Traits and Tendencies of the American Negro,” *Publications of the American Economic Association*, 11:1/3 (Jan, Mar, & May 1896), 312.

¹⁰⁴ Hoffman’s sources included Gould’s anthropological tables, the eleventh census (1890), reports from the hospitals of the Freedmen’s Bureau, and the measurements of soldiers collected during the Civil War.

¹⁰⁵ Hoffman, “Race Traits,” 95; 311.

something strangely alluring and seductive to the Negro in the appearance of a white woman,” he explained luridly; “they are roused and stimulated by its foreignness to their experience of sexual pleasures, and it moves them to gratify their lust at any cost and in spite of any obstacle.”¹⁰⁶ Buried within a document that had been vetted as a model of statistical objectivity, such comments failed to provoke comment or critique. They instead became accepted features of the argument that the social and economic status of African Americans was irremediable.

In the pages of *Race Traits*, Hoffman appealed to almost every racist ideology popular in the late 1890’s, from the celebration of natural Aryan supremacy (not just over blacks, but all races in the world), to the belief that slavery had indeed been a protective institution, without which blacks were deteriorating, body and soul. “Hoffman’s invective against American blacks was nothing new,” remarks historian Beatrix Hoffman (no relation), “but *Race Traits* received a particularly warm welcome because his use of statistics brought racist ‘science’ onto a modern, supposedly quantifiable plane.”¹⁰⁷ Hoffman’s infusion of alleged statistical analysis and scientific objectivity into the debate imbued the extinction theory with a new and potent authority. By leaning heavily on numerical data, Hoffman located his argument in the realm of science, contributing a supposedly objective voice to a debate that had been composed largely of philosophic and eugenic speculation. *Race Traits* was the first book-length treatment and the first “scientific” analysis of its subject, and almost immediately became a central element of the era’s racial debate.

¹⁰⁶ Hoffman, “Race Traits,” 231.

¹⁰⁷ B. Hoffman, “Scientific Racism, Insurance, and Opposition to the Welfare State,” 2004.

The particular ideology of race dominant in Hoffman's work – in which superiority and inferiority became embedded in concepts of racial difference – had its roots in the 1830s in the hands of representatives of cotton and plantation interests. In rebuttal to the charges of immorality rendered by abolitionists, slaveholders asserted that slavery was not a sin because servitude was a necessary stage of human progress – an especially important stage for blacks, who they claimed had acquired poor and indolent habits through years of servitude. By this rationale, they asserted, slavery was a positive good for a race not yet ready for freedom.

The theory rested on a logical slippage between acquired traits and hereditary ones. It presumed that African Americans had acquired what supremacists referred to as slothful habits through long-time exposure to slavery, and as a result were in no way prepared to face the challenges of freedom. Slavery must continue in deference to the indolent properties of the slaves themselves. Historian George Fredrickson summarizes: “It was thus in tandem with the concept of slavery as ‘a positive good’ that the doctrine of permanent black inferiority began its career as a rationale, first for slavery itself and later for post-emancipation forms of racial oppression.”¹⁰⁸ By the mid-nineteenth century, concepts of black inferiority had drifted far from their original economic and social moorings, and had become accepted by white supremacists as defining attributes of African Americans themselves.

The social science theories that gained ascendancy in the latter half of the century served as the final medium through which superiority and inferiority became embedded in concepts of racial difference. Scientific certainty, suggests Fredrickson, provided the

¹⁰⁸ Fredrickson, *The Black Image in the White Mind*, 47.

final shift. “For its full growth intellectual and ideological racism required a body of ‘scientific’ and cultural thought which would give credence to the notion that the blacks were, for unalterable reasons of race, morally and intellectually inferior to whites...”¹⁰⁹ Social Darwinist versions of evolutionary theory, and articles by scientists such as Francis Galton (who coined the term “eugenics” in 1883) provided this body of thought. The impulse to quantify, classify, and theorize a newly scientific social order asserted itself powerfully in the late nineteenth century. “‘Insights’ into ... racial character, personality traits, behavior, intelligence, language, and a host of other related categories were transmitted into subsequent attempts at a science of classification and became more fixed than the races themselves,” observes historian John S. Haller.¹¹⁰ Regardless of whether or how fixed race was found to be, attempts to classify it produced a force with more substantial and seemingly real effects than race itself: scientific, contemporary racism.

Hoffman appealed to this movement toward numbers and science, repeatedly challenging his readers to scrutinize his data. “By making exclusive use of the statistical method and giving in every instance a concise tabular statement of facts, I believe that I have made it entirely possible for my readers to arrive at their own conclusions, irrespective of the deductions I have made,” stated Hoffman at the beginning of the document.¹¹¹ Three hundred and forty pages later, having provided dozens of tables and

¹⁰⁹ Frederickson, *The Black Image in the White Mind*, 2.

¹¹⁰ John S. Haller, *Outcasts from Evolution: Scientific Attitudes of Racial Inferiority, 1859-1900* (Urbana, University of Illinois Press, 1971).

¹¹¹ Hoffman, “Race Traits,” v.

literally a realm of interpretation, he concluded, “From the standpoint of the impartial investigator, no difference of interpretation of their meaning seems possible.”

Hoffman stated his determination to devote “scientific attention to the relationship between the superior and inferior races,” but the race question that he pursued was packed with meaning before he penned a single line.¹¹² “Under this vague and general designation are gathered many social problems and many phases of the same problem,” remarked W.E.B. Du Bois in 1911.¹¹³ Perhaps the race debate’s most unifying feature was that it addressed what Du Bois later called “the question of the future status of ten million Americans of Negro descent.”¹¹⁴ Late-century writers interchangeably used the terms “Negro question” and “Negro problem,” each of which indicated a slightly different set of preoccupations. When framed as a question, the discussion turned on the *vitality* of the Negro: whether the race was increasing or decreasing, and why. When framed as a problem, concern hinged on the implications of the basic fact the “ten million Negroes” lived inside the United States.¹¹⁵

Hoffman concluded that “the central fact deducible from the results of this investigation into the traits and tendencies of the colored population of this country, is plainly and emphatically the powerful influence of race in the struggle for life.” For him (as for many authors) the race question collapsed into a simple tautology: Negroes died because they were inferior, and they were inferior because they died. “It is not in the

¹¹² Hoffman, “Race Traits,” viii.

¹¹³ W.E.B. Du Bois, “The Evolution of the Race Problem,” (June 1, 1909) in Philip Foner, *W.E.B. De Bois Speaks: Speeches and Addresses 1890-1919* (New York: Pathfinder Press, 1970), 196-210.

¹¹⁴ Du Bois, W.E.B. “The Negro Problem” (July, 1911) in Philip Foner, *W.E.B. De Bois Speaks: Speeches and Addresses 1890-1919* (New York: Pathfinder Press, 1970), 218-225.

¹¹⁵ Hoffman, “Race Traits,” vi.

conditions of life, but in the race traits and tendencies that we find the causes of excessive mortality,” resolved Hoffman, a statement which represented both the central tenet of his text and, to those who have criticized it, the piece’s most glaring logical fallacy.¹¹⁶

But these concerns -- vitality versus sheer physical existence -- were not mutually exclusive. As Du Bois pointed out, the debate could encompass many phases of the same problem, and concern with the *presence* of African Americans often overlapped with pessimism about or fear of the group’s vitality, a subject which for many served as a marker for what amount, and what kind, of resources would have to be expended on this part of the U.S. population.

To many minds, therefore, the Negro problem was an economic one. Racial progress, while biologically-based, was also explicitly pecuniary. Adherents to such ideology shuddered to think of an entire race of people, inferior and dependent on whites for moral and material uplift, cast adrift and unprepared by the sudden “burden” of emancipation. Such thinkers looked at the squalid conditions in which many freedmen lived, at the evidence of poor health and high mortality, and at the lowly position of African Americans in the workforce, and concluded that the group constituted an enormous economic liability.

Fretting over the “annual cost of the Negro problem,” Hoffman, too, found the race to be a hindrance to economic progress, and a threat to its own and even the white population’s future. Bitterly, he opined that the heritage that African Americans left to their offspring was “the poison of scrofula, tuberculosis and most of all syphilis.” Miscegenation, he claimed, made the young all the more vulnerable by diminishing their

¹¹⁶ Hoffman, “Race Traits,” 95.

vital capacity and reducing their social and economic efficiency. Invoking the tenets of social Darwinism, Hoffman described a race that cared little for uplift, spurned economic opportunity, and on whom education, philanthropy, and religion had no effect. Industrial insurance had no function for African Americans, whom Hoffman and a chorus of like-minded individuals saw to be beyond deliverance.

Dissent

W.E.B. Du Bois let his pen fly after reading *Race Traits and Tendencies of the American Negro*. Hoffman's method, he fumed, "is after all nothing but the application of logic to counting, and no amount of counting will justify a departure from the severe rules of correct reasoning," chastised Du Bois.¹¹⁷ Scholar Kelly Miller was equally scathing. In an 1897 occasional paper to the United Negro Academy he scoffed that it was "passing strange that it escaped the attention of a statistician of Mr. Hoffman's sagacity that, even granting the accuracy of the eleventh census, the natural increase of the Negro race was greater than that of the whites during the last decade." Miller pointed out the numerous flaws in logic, data, and interpretation, crowned by the spurious claim that the group's social and economic condition reflected heritable traits. "The Jews in Egypt labored under circumstances remarkably similar to those of the American Negro," he observed. "Luckily for the Hebrews, there were no statisticians in those days."¹¹⁸

Both critics attacked the very concept that a "race trait" could have the power to affect the fate of an entire population. Even in the very unlikely case that so-called racial

¹¹⁷ Du Bois, "Review of Race Traits," 129.

¹¹⁸ Kelly Miller, *A Review of Hoffman's Race Traits and Tendencies of the American Negro*, (Washington DC: American Negro Academy, 1897), 35-6.

degradation truly had caused the problems which African Americans faced, and even if it were possible to inherit indolent habits and an immoral demeanor, such degeneration could not have happened within the time frame that Hoffman proposed. “It would seem incumbent on [Hoffman] further to prove that these race traits after being held in abeyance for at least a century, first took decisive action in the decade 1880 to 1890,” Du Bois wrote dryly.¹¹⁹ “The capriciousness of this new factor,” echoed Miller, “in that it may suspend operation indefinitely or break loose in a day, does not seem to have occurred to the author . . .”¹²⁰ In rejecting Hoffman’s declarations of racial inferiority, Du Bois and Miller saw greater consistency and merit in an historical, anti-reductionist approach to African Americans’ social problems, an approach which gave weight to the effects of poverty and hundreds of years of enslavement.

Miller and Du Bois leveled serious critiques at what they saw as Hoffman’s mishandling and misapplication of data, which extended to the fraught and unreliable sources from which he selected his figures. The very foundations of the work were unsteady; Du Bois noted significant flaws in the majority of Hoffman’s main statistical sources. Miller, a talented mathematician and professor at Howard University, surmised that the use of such data was a convenience for an author who had already selected the outcome of his investigation. “Mr. Hoffman having on hand a theory, was spared the pains of inquiring further into the causes which led to this deplorable state of things.”¹²¹ To Miller, Hoffman’s analysis was very much “shaped to a theory,” and he found the

¹¹⁹ Du Bois, “Review of Race Traits,” 129.

¹²⁰ Miller, *A Review of Hoffman’s Race Traits*, 6.

¹²¹ Miller, *A Review of Hoffman’s Race Traits*, 32.

actuary's a priori conclusions apparent everywhere: in the footnotes, the selected quotations, the "general drift," and "between the lines."

Modern critics have been similarly exasperated with Hoffman's text. In her exhaustive review, social theorist Susan Mizruchi summarizes *Race Traits* as "an eccentric blend of social psychology, liberal philosophy, reformism, statistical analysis, ethnographic description, and racist dogma."¹²² In spite or perhaps because of these features, *Race Traits* is arguably, as Frederickson remarked, "the most influential discussion of the race question to appear in the late 19th century."

Perhaps it is ironic that the one entity on which *Race Traits* appears to have had no effect at all was insurance law. Though much reviled by insurers, the antidiscrimination laws of the 1880s and 90s never again came up for legal review. Companies instead instituted the much more efficient measure of refusing sales to African Americans outright. Prudential fined agents who wrote policies on black lives. In 1907 Metropolitan Life published a special mortality table for black policyholders, but made explicit to its sales force that agents would receive no commission for writing such contracts. Officially, insurers continued to base the discrimination on the notion of empirically elevated risk. It would be unfair, they insisted, to subject the low-risk white lives to the high-risk influence of black policyholders. Such a contamination of the risk pool would be socially – and financially – irresponsible.¹²³

¹²²Susan L. Mizruchi, *The Science of Sacrifice: American Literature and Modern Social Theory*, (Princeton: Princeton University Press, 1998), 285.

¹²³For more on the industry's use of numerical methods to deflect unwanted regulation, see Theodore Porter, "Life Insurance, Medical Testing, and the Management of Mortality" in *Biographies of Scientific Objects*, Lorraine Daston, ed., (Chicago: Chicago University Press, 2000).

Brian Glenn points out that insurance policies rely on a series of narratives about risk and responsibility, which can be used to open tremendous opportunities for entrepreneurial insurers. They do so by claiming mastery of the most credible (and therefore powerful) paradigm of social thought: science. “The myth of the actuary,” writes Glenn, “is the idea that there is a reality in the world that can be captured by rational choice models and statistical analysis – and that insurance companies do this ethically, objectively, and ‘correctly.’”¹²⁴

The Prudential statistician’s attempt to justify the exclusion African Americans from life insurance represents a revealing moment in the creation of a risk narrative. The Prudential and other insurers singled out blacks for rejection not because of their elevated mortality – they accepted and even solicited other groups with similar statistical profiles – but because the maintenance and expansion of their market share depended on their ability to manipulate the discourse of the product that they packaged and sold: risk. The profile, therefore, that Hoffman constructed to describe the prospects of African Americans was infused with the debates and challenges of the political moment: those regarding progress, degeneracy, and competition, as well as the moral worth and social standing of several portions of the body politic. Hoffman’s category responded to them, and it also embedded them into future action.

Figures such as Hoffman serve to scientize Ewald’s “insurantal imaginary.” By demonstrating that inclusion of an “inferior” race gave the company an inferior competitive edge, the article reflected a confluence of the social and scientific influences of the late nineteenth century. In a very real sense, Hoffman stood at the collision point of

¹²⁴ Glenn, “Postmodernism,” 132.

several Progressive-era discourses. His opus drew together racial ideology, statistical science, progress, efficiency, profit, and risk.

To consider Hoffman's tract in the context of Progressive Era social concerns is to make clear that the risk perception surrounding African Americans had little to do with morbidity outcomes; it had much to do with social ideologies and the position of African Americans in American society. "Some people are more affected than others by the distribution and growth of risks, that is, how *social risk positions* spring up," notes Ulrich Beck. "In some of their dimensions these follow the inequalities of class and strata positions."¹²⁵ Described through the contemptuous lens of white supremacy, relegated to the lowest rungs of the economic ladder, and condemned as barriers to racial and economic progress, African Americans were flatly profiled as socially unacceptable long before Hoffman set pen to paper.

Because the offerings of insurance are derived from social beliefs, what is covered by a policy is highly contingent on what the public expects and will accept or demand.¹²⁶ Players in the insurance industry went to great lengths to robe both themselves and their product in a mantle of trust, wealth, grandeur, idealism, and uplift. Associations incommensurate with the life insurance image -- such as greed, poverty, and recklessness -- had to be expunged. The myth-making of life insurance was the most powerful and lucrative aspect of the business, and it was therefore crucial that messages surrounding the practice synchronize with the social imaginary, changing as quickly as social anxieties changed, and reflecting the smallest nuance in perceived risks. The

¹²⁵ Ulrich Beck, *Risk Society: Towards a New Modernity*, (Newbury Park, California: Sage Publications, 1992), 22.

¹²⁶ Glenn, "Postmodernism," 132.

emergence of industrial life insurance was predicated on a changing narrative of risk in the United States, one that casts light on the treatment of African Americans at the hands of Prudential, and further light on the origins of “risk profiles” as they are understood today. As industrial firms continued to compete for economic primacy and expanded market share across the nineteenth and twentieth centuries, the ideological rhetoric they deployed closely reflected – and often anticipated – the changing discourse of risk in the United States, a history that strongly impacts the heritage of the handling of biomedical risk.

CHAPTER 2: THE STRUGGLE BETWEEN CONSERVATISM AND AUDACITY

In 1868, insurance company president Henry Hyde infuriated the directors of his own firm by breaking ground for a building that cost \$4 million – 80% of the Equitable’s worth, and an expense that was surely inappropriate to the company’s image as a conservative financial trustee. Newspapers called the building at 120 Broadway “Hyde’s Folly,” but Hyde preferred to think of his endeavor as “building buildings for glory,” a glory which the edifice certainly attained when it was completed in 1870. At seven stories and 142 feet, the new headquarters rose to twice the height of most commercial buildings. Its iron cage construction and lightweight fireproof materials placed it among the newest wonders of the modern world. From the time that it opened, visitors queued to ride the \$29,657 gilded elevators (the first elevators ever to be installed in an office building) to its famous roof.¹ Eye-catching and noteworthy, the Equitable headquarters proved to be a triumph in public relations, and its audacity served as the template for other insurance firms which followed suit, advertising their fabulous wealth and growing prestige with similarly palatial structures.² The Equitable, which by 1865 was writing over \$13 million in new policies each year, was a forerunner of corporate grandiosity, but its bravado – and profit margin - was soon matched by that of other companies. For the industry at large,

¹ One observer remarked that the skyscraper looked “as if it were standing upon a hill in the middle of the city,” a vista that Hyde clearly had in mind when he commissioned the building’s architects. The observer is quoted in Andy Logan, “Building for Glory,” *The New Yorker*, (Oct 21, 1961): 139-165; Anthony W. Robins, Landmarks Preservation Commission. June 25, 1996, Designation List 273, LP-1935.

² See also Patricia Beard, *After the Ball: Gilded Age Secrets, Boardroom Betrayals, and the Party that Ignited the Great Wall Street Scandal of 1905*, (New York: HarperCollins, 2003), 16; Terence O’Donnell, *History of Life Insurance in its Formative Years: Compiled from Approved Sources*, (Chicago: American Conservation Company, 1936), 547; R. Carlyle Buley, *The American Life Convention, 1906-1952: a study in the history of life insurance*, (New York: Appleton-Century-Crofts, 1953), 93.

soaring edifices came to serve as symbols of manifest destiny.³ The firms were no longer simply moral guardians; they were emblems of the financial growth of the American gilded age.

The substantial growth, however, exposed deep-seated ideological problems in the foundation of the insurance model. By presenting themselves as semi-public institutions, insurers had adopted a delicate identity as a business that was *in* but not *of* the market. Its financial successes were therefore incriminating, and left members of the industry with the conundrum of how to manage their extensive power without appearing to transgress their roles as sober and cautious trustees. Though they advertised themselves as bastions of security and social benefit, the tremendous funds stewarded by the firms made them in fact the largest aggregators of wealth in the United States, and as such they were deeply integrated in the nation's economic structure. Numerous companies partnered with banks to raise and apply capital needed for the growth of American industry, often serving as the leaders or chief financial backers behind major projects such as building factories and funding railroads. All told, the investment function of the large insurers easily dwarfed that of insurance contracts, in profitability as well as sheer scale.

Most company executives took care not to broadcast these financial involvements to the wider public, lest the contradiction between market involvement and moral trusteeship become hazardous to the industry's public image.⁴ Insurance presidents handled corporate profits with considerable discretion. Rather than disbursing cash dividends among their stockholders, companies quietly ploughed the majority of their earnings back into the market, widening their

³ Logan, "Building for Glory," 143.

⁴ Morton Keller, *The Life Insurance Enterprise, 1885- 1910: A Study of the Limits of Corporate Power*, (Cambridge: Belknap Press of Harvard University Press, 1963), 6.

investment portfolios and increasing their financial supremacy without creating the public appearance of greed. In effect, nineteenth century insurers avoided the stigma of profit-making by seeking economic growth rather than financial returns. The excesses of the gilded age, however, ushered in a new ethos of corporate expansion. Already key players in the nation's economy, insurers' role in investment finance swelled, and the rapaciousness with which they pursued economic growth attracted the attention – and increasingly the ire – of the buying public. Unscrupulous acts committed by insurance agents, the financial bravado of executives, and a swirl of rumors about company stinginess toward the insured undermined the promises of the firms' founding charters, and often the promises of their living personnel. Company brass found themselves faced with a dual problem: how to reconcile the contradictions of the business model and at the same time promote sales that would keep up with the atmosphere of headlong growth?

This chapter will examine the ways in which the life insurance industry addressed the conundrum, expanding sales while also managing the serious internal contradictions caused by the corporate devotion to *laissez-faire*. Their burgeoning financial power exposed incongruities that would come to dominate the public concerns and eventually the business model of the life insurance industry for the next several decades, including the way that the firms described and packaged their key product: risk. To protect themselves from public censure, and to widen the market for life insurance, firms altered their construction of risk to better manage moral contradictions and to meet changing financial expectations of the buying public. They gradually shifted the marketing focus from that of moral guardianship to the use of insurance as an investment strategy. It was a strategy that enabled them to manage their burden of contradictions

without losing sales appeal, by transforming the image of their product into one that was once again valued and socially desired.

As technologies designed for managing risk, not all insurance technologies serve their purchasers the same way. Some deploy an ideology of risk that is protective, others advertise one that is productive. Early nineteenth century insurance companies presented a concept of hazard that connoted a potential for injury, for a loss instead of a gain.⁵ This pessimistic and defensive concept of risk was socially pervasive at that time, and proved enormously lucrative for insurers who emphasized the hazards of the unknown. As sociologist Ulrich Beck has noted, when an individual becomes focused on risk, “one is no longer concerned with attaining something 'good,' but rather with *preventing* the worst; *self-limitation* is the goal which emerges.”⁶ Thus, purveyors of insurance presented policies as a buffer -- from the increased personal responsibilities of urban living, and from the hazards posed by accidents, and from the financial ruin of disease. They deployed an interpretation of risk that emphasized the potential for mischance or peril, and their policies were strictly protective.

In the heady market of the late nineteenth century, however, several firms turned to a concept of risk that harmonized better with the true concerns of the firms. This re-casting of risk was an attempt to resolve the contradiction between the firms' self-presentation of moral guardianship and their reality as financial institutions. Distancing themselves from the language

⁵ For recent writings on conceptualizations of risk within the insurance industry, see Dalit Baraboff. *Shaped by Risk: The American Fire Insurance Industry, 1790-1920*. Doctoral Dissertation, Johns Hopkins University, Oct. 2003; and Klasien Horstman, *Public Bodies, Private Lives: The historical construction of Life Insurance, Health Risks, and Citizenship in the Netherlands 1880-1920*, (Rotterdam, Erasmus Publishing, 2001).

⁶ Ulrich Beck, *Risk Society: Towards a New Modernity* (California: Sage Publications, 1992).

of moral responsibility, life insurance companies began to advertise policies as entrepreneurial ventures, as opportunities to invest.⁷ Contracts that had once minimized the potential for loss now maximized the potential for gain. By purchasing a policy, advertisements claimed, customers could receive regular dividends and become shareholders in a broad financial empire. Firms promised as well that investment in life insurance would be more lucrative and stable than accounts with savings banks. Moreover, they would be more productive for the nation at large, a feature that transformed not only the investment but also the investor, who became a wise and cautious individual with a patriotic stake in the growth of the nation. The gains to be had from life insurance were thus both moral and financial, both public and private. “We include business, not for private gain, not to heap up great individual fortunes, but for the general good, for the welfare of millions,” pledged Darwin Kingsley, the loquacious president of New York Life; “and, in this, our incentive is as keen as that which drives men to accumulate millions for themselves.”⁸ Such promises vastly enlarged the demand for insurance, bringing the industry millions of dollars of newfound revenue.

The shift captured the financial spirit of the moment, but it also pushed the firms into a pattern of financial over-reaching. With the bravado supplied by millions of dollars of new contracts, company directors strained for ever-higher levels of economic growth, a goal that

⁷ This was a notion of risk that drew upon the speculative aspects of uncertainty, generally popular in gambling. Economist Frank H. Knight drew a now-famous distinction in 1921 between risk and uncertainty, noting that risk refers to situations in which mathematical probabilities can be assigned to the randomness one is faced with; uncertainty, by contrast, applies to situations in which it is impossible to apply mathematical probabilities. The link between risk and probability implies chance; it imputes a reasonable expectation that an event will occur, and the opportunity for gain. See Frank L. Knight, *Risk, Uncertainty, and Profit* (New York: Century Press, 1964, 1921).

⁸ “Life Insurance and the American Business Man,” Eighth annual dinner of the \$200,000 club, NY Life Insurance Co., West Baden, Indiana. 21 Sept., 1904 in Darwin P. Kingsley, *Militant Life Insurance and Other Addresses*, (New York: New York Life Insurance Company, 1911), 42.

stretched the credibility of the charter of aid and protection on which the companies had been founded. President Winston of the Mutual Life recognized the delicate balance of corporate objectives when he declared, “In the future, the struggle will be between conservatism and audacity.”⁹ Not surprisingly, audacity took the lead. The continued financial bluster further exposed the incongruities and contradictions in the industry’s moral identity, and eventually came to threaten the very legitimacy of the firms.

This chapter will chronicle some of those changes, the problems they presented, and the larger issues they foreshadowed as Americans reached new conclusions about the best ways to promote efficiency and fairness in the sharing of risk. If the fissures in companies’ moral identities were destructive for the image of mainline insurers, they were even more perilous for the industrial branch, which advertised itself not only as a guardian of widows and orphans but as a steward and benefactor of the working poor. This mission contrasted uncomfortably with the race for corporate glory, and highlighted the contradictions between the wealth of the companies and the poverty of their clients. When social workers challenged the companies, insurers found themselves faced with not only formidable opponents but also a formidable set of wider threats.

In 1895, a series of hearings in the Massachusetts legislature brought the fears of industrial insurers to a point of crises. The proceedings challenged the practice of child insurance, which reformers claimed incited caregivers to murder, but they served in many ways as a forum for a wider discussion of the shortcomings of private insurance, a discussion that opened the way for an alternative that insurance personnel viewed as a profound threat: state-sponsored social insurance.

⁹ Kingsley, “Life Insurance and the American Business Man,” 1904.

Of all the proposals to reach legislative ears, state sponsored insurance represented the greatest menace to the industrial insurance industry. A government-controlled system would contain none of the contradictions that so threatened the commercial firms' moral identity. It would incur lower administrative costs, affording lower premiums for similar or improved benefits. Alone among reform propositions, it had the power to threaten the financial supremacy of the business. The passage of social insurance bills Germany in 1884 had already provided a distressing model, which American industrial insurers were anxious to invalidate, yet rumblings of approval for state insurance reverberated among American social reformers during the 1890s. To social reformers, public insurance represented an ideal solution to the long-standing problem of low-cost insurance; to private insurers it represented the possible destruction of the insurance system on which a financial empire was based.

Confronted by incriminating and widely-publicized testimony about their conduct toward the poor, and faced with the increasing potential for state action, the life insurance firms needed more than ever to reconcile the contradictions between their eleemosynary charter and their competitive reality. The crisis of legitimacy that the industrials faced as a result of their own internal contradictions served as a harbinger for the troubles – and changes – to come as they struggled to market a notion of risk that would be both socially palatable and commensurate with their expansive practices.

The Racers

To writer Mark Twain, who coined the term “gilded age” as the title of an 1873 novel, the period after the American Civil War was one of ostentatious display, an era defined by the graft, materialism, and corruption that seemed to him endemic in public life. On their own merits, as well as by Twain’s personal estimation (he sold policies for the Hartford Insurance Company), the presidents of the major American life insurance firms were the quintessence of the age. To drive the growth of their firms, leading executives engaged in rivalries, manipulations, and exploitations. Energetic in their goals and rapacious in their business practices, they were individuals who saw financial returns without limits for any executive bold and committed enough in his pursuits. “Aggressive, self-confident, filled with a desire for large and momentous achievement, they were the conflux of forces that turned their enterprises into massive corporations; they were the necessary agents of the firms’ maturation into a society of companies at the century’s end,” describes historian Morton Keller.¹⁰ It was not just money but power, pride, and daring that attracted many of them to the field. They were, in short, the embodiment of the corporate spirit of the time, and with the moneyed coffers of the insurance industry at their disposal, they committed acts that so drastically contrasted with the original ethos of insurance as to defy all sense of ethics. Moreover, the more firmly the firms identified as financial institutions instead of moral ones, the more license the executives seemed to take to devote their attentions to the competitive market. It was a pattern that placed a tremendous crack in the foundation of the business, and did so in the most public of possible ways.

Yet moral impeachability remained the banner under which companies marched. “In all things its methods and conduct must surpass all the wives of all the Caesars – in being *beyond*

¹⁰ Keller, *The Life Insurance Enterprise*, 16.

suspicion,” remarked John Hegeman of the Metropolitan Life in 1882. Most company presidents agreed with this statement rhetorically, but their behavior reflected other ideals. Though officers filled their letters and speeches with proclamations about the virtues of the business and their own moral worth, many of their acts were brazen flirtations with the boundaries of legality and business ethics, earning them notoriety and the publicity of scandal. By the early 1870s, the reality of the industry was one in which the moral identity it promoted was becoming outmatched by the ethos of the business world.

Perhaps the most audacious of all the life insurance presidents during this period was Henry Hazen Hyde, who is widely recognized as having set the tone of impudence and bluster that guided the industry’s development across the late nineteenth century. One turn of the century magazine eulogized him as the creator of the methods and character of modern life insurance, adding facetiously that he was “as honest and sincere as P. T. Barnum”¹¹ In 1859, Hyde launched one of the fastest-growing insurance corporations of the century on the strength of a scandal that lifted him into the gossip channels of the New York elite. Dismissed from the Mutual Life for attempting to start a rival business, Hyde rented a back room on the second floor of the Mutual building and unfurled a garish banner lettered “The Equitable Life Assurance Society” directly above his former employer’s sign. Hyde was twenty five years old, but within two decades his company grew to be the most relentless competitor ever to afflict the Mutual

¹¹ *World’s Work* is quoted in Andy Logan, “Building for Glory,” 148.

Life. He remarked about the rivalry: “It was a matter of sentiment to me to have my office directly over that of Mutual Life.”¹²

Such bravado made for memorable press. Newspapers referred to the three largest insurance companies as “the racers” and followed their activities with enthusiasm, as much for the drama as for their financial impact. The presidents of the “Big Three,” Frederick Winston of the Mutual Life, William Beers of the New York Life, and Henry Hyde of the Equitable, maintained the attitude that luxury, not parsimony, should define the industry’s public image, and they competed with each other for displays of prosperity that would best advertise their financial worth.¹³

The architecture of the companies’ home office buildings was one of the most ready symbols of such a message, serving as potent evidence of material worth and civic position. Mid-century life insurance firms erected headquarters in close proximity to commercial hubs, where they could easily participate in the city’s mercantile life, and where nearness to financial institutions and municipal structures yielded an association with civic stature.¹⁴ Some companies opened offices directly within buildings of social importance, but as the nineteenth century progressed, firms increasingly built their own dedicated structures, joining banks in their desire to erect buildings geared to the conduct of their trade. Like banks, the edifices of life insurance companies were heavy with architectural symbolism: the wide foyers, vaulted ceilings,

¹²Hendrick, *The Story of Life Insurance*, 240; Beard, *After the Ball*, 25-26; O’Donnell, *History of Life Insurance* 541-543; Keller, *The Life Insurance Enterprise*, 16-17.

¹³O’Donnell, *History of Life Insurance*, 533.

¹⁴Liz McFall and Francis Dodsworth “Fabricating the Market: The Promotion of Life Assurance in the Long Nineteenth Century,” *Journal of Historical Sociology* 22: 1 (March 2009), 30-54. The Equitable’s location on Lower Broadway, for instance, afforded easy access to banking houses and commercial firms.



Upper view of the “Marble Court” inside the Metropolitan’s home office building.¹⁵

¹⁵ *The Metropolitan Life Insurance Company: Its History, its Present Position in the Insurance World, its Home Office Building and its Work Carried on Therein*, (New York: The Metropolitan Life Insurance Company, 1908).

decorative arches, and ornate windows and statuary that adorned insurance structures were intended to conjure associations with churches and government buildings. The Prudential, for instance, erected a cathedral-like building which its president hoped would, “typify and symbolize the character of the business of the Prudential, exemplify its all-pervading spirit of beneficence and its ingrained love of the golden rule.”¹⁶ Metropolitan Life spared no expense in the construction of its headquarters at Madison Square, which boasted the tallest tower on earth and a staircase inspired by the Paris Opera.¹⁷ Company president John Hegeman, whose office contained \$90,000 in furnishings, explained that the firm had erected the skyscraper, “for the sake of inspiring local pride, getting a local hold, securing the local business.”¹⁸ Between 1870 and 1900, the three largest life insurance firms in the United States spent more than \$100 million on grandiose office buildings, the central purpose of which was the creation of cultural credibility and symbolic authority.¹⁹

Though awe-inspiring, the buildings were rarely profitable. No insurance company was big enough to utilize more than a fraction of the office space, and the buildings depreciated at a staggering rate. They were also expensive to maintain. In 1887, the cashier of the New York Life noted that the company’s \$7 million building did not earn enough money to pay the taxes and the cost of keeping it clean.²⁰ To combat the fears of board members and investors, company

¹⁶ Keller, *The Life Insurance Enterprise*, 39.

¹⁷Keller, *The Life Insurance Enterprise*, 39. See also *The Metropolitan Life Insurance Company: Its history, its present position in the insurance world, its home office building and its work carried on therein* (New York: The Metropolitan Life Insurance Company, 1908).

¹⁸ Keller, *The Life Insurance Enterprise*, 39.

¹⁹ Hendrick, *The Story of Life Insurance*, 665-7.

²⁰Hendrick, *The Story of Life Insurance*, 665-7.

directors offered inflated predictions of the buildings' future earnings. They also worked aggressively to fill their buildings with paying tenants.²¹ The passenger elevators that Henry Hyde ordered for the Equitable building, for instance, were in fact implements for his courtship of prosperous renters, who would never sign a lease above the third floor unless otherwise enticed. For Hyde, the plan bore fruit; from the time that it opened, the Equitable building housed "a fountainhead of lawyers," whose presence soon attracted that of bankers, financiers, and businessmen of all stripes. "The lawyers were the first to appreciate the upper floors," marveled the *Tribune*, "full of light and free of dust and far above the noise of the street; and bankers are now following their sensible example."²² The prestige of such tenants enhanced the cachet of the Equitable and improved its business relations writ large. The insurance firm could also make ready use of the services of the lawyers and financial institutions that now inhabited their building, and those who dropped by to pay a visit to a lawyer or a bank were likely to note the stature of the insurer. Numerous firms followed the example of the Equitable, and the soaring multi-use buildings they constructed placed the life insurance industry at the physical center of social and economic affairs.²³

Company officers continued to preach messages of obsequious trusteeship, missives whose hypocrisy was in some ways obscured by status and grandiosity of the firms. The

²¹ Metropolitan Life directors projected a return of 7% on the tower constructed by the company in 1909, estimating that it would enhance the rental value of the entire property by 1%, or approximately \$200,000 a year. Officers planned to rent out approximately 40% of the tower's floor space. See Haley Fiske, "Tower Light that Never Fails." Speech delivered to Triennial Convention of Underwriters, 1910, Haley Fiske, *Speeches and Writings, 1911-1929*, MLICA. See also Nick Yablon, "The Metropolitan Life in Ruins: Architectural and Fictional Speculations in New York, 1909-19," *American Quarterly* 56:2 (June 2004): 309-347.

²² Quoted in Logan, "Building for Glory," 149.

²³ McFall, "Fabricating the Market," 32.

companies *looked* like trustworthy stanchions, and though hardly humble, their enormous presence was at least financially reassuring. Presidents reinforced the sense of public trust by offering a rhetoric of shared ownership of company assets, insisting that the construction of the buildings had occurred collectively, through the contribution of thousands of lowly nickels. To deflect critique, they insisted that life insurance investments were “essentially a social commodity,” and the contributions of so many individuals meant that the companies belonged to the people; the tremendous assets of and the majestic buildings belonged to the *public*, not to tycoons. “I want you to understand that tower is yours – built with your money, as an investment,” pledged the vice president of Metropolitan Life to a gathering in 1910.²⁴ Officers such as himself, he insisted, offered only selfless stewardship. One journalist noted that “their directors are trustees in the most sacred sense.”²⁵

Yet the executives’ involvement in internecine warfare stood at odds with the warm image of collective effort.²⁶ Companies routinely hired journalists to slander their rivals, as well as to promote their own success. In the 1870s, Mutual Life developed a “public relations counsel” headed by a gentleman remembered as “Dollar-a-Line Smith” to write articles about the Mutual’s righteousness and success. Smith’s articles appeared in over thirty newspapers, and often attained a second life as pamphlets that agents delivered to policyholders’ homes.²⁷ Other companies followed the example. All liberally placed sales messages in the guise of news,

²⁴ Haley Fiske, “Tower Light that Never Fails,” 1910.

²⁵ Burton Hendrick, *The Story of Life Insurance* (New York: McClure, Phillips & co., 1907), 37.

²⁶ Hendrick *The Story of Life Insurance*, 64.

²⁷ O’Donnell, *History of Life Insurance*, 537.

rewarded friendly journals with paid advertisement, and freely sued opposing trade journals for libel. The costs were passed along to policyholders in the form of increased premiums, causing consternation among customers. “Life insurance is about the only modern enterprise in which competition has increased the cost of the product,” one journalist remarked bitterly.²⁸

Among those who found themselves squeezed the hardest in the companies’ struggle for growth were the lowliest individuals in the corporate hierarchy: the traveling life insurance agents. Insurance executives owed more than a debt of gratitude to their agency forces, but the pay structure with which they remunerated them fostered desperation and abuses instead of good will. Disgruntled and underpaid, sales staff recouped their money by engaging in financial capers that directly exposed the public to the widening contradictions of the insurance field, sowing waves of popular distrust toward both the companies and their solicitors.

Training manuals and motivational speakers encouraged underwriters to think of themselves as missionaries dispelling the “gospel of insurance,” but the lived experience of the agent was anything but Godsent, and the paltry wages associated with the work made financial exigency a more potent motivator than missionary zeal.²⁹ The majority of life insurance agents performed their jobs under conditions of frank exploitation. Agency heads summarily dismissed those unable to write an acceptable level of new business. William Beers, the aggressive and uncompromising president of New York Life, once allegedly declared, “What’s an agent? A

²⁸ Hendrick, *The Story of Life Insurance*, 62-3.

²⁹ “It has been said and truly said that as the ministry is to the Christian religion so are the agency forces to life insurance,” encouraged one underwriter to a crowded lecture hall of colleagues. “In working out your career within its ranks you are taking part in a great ethical movement. The institution must continue to depend on you to carry its message to the people. See Alfred Hurrell, “The Increasing Responsibilities of the Agent” Address delivered at the 22nd annual convention of the National Association of Life Underwriters, Chicago. Oct 10, 1911.

lemon to be squeezed and thrown away after you have exhausted him.”³⁰ Company employment rolls offered evidence that wringing agents was a popular practice. Of every hundred new underwriters, those familiar with the business expected barely ten to succeed. Given the industry pay scale, few of those ten would earn an affluent living.³¹ In 1883, a talented underwriter of ordinary policies received an income that compared to that of an industrial workingman (who happened to be ineligible for such a policy) -- on average, \$11 per week. The typical underwriter stayed with the occupation for only four months.³²

The pressures brought to bear on agents inspired persistence bordering on desperation. Handbooks recommended that in approaching prospects, agents adopt a dogged pushiness. “Never let up,” urged one publication, suggesting that the thought become a motto: “Nil desperadum.” - more accurately translated as “never despair.”³³ Agents found that most individuals required considerable persuasion before signing up for policies, and that shyness had no place in insurance sales, as it could easily take as many as fourteen visits to persuade a prospect to sign an insurance contract.³⁴ “The life insurance salesman must be preeminently a

³⁰O’Donnell, *History of Life Insurance*, 540.

³¹ Philip Sayle, Jr., *Practical Aids for Life Assurance Agents* (London: Simpkin, Marhsall, & Co., 1870), 48; 68.

³² Agent turnover at Met Life in 1877 was over 300%. See Marquis James *The Metropolitan Life: A Study in Business Growth* (New York: The Viking Press, 1947), 84.

³³ Sayle, *Practical Aids for Life Assurance Agents*, 22.

³⁴ One handbook warned: “The purchaser of life insurance seldom seeks out a company; he must be intensively approached by the agent and convinced that he should buy.” See Maurice Taylor, *The Social Cost of Industrial Insurance* (New York: Alfred A. Knopf, 1933), 49. Insurance executives made a frequent example out of the contrast between the success of British industrial insurers (who employed agents) and British post office insurance, which provided almost identical coverage but did not employ a sales force. Between 1865-1875 Post Office Insurance sold 4,478 policies. In 1874, the London Prudential sold 16,000 policies in just one week. See John F. Dryden, “The First Quarter Century of Industrial Insurance in the US” in *Addresses and Papers on Life Insurance and Other Subjects*. (Newark: The Prudential Insurance Company of American, 1919), 47-64.

fellow who is not afraid of his fellows,” the handbooks advised.³⁵ Veterans of the business suggested that agents consider dismissive requests that they call back “next week” or “next month” to be agreed-upon engagements. “These words, ‘call back,’ mean that the agent will never leave you until you insure with him or welcome him upon one of his periodical visits with a shot gun,” reminisced an agent to a New Jersey paper in 1892.³⁶ The presumption that most potential policyholders wanted nothing to do with underwriters dominated the sales advice – for good reason, as every new agent discovered.

Life insurance agents became known pests in the communities where they solicited. The more persistently an agent peddled his wares, the more enduring became his status as a nuisance.³⁷ Company literature referred to this hostility as “sales resistance” and mentioned it only rarely, but it dominated the interactions of almost every underwriter. One agent recounted a typical reception at a home in West Philadelphia, where a voice from the rear of the household commanded: “Shut the door, Mary! Shut the door in his face; he’s only one of them darn insurance men, drat ‘em.”³⁸ Tales of forcible ejection served as war stories that agents sent to magazines and traded among themselves. In Covington, Kentucky, an agent making back door calls on a hot day slipped through the open door of a private kitchen where a woman toiled at the stove.

³⁵ Alfred Clover, “Picking the Prospect at Random” in *How to Sell more Life Insurance... 91 Schemes and Plans Proved in the Field of 44 Insurance Salesmen* (New York: The System Company, Ltd, 1910).

³⁶ “An Agent’s Talk. Facts given by a Representative of Industrial Insurance.” *Trenton Evening Times*, 28 May, 1892, 1. William Alexander. *How to Sell Equitable Policies* (New York: Winthrop Press, 1907), 2.

³⁷ Companies occasionally hired female underwriters, and were often pleasantly surprised at their tenacity and persuasive abilities, but the vast majority of life insurance agents were male.

³⁸ *The Indicator*, 9 (1890): 450.

My stunt was to leave the paper inside the house, so I stepped in and laid it on the table where she was making pies. She offered no protest, so I ventured to open the paper and show the list of claims that had been paid recently in her neighborhood.

I had got just that far when I heard a voice behind me: "You came in the back door and I'm going to throw you out the front door." I didn't even get a chance to look around, but I knew instinctively that I was dealing now with the head of the house. I felt myself firmly in his grasp. One great hand clutched my collar, the other the seat of my trousers. With a rush he had me off the floor and headed down the hallway for the front door."³⁹

Closed doors, irritated sighs, and curt comments were frequent replies to an agent's rapport. "House to house canvassing [was] conducted under such discouragements as, at the present time, can scarcely be imagined," recalled Charles Weidenfeller. Hired as a superintendent for Metropolitan Life in 1896, he had spent his early career defending his calling "from calumny and abuse... public criticism and private contempt."⁴⁰ As he and many seasoned agents understood, the task of "forcing the reception of the doctrine of protection" (as one pamphlet put it) was thankless indeed.

By the turn of the century, the life insurance agent had become a figure that Americans loved to hate, a person who was as persistent as he was mercenary and incompetent. "Apparently, no citizen exists, in the companies' estimation, who does not possess abilities in this direction," one journalist exclaimed. Just as any person could be an insurance prospect, anyone, it seemed – "Broken-down clergymen, superannuated college professors, briefless lawyers, bankrupt business men, cast-off politicians, actors, reporters, artists" -- could become an agent.⁴¹

³⁹ Clover, "Picking the Prospect at Random," 32.

⁴⁰ James, *The Metropolitan Life*, 81-82.

⁴¹ Hendrick, *Story of Life Insurance*, 64.

To inspire enthusiasm and to boost morale, life companies offered incentives to agents such as scarf pins, watches, and diamond rings, and sponsored competitions with lucrative prizes. In 1875, the Equitable held a competition among its fifteen leading agents for which first, second, and third prize were \$3000, \$2000, and \$1000.⁴² At agency conventions (some costing as much as \$125,000), company executives extolled the work of underwriters. “They have taught the people their duty; they have popularized the doctrine of protection; they have so tilled and cultivated the land that the harvest from now on will be full and certain.”⁴³ To make their appreciation clear, companies held lavish banquets and recognition galas at fancy resorts. In September, 1905, the Equitable treated its agents to an outing to Manhattan Beach. Presumably, the hard-working solicitors enjoyed themselves tremendously; the affair cost \$50,000.⁴⁴ But many of the agents so feted that day would probably have preferred their thanks in cash. Though well-intended, these offerings did nothing to raise the wages of the average underwriter, and irritated the public as a form of profligacy whenever they were made known.

Capitalizing on the precarious position of the door-to-door underwriters, companies freely poached each other’s agents, promising extravagant commissions to those willing to defect from a rival sales force. At the Equitable, Hyde raised commissions from fifty per cent to seventy-five per cent of the first year’s premiums on any new policy. During the depression of

⁴² J. Owen Stalson. *Marketing Life Insurance: its history in America* (Bryn Mawr, PA: Published for McCahan Foundation by R. D. Irwin, Homewood, IL, (1969, 1942), 509.

⁴³ Hurrell, “The Increasing Responsibilities of the Agent,” 3.

⁴⁴ William Beers is quoted in Hendrick, *The Story of Life Insurance*, 66.

1894, he doubled the bonuses to the agency sales force to prevent valuable men from departing.⁴⁵ Other companies increased their own commissions and bonuses in turn, setting in motion a race that was difficult to decelerate and even more difficult to pay for. The aggressive growth of the large insurers had “Barnumized” the business. These retention tactics were enormously expensive, failed to solve the problem of underpayment that agents faced, and further undermined the industry’s image of responsible frugality. Americans were coming to hold the life insurers in such low esteem that its human messengers had become a pariah class. It was a reception that contrasted too sharply with the ethos of trust – or even responsible finance – to be sustainable for long.

An Investment in Risk

As they had once adopted an ethos of moral purity and cautious trusteeship, American life insurance firms in the 1870s and 1880s once again adjusted their cultural image-making, deploying a notion of risk that more closely matched the economic preoccupations of the era. Those that had once labored mightily to promote themselves as righteous benefactors now dismantled their religious and charitable aura, reaching instead for the mantle of lucrative business methods. They began to rely on a more speculative notion of risk, one that placed emphasis on the financial merits of policies rather than their protective nature, highlighting each contract’s investment potential instead of its ideological purity. In the last three decades of the nineteenth century, companies advertised the financial benefits not just for the bereaved but also

⁴⁵ Beard, *After the Ball*, 35. Hyde is said to have remarked with approval to his high-earning agents, “Directors are easy to get. What I want are hustling agents.” See O’Donnell, *History of Life Insurance*, 547.

for the insured, who could use an insurance policy as an annuity or as a form of high-interest savings. The process transformed the idea of risk that the insurance companies presented to their customers, and transformed as well the emotional and financial cachet of the firms.

Where they had once avoided financial language, insurance businessmen now elevated it, openly broadcasting the money-making potential of insurance. One 1870 handbook on insurance sales advised that agents not merely describe insurance as a provision “for a future emergency,” but also “argue the matter under the head of investment.”⁴⁶ Rather than serving as a basis for embarrassment, profits became one of the industry’s legitimate – and public – aims.⁴⁷ Insurers boldly advertised their premium rates and the money-making, commercial role of the business, emphasizing its superiority over other forms of investment. Printed advertisements for many companies boasted about the size of their surplus, and agents tempted customers by describing the large dividends that could follow the purchase of a policy. Ordinary saving, they claimed, was too slow. Life insurance, by contrast, was better than savings banks, because money accrued faster. The enticement to seek fast, large sums of ready cash was a radical departure from the advertising techniques of an earlier era, though insurers did retain some appeals to security by describing their companies to be “free from serious disaster,” a reference to their financial rivals, the savings banks.⁴⁸ Indeed, companies even began to publicly eschew their role as guardians

⁴⁶ Sayle, *Practical Aids for Life Assurance Agents*, 39.

⁴⁷ Viviana Zelizer, *Morals and Markets: The Development of Life Insurance in the United States*, (New Brunswick, NJ: Transaction Books, c1979, 1983, 2008), 104.

⁴⁸ Sayle, *Practical Aids for Life Assurance Agents*, 40. In the late nineteenth century the possibility of bank failure was real and threatening. Prudential President John Dryden described the “deplorable state” of the savings economy due to the panic of 1893, which in his home state of New Jersey had bankrupted an institution containing nearly a third of the funds deposited within the state. See John F. Dryden, “The First Quarter Century of Industrial Insurance in the United States,” 49.

and stewards, appealing instead to their role as financial institutions – as *businesses*. A writer remarked in the *Insurance Journal* in 1880, “We do not claim that life insurance is a charity or a benevolent institution, it is a business as much as banking or farming.”⁴⁹ In 1883, New York Life trustees took note of the shift and raised the maximum insurance available on a single life from \$50,000 to \$75,000. In 1884 they raised it again, to \$100,000.⁵⁰ In the new speculative framing, family protection had become a family investment; risk had become the basis for gain.

Agents who responded to this advice discovered that the prospect of being a participant in a successful, growing enterprise was even more salable to the public than the principle of virtue and duty to provide had been. Whether the investment was personal or patriotic, the creation of wealth was alluring to potential buyers. To attract customers, insurers increasingly linked insurance policies with statecraft and national expansion. Darwin Kingsley, president of New York Life, delivered speeches in praise of economic opportunity. He spoke at length about the material well-being that insurance could offer, both to the individual and to the nation. “[M]oney, or wealth, is the very substance of civilization, and the very essence of virtue. It means comfort, freedom, health, leisure, -- if not all, certainly most of the things that make life worthwhile.”⁵¹ Like many executives, Kingsley called on the ideology of progress and civilization to defuse public anxiety. Time and again, he enumerated the “lofty ambitions” that characterized both his company and the consumers who purchased its insurance policies. The

⁴⁹ Zelizer, *Morals and Markets*, 94; 104.

⁵⁰ Keller, *The Life Insurance Enterprise*, 56.

⁵¹ Darwin P. Kingsley, “Our Second Great Enemy” in *Militant Life Insurance and other Addresses* (New York: New York Life Insurance Company, 1911), 47.

agents of New York Life, he declared, offered “unparalleled opportunities” to all who they approached.

The act of refocusing of the ideology of risk worked to transform the outlook of the insurance salesman, who might now find candidates for insurance among those who had once been disqualified. Anytime and anywhere a debt had been incurred or a significant financial transaction had been made, a new opportunity to write life insurance presented itself, as the new philosophy held that all liability could reasonably be backed by capitalization.⁵² Valuable quarry could thus be found in places long destitute of promising marks for insurance sales. Training materials instructed agents to scan newspapers for announcements of promotions, appointments, salary increases, marriages, deaths, births, and even real estate transactions – anything that might alter a person’s economic prospects. The widened definition of risk made nearly everyone into an insurance prospect, at least as the agency handbooks told it. Friends, neighbors, relatives, and debtors all constituted potential marks.⁵³ Prospects could be found on train platforms and at dinner parties, through word of mouth or during church services and funerals – a practice which particularly irked attendees.⁵⁴ “Do you know I’ve been dodging insurance men in New York for six months?” complained an exasperated prospect to an agent who had engaged him in

⁵² The author also encourages underwriters to pursue recipients of loans, since they have created an indebtedness that may follow them to the grave. Sayle, *Practical Aids for Life Assurance Agents*, 58-59; Carl Slough, *Practical Life Insurance Salesmanship and Ginger Talks: How to become a successful agent* (Chicago, MA Donohue & Company, 1913), 31.

⁵³ Slough, *Practical Life Insurance Salesmanship and Ginger Talks*, 23.

⁵⁴ One agent who accompanied his wife to a church revival approached the priest with a crowd of penitents and offered to seek religion if the priest would insure. The deal was not completed. *Trenton Evening Times*, 28 May, 1892, 1.

conversation during a long train ride. “It got noised around some way that I was figuring on making a little investment and I’ve had no peace at my office since the news leaked out.”⁵⁵

The speculative ideology of risk allowed insurance agents to capitalize not just on actual liabilities, but also on the pervasive middle class fear of downward mobility. Drawing on the social psychology of failure, agents conjured images of austerity, poverty, and, perhaps most uncomfortable of all, loss of face. “If the unexpected should happen, you would not want her [your wife] to give up certain associates, friends and clubs – lose *social caste*, so to speak,” confided one agent to a prosperous doctor; “nor would you want her to consume in a few years that which you had taken a life time to accumulate – destroy *your monument*.”⁵⁶ Such solicitations often irritated those who they were intended to entice, but they worked.

An Industrial Model

The deployment of a sales rhetoric compatible with both an image of benevolent stewardship and a devotion to economic growth provided an even greater challenge to the industrial branch of insurance than it did to ordinary firms. Founded in the midst of the gilded 1870s, industrial firms were competitive institutions from their inception, despite the charitable claims that surrounded the industry’s marketing and lore. Industrial companies claimed an eleemosynary role, but the origins of the branch lay in Prudential President John Dryden’s desire to carve a new niche in the spirited life insurance market, and the business methods of the branch

⁵⁵ Clover, “Picking the Prospect at Random,” 27.

⁵⁶ Mortimer B. Parker is quoted in Clover, “Picking the Prospect at Random,” 46.

were aggressive from the very beginning. “In the grand race for success across the continent,” vowed Dryden, he would never cede an inch.⁵⁷ The young executive was as good as his word, carving out commercial market share by mimicking the business model of fraternal aid organizations even while he denigrated their practices. Moreover, Dryden chose his moment well. He launched the Prudential at precisely the moment that a wave of speculative ambition had begun to sweep buyers in the fraternal market, fostering the most dramatic period of growth in the history of mutual aid and the perfect opportunity for commercial competition.

In the 1870s, a handful of fraternal aid associations had begun to demonstrate commercial potential by supplying an innovative form of life insurance policies to their members. These policies expanded the services of fraternal from burial and camaraderie to actual dollar sums, and though small they constituted one of the first (and only) potential windfalls available to wage-working families in the late nineteenth century. Most contracts stipulated sums of one to two thousand dollars in the event of death, a modest amount compared to that offered by commercial insurers, but still a much larger sum than most able-bodied workingmen could make in a year. The arrangement sharply expanded the fraternal’s financial role, altering their handling of risk in the same way that it had been altered by the commercial life insurance industry, and it had similar results. The policies proved wildly popular. Association members bought into them in droves, and new members flocked to fraternal insurance providers for a chance to buy. Numerous associations that did not provide insurance created policies of their own, with some lodges even shifting their primary function from burial and social support to the provision of

⁵⁷ Keller, *The Life Insurance Enterprise*, 20.

insurance. It was a market that expanded at breakneck speed, and which commercial insurers such as Dryden found ripe for exploitation.

As earlier described, when the Prudential began to offer commercial policies at industrial rates, working class patrons purchased them eagerly. The stability, prestige, and scientific aura of commercial contracts filled a niche in the market and harmonized with working class ambitions. For the less well to do, the purchase of commercial insurance appealed to the ideology of American classlessness. The desire to safeguard earnings in a precarious economy, to increase them through hard work and sound investment, and to live (and die) in a manner that suggested affluence, constituted a major component of working class ambitions. Industrial firms such as the Prudential described their product not just as a means of protection but also, like the policies of the rich, as mechanism on which to pin hopes of advancement. Industry executives accurately presumed that workingmen would respond as powerfully as the well-off to the alluring prospect of taking part in a growing enterprise, of being associated in some way with the growth of a vast body of wealth. Despite the tiny sums actually paid out by industrial insurance, industry personnel adopted a powerful rhetoric of investment, nation-building, and personal uplift that linked the aspirations of wage-workers with those of their financial betters. Harnessing the economic spirit of the day, industrial firms thus appealed not just to wage-earners' financial fears, but also their economic ambitions.

The impressive sales figures achieved by the branch demonstrated that the ideology of industrial insurance resonated with the preoccupations of the working class, but to attain a secure market, executives understood that the tenets of industrial insurance needed to harmonize as well with the preoccupations of the upper classes -- particularly with social reformers, whose views

on the corruptibility of the poor, and whose suspicion toward big business placed the industrial branch in a precarious position. To manage the risk of social opprobrium, the Prudential and similar industrial insurers constructed a dual rhetoric of risk, one which on its surface advertised the protective – and acceptable – nature of commercial risk management, but which also contained a speculative message nuanced enough to appeal simultaneously to the moral sensibilities of the well-to-do and the economic ambitions of the working poor. Though perhaps subtle to a modern audience, the class distinction drawn by the separation of ordinary insurance and industrial policies was unambiguous to turn of the century contemporaries. The salaried upper classes and wage-earning workingmen were well understood to handle money differently, and to manage risk differently, as well. Long after financial speculation became acceptable among the middle and upper classes, the investment of a workingman's dollar into a speculative venture remained unseemly.

To appease the industry's socially-minded critics, industrial insurers cultivated a rhetoric describing industrial policies as investments that, while protective, were specifically *educational* for the lower class. Industrial insurance, they ventured, was a speculative mechanism in that it schooled members of the working class in how to better manage the cash that they received in their pay-envelopes. Industrial insurance had the capacity to train the lower classes into modern habits and secular enlightenment by inculcating habits of thrift and regularity. It could create financial opportunity for wage-earners by inducting them into the economic life of the middle class. It is unlikely that the assertion was aimed toward the working class, who would probably have bridled at the assumption of their own moral inferiority. It appealed greatly to the paternalist sensibilities common among affluent social reformers, whose sense of propriety

demanded guidance for the downtrodden and patronage for the weak, and who might otherwise have taken a dim view of harvesting cash from the poor.

The educational claims of the industry rested on the assumption that wage-earners were poor custodians of money, a notion frequently challenged by social workers, but one that allowed insurance companies to hold forth on the progress that could be attained by those who devoted their pennies to insurance premiums. “Without doubt,” declared one 1868 article on industrial insurance, “the penny of the poor man is to have its place in life insurance accumulation as well as the dollar of the capitalist...”⁵⁸ Firms sweetened the argument with the justification that industrial insurance provided a service that would otherwise fall to the shoulders of public charity, and thus it saved the municipality a burdensome expense. Like the poorhouse, they argued, industrial insurance could inculcate habits of steady work, but unlike the poorhouse it was not funded by public coffers, nor did it constitute a form of charity with the associated threat of pauperizing the poor through handouts.

In addition to elevating the financial station of its owner, promoters of industrial insurance insisted that policies had the potential to lift the moral status of the person insured.⁵⁹ Americans in the middle to late nineteenth century interpreted poverty as the result of low character and moral failing. To middle class residents, the individuals afflicted with indigence constituted a “lazy, idle, and immoral” few who were too improvident to take advantage of the

⁵⁸ “Industrial Insurance,” *Exchange and Review*, Nov 1868.

⁵⁹ Historians have noted that the Renaissance and the Protestant Reformation ended the religious associations between poverty and sanctity. By the eighteenth century, the wise and prudent management of wealth had become a Christian virtue, and affluence itself was regarded as a sign of economy and good character. See Michael B. Katz, *In the Shadow of the Poorhouse: A Social History of Welfare in America* (New York: Basic Books, 1986), xii.

nation's opportunities.⁶⁰ The "deserving poor" numbered even fewer. Reform ideology focused on redeeming those fallen by checking their demoralization and inculcating a work ethic. In 1911, Lee Frankel, head of the welfare department at Metropolitan Life, explained to a conference of social workers that his firm was preoccupied not just with insurance but also an "additional" responsibility, "in that it comes in contact with millions of individuals, many of whom are illiterate, uneducated, and in many instances do not even speak our language." Frankel asserted the company's intention to "attempt to improve their condition during life itself," a sentiment which may or may not have been appreciated by those who purchased policies, but which was highly regarded by his philanthropic audience.⁶¹

Not everyone believed the rhetoric of the life insurance industry. Social workers, clergy, and visiting medical personnel eyed the policy expenditures of the poor with misgivings, particularly when they encountered such spending in households already in need of charitable aid. When a regular wage allowed a decent standard of living, insurance seemed a reasonable piece of the household economy. For individuals and families living close to the margins, however, the payment of the weekly premium could mean doing without meals, coal, or medicines, omissions that social workers believed constituted not thrift but privation. Religious and charitable onlookers reacted with particular irritation when they encountered cases of "overinsurance," situations in which policyholders supported more insurance than their budgets could possibly be stretched to pay. In one example, an observer reported a man in Philadelphia

⁶⁰ John Duffy, *The Sanitarians: A History of American Public Health*, (Urbana: University of Illinois Press, 1990), 53.

⁶¹ Lee Frankel, "Industrial Insurance and its Relation to Child Welfare" presented to Child Welfare Conference, 1911.

who resided in a basement “unfit for human habitation.” Despite his poverty, the man had little fear for the future, as “he belonged to three fraternal orders and carried two [industrial] insurance policies, all of which guaranteed him a \$275 burial, concerning which he spoke with much pride.”⁶²

When instances came to light of impoverished policyholders unable to keep up with weekly payments, industrial insurers insisted that such persons were among the lazy, idle, and improvident, and had only acquired policies through some tragic mistake. “It was never the plea of Industrial insurance companies that they were soliciting risks of paupers or the lowest poor,” insisted Prudential statistician Frederick Hoffman in 1900, “but from the start they made an effort to reach the industrial masses – if it be so, the industrious poor.”⁶³ Agreeing that the line between paupers and the deserving was often blurry, insurance firms asserted that in those cases in which industrial policies wound up in the wrong (i.e., most destitute) hands, the problem was not the cost of the policy or activity of the firm, but the degeneracy of the client. Insurance policies offered such fantastic opportunities for self help, they claimed, that only undisciplined drifters could lose money to industrial insurance firms. Everyone else stood to gain, including the keepers of public coffers, who were relieved of many of their burdens due to the role that industrial insurance played in preventing the poor from becoming dependent. “Shall we attempt to maintain self-respect and dignity and thrift through insurance,” enjoined Frankel to the meeting of social workers, “or lacking this, shall we encourage dependence on private or public

⁶² Asa E. Martin, *Our Negro Population: A sociological Study of Negroes of Kansas City, Missouri*, (1913; reprint New York: Negro Universities Press, 1969) Quoted in Beito, *From Mutual Aid to Welfare State: Fraternal Societies and Social Services, 1890-1967*, (Chapel Hill: University of North Carolina Press, 2000), 27.

⁶³ Frederick L. Hoffman, *The History of the Prudential Insurance Company of America, 1875-1900*, (Newark, NJ: Prudential Press, 1900). 73.

philanthropy?”⁶⁴ By this logic, if a person among the “low poor” purchased industrial insurance, at least he or she may still be amenable to self-help; if that person turned to public aid, the hopelessness of the case was all but guaranteed.

The language of financial gain also captured interest among those for whom the United States was an adopted land, and for whom participation in the cash economy served as a mark of success, progress, and assimilation. “If the Old World has used their labor to convert raw materials into finished goods, here they confronted the industrial marketplace where money and wages were the key to survival,” notes historian Elizabeth Ewen.⁶⁵ Only through the cash market could newcomers access the world of factory-made goods and modern services, a fact not lost on the agents who peddled industrial policies in immigrant neighborhoods. Offering descriptions of the material goods that could be had through the financial sophistication of policy-ownership, agents openly targeted the acquisitive dreams of newcomers. They pitched their sales especially strongly toward immigrant women, who often faced criticism for being “old fashioned,” and who responded robustly to the industry messages that life insurance policies provided a stepping stone to progressive, modern living.

Wherever newcomers proved eager to participate in the culture of investment and financial power that was part of the promise of America, industrial agents did a brisk business. The tenements of Boston and New York were notorious debits. The assimilationist appeal crafted by purveyors of industrial policies corresponded with the economically prosperous atmosphere

⁶⁴ Lee Frankel, “Industrial Insurance and its Relation to Child Welfare,” 1911.

⁶⁵ Elizabeth Ewen. *Immigrant Women in the Land of Dollars: Life and Culture on the Lower East Side, 1890-1925*, (New York: Monthly Review Press, 1985), 15 -22.

and did much to boost the sale of policies. Between 1880 and 1900, industrial insurers increased their policies in force by 243%. At the turn of the century, industrial companies were responsible for nearly \$1.5 billion in insurance.⁶⁶ Their solvency placed the industrials on a near-equal footing with their sister companies in the ordinary branch, and brought insurance officers reason for celebration. On a stray piece of paper, Metropolitan Life Vice President Haley Fiske observed to himself that his company was blowing its own horn. “Yes we are and we are going to continue to blow it and why shouldn’t we?” he jotted. “We are the next to the biggest Life Insurance Company on earth and we are going to be the biggest and we don’t care who knows it – in fact we are going to talk about it until everybody knows it and then they’ll help us blow.”⁶⁷ Though cause for excitement among company executives, it was a solvency which ultimately called into question the image of industrial policies as humble mechanisms of self-help for the modest working man.

“Surplus is Strength”

The precarious ideology of the firms succeeded for a time. It obscured but did eradicate the contradictions of the business, which continued to grow despite the moral incongruities within the firms’ foundations. Financial bluster diminished public acceptance of the “missionary purpose” of the business, but the protection from loss promised by the companies, with the

⁶⁶ Maurice Taylor, *The Social Cost of Industrial Insurance*, 43.

⁶⁷ Haley Fiske. Notes in Haley Fiskes’ handwriting, probably 1899 or 1900. Haley Fiske, speeches and writings, 1911-1929, MLICA.

additional enticement of possible economic gain, appealed to American notions of risk enough to keep the industry in strong financial standing.

In characteristic fashion, it was a dramatic stroke of Henry Hyde's that provided the final tipping point from a product that was based on trust to a product that was based on financial speculation, and it was this same stroke -- taken to excess -- that undermined the firms' public legitimacy. Greedy for revenue, Hyde popularized a form of investment policy that was so risky that nearly every customer who purchased it experienced a loss. The popular outrage that ensued placed a lasting crack in the moral foundation of the industry that would one day inform the shift from financial guardianship to direct service in the form of engagement in public health. Policyholders had failed to imagine that such losses could result from an insurance contract. They were no longer willing to accept speculation as an acceptable form of insurance risk.

In 1867, Hyde had driven the Equitable's surplus to the brink of ruin through his expensive competitive strategies, and he needed a robust infusion of funds to save the firm from financial embarrassment. In a feat as hazardous as it was effective, he revived the speculative "tontine" scheme that had first been used in France in 1689 to raise money for the insolvent court of Louis XIV. Participants in a tontine contributed money to a pool, which accrued interest for a set interval of years and was then redistributed to those left alive after the passage of time. It was, in effect, a lottery that could only be won by out-surviving the rest of one's tontine class. In 1869, French widow Charlotte Barbier gained spectacularly by collecting 74,000 livres on an initial investment of 300. Hyde's tontine achieved near equal celebrity when the life president advertised her story, creating the biggest sales boom in life insurance history. The success

prompted Hyde's competitors to adopt tontine policies of their own. The availability of tontine insurance created a gamble that nearly everyone was willing to take.

The tontine came with significant hazards, which companies willingly hedged against the enormous accumulation of funds that the policies brought in. The overwhelming danger for most investors was that they would not receive as much money as they had bargained on (certainly not as much as Charlotte Barbier), but Hyde devised a new slogan to entice customers to buy -- "Surplus is strength" -- and spread the motto widely. In the hands of the Equitable, surplus surely *was* strength. Money that accrued from the new policies swelled the company's ailing surplus and allowed the Equitable to jump ahead of its rivals in the Big Three; by 1880 it was the largest life insurance company in the world.

The engorged surplus appealed particularly to the investment psychology of 1870s consumers. Actuaries for the Equitable divided tontine subscribers into classes whose policies would mature in intervals of ten, fifteen, or twenty years. During this period, policyholders received no dividends on their policies; the interest that accrued from their premiums remained in hands of the company, which could make an even greater profit by reinvesting it.⁶⁸ Those who lapsed their policies forfeit all payments and interest into the pool; those who died received the full face value of the policy, but none of the speculative benefits; only those who faithfully paid their premiums and also managed to out-live their peers could look forward to collecting the

⁶⁸ The structure of insurance contracts required companies to invest premiums paid by policyholders into ventures that would earn a minimum of 4% interest. Money made in this manner became known as the "surplus," and in most ordinary insurance departments was returned to policyholders as "dividends."

astronomical dividends promised when their policies matured.⁶⁹ The scheme was, in some senses, a gamble with the very insecurity that life insurance had been designed to guard against.

The tontine craze was not without its detractors. Some denounced tontines as a profane form of taking bets. Insurance reformer Elizur Wright called the practice “life insurance cannibalism” and predicted that mayhem and insolvency would erupt in the industry should it be allowed to continue. “It is as if a temperance society should endeavor to promote its cause by establishing a liquor saloon under its lecture-room, or a church should support its minister by a lottery,” he brooded.⁷⁰ Insurance officers retorted that it was the right of individuals to take personal financial risks. “That is the law of every business enterprise,” insisted New York Life president Winston Beers: “—free choice at the outset; risk in any course and the greater prospective gain attended by the greater risk.” Beers also repudiated the implication that profit on an insurance contract could be morally degrading. “It is neither new nor wrong to link duty to others with profits to one’s self.”⁷¹ Hyde, too, deflected moral attention from the lottery-like aspects of tontine insurance. He referred to tontine dividends merely as “investment returns,” a strategy that proved as effective for insurers' profit margins as the introduction of the tontine itself, at least for a time.⁷²

⁶⁹ The ability of policyholders to collect dividends at chosen intervals meant that the stratagem was not a tontine in its pure or classic sense. To accommodate the difference, most companies called their new policies “semi-tontine” or “deferred dividend” contracts.

⁷⁰ Keller, *The Life Insurance Enterprise*, 57. Even if tontines had been carefully regulated the shift might have displeased Wright, whose sense of the insurance business remained a moral one, and who cleaved to interpretations of insurance that emphasized its munificent role.

⁷¹ Keller *The Life Insurance Enterprise*, 56.

⁷² O'Donnell, *History of Life Insurance*, 549.

The companies that embraced tontine insurance did not drop into insolvency, as Wright had predicted. They did, however, drop into a sort of competitive mayhem. The high-revenue tontine policies prompted a newly energetic wave of competition among the Big Three, which focused special energy into discrediting one another. They printed defamatory circulars, poached each other's underwriters, and looked the other way while their agents "twisted" policies from consumers by spreading rumors designed to frighten customers into lapsing.⁷³ When the first class of policies matured, however, a chilling financial reality prompted an armistice among the companies. Wright's prediction of financial havoc came true; the dividends received by the first generation of policyholders fell far short of consumer expectations. Some brief calculations indicated that payments based on early promises would have bankrupted the companies. Insurance executives blustered in response that at the time that the policies had been sold interest rates had been higher, the future rosier, the economy more robust. Few believed these claims, and even if they had, the justifications destroyed company credibility by suggesting that executives and actuaries had fallen prey magical thinking in the projection of tontine returns. The lapse was serious; an industry that advertised its most fundamental strengths to be scientific credentials and conservative investment skills had been exposed in the midst of fairytale accounting.

Consumers made their outrage known. "Thousands had adopted this method for providing for old age. Inevitably, when they found themselves so badly deceived, they sought redress. They bombarded the Equitable and New York Life with protests, and personally stormed

⁷³ Stalson, *Marketing Life Insurance*, 486.

the offices,” reported journalist Burton Hendrick.⁷⁴ Policyholders dispatched a barrage of mail to insurance officers and settled themselves outside their office doors. Lawsuits, accusations, and recriminations became the standard method of communication between companies and customers. The legislatures of Ohio and New York launched public inquiries into the scandal, but no one outside the insurance industry seemed able to obtain much satisfaction. “Hyde, Beers, and the rest repudiated all the agents’ promises; and triumphantly pointed out that the estimates had never been incorporated in the policy,” described Hendrick.⁷⁵ Like other investigations of their kind, the inquiries launched by the Ohio and New York legislatures quietly ended without a single report.⁷⁶ But the companies were not invincible, and the tontine crash offered a harbinger of what was to come. “As their self-image changed,” notes sociologist Viviana Zelizer, “the nature of public criticism against life insurance companies also shifted from ideological censure to economic indictment. There was a growing demand for legislative protection against the companies’ business methods.”⁷⁷

The demand was seeded in the courts. In 1884, retired dentist Austin Allen Fuller filed a lawsuit against Metropolitan Life in regards to a \$10,000 tontine policy he had taken out in 1874. Promotional literature provided by the company had promised “on conservative assumptions \$1,635 dividends beginning in 10 years,” but in 1884 Met Life offered a dividend of only \$387. Telling a story of aggressive solicitation on the part of Met Life agents, Fuller sued for an

⁷⁴ Hendrick, *The Story of Life Insurance*, 660.

⁷⁵ Hendrick, *The Story of Life Insurance*, 660.

⁷⁶ James, *The Metropolitan Life*, 98.

⁷⁷ Zelizer, *Morals and Markets*, 105.

accounting. The company refused to oblige, although in court the firm's actuary testified that payment of dividends as large as the one promised to Fuller would have bankrupted the company.⁷⁸ The court found in favor of Fuller and ordered an accounting, which company counsel Haley Fiske avoided by negotiating to pay the plaintiff \$4,500 and costs. No accounting was ever made, but the Metropolitan Life ceased to write tontine insurance.

Other companies were slower to shift their practices, and some responded to requests for accountability with outright denials and brazen ideological reversals. When the avalanche of lawsuits rained down upon the Equitable, the company defended itself from charges of fraud and failure to keep public accounting by repudiating the very premises on which it had sold its policies. Renouncing the status it had claimed as a benevolent institution and custodian of the public trust, the Equitable denied that it was a trustee of policyholder premiums at all.

The plaintiffs, as policyholders, have no rights which entitle them to bring this action. The policy-holder is not *cestui que trust*. And neither the directors nor the company are trustees. The policy-holder is not a partner. He is not a creditor. He is not a member of the company. The fund produced by the payment of all the premiums does not in any sense belong to the policy-holders, but belongs exclusively to the company.⁷⁹

Despite decades of company advertisements pronouncing insurance firms to be trustees, the courts sustained this view. To further protect the Equitable from legal action, Hyde pushed through a law in 1890 requiring that suits be brought through the attorney general. No individual policyholder would again be able to demand an accounting, or otherwise pester insurers. For the time being, the companies had attained shelter from exposure. The privacy lasted only briefly, however, and when it began to erode, the industry found itself in a limelight difficult to darken.

⁷⁸ James, *The Metropolitan Life*, 99-100.

⁷⁹ Hendrick, *The Story of Life Insurance*, 661.

Over the coming decade, one disclosure after another increased the industry's exposure, until in 1905 events at the Equitable would catalyze a crisis.

The new construction of risk had worked too well. Policyholders now saw themselves as jilted investors with a claim on the company coffers. To allay consumer passions, the insurance industry would eventually formulate a new ideology of risk that could deliver on the promise of security and wealth without financially implicating the companies. As chapter 4 will show, they did this by engaging in the field of preventive medicine and public health, but not before popular fury against the companies boiled over.

The Penny of the Poor Man

Much as the rapacious spirit of the ordinary insurers outraged middle class policyholders, Americans reserved special indignation for the hypocrisies incurred by the industrial branch, whose rhetoric of benefaction toward the poor touched off popular outrage when contradicted by industry practices. The tremendous profits accrued by industrial insurers contrasted dubiously with the poverty of their clients, and resulted in frequent accusations by clergy, social workers, and ordinary onlookers that industrial insurers bilked the poor. The Metropolitan Life tower at Madison Square, for instance, attracted hostile comment from many who noted that its marble façade and glittering heights had been built on the backs of the working class.⁸⁰ At pains to

⁸⁰ Metropolitan life fielded frequent accusations that the tower was “built out of lapses;” that is, that the funds to build it had been derived of the forfeited insurance of policyholders unfortunate enough to miss a payment. Company vice president Haley Fiske defended the tower in front of numerous audiences in the years immediately surrounding its construction. “A good deal is said, in discussing industrial insurance, about the apparent wealth of the companies,” he noted before the National Civic Federation in 1908. “One looks at our marble building on 23rd Street, and that tower, which I hope you will agree is a noble specimen of architecture, and he says: ‘Look at the

explain the disjunction between the opulence of their corporations and the poverty of the clients, industrial insurers turned again to the rhetoric of social uplift and a notion of risk as a basis for gain to legitimize their product.

In part, the need for such consistent re-legitimization stemmed from the fundamental problem that insurance companies sold a product that did not sit comfortably in the commercial market. Despite the insurances of industry personnel that policies opened financial opportunities, encouraged thrift, and uplifted the downtrodden, the basic fact remained that those who needed protection the most were in the worst position to attain it. For social reformers, the very success of the industry revealed its deepest flaw: insurance marketing appeals had been so effective that Americans not only scraped to buy policies, they refused to lapse them even under profound financial duress. The more the insurance industry failed to measure up to its promises of social good, the more abuses emerged at the hands of supposedly responsible trustees, the more incumbent it became for industry executives to banish the contradictions and re-describe their firms' social legitimacy. And because the inconsistencies happened most brazenly in the industrial branch, it was there that the industry faced its most incriminating adversaries.

Little evidence exists to suggest that social reformers were ever truly persuaded by the arguments that industrial policies could transform ne'er do wells into upright citizens, safeguard charitable coffers from unworthy beggars, or put an end to the destitution of the working poor, but for the most part they tolerated the boasts of the industry and gave patient audience to company speakers. After all, in at least one crucial way industrial insurance was quite effective.

profits of industrial insurance! It is nothing of the kind." Haley Fiske. "Insurance by Private Companies" Address to the National Civic Federation in the City of NY, Dec 15, 1908. Reprint. Folder: Haley Fiske, Speeches and Writings, MLICA. See also Haley Fiske, "Tower Light that Never Fails." 1909-1910, MLICA.

Setting aside the rhetoric of social uplift, moral enhancement, or speculative gain, industrial insurance policies were successful in their fundamental management of risk: protection from loss. The importance of a dignified funeral weighed heavily on the working class, for whom burials occurred with crushing frequency. Regardless of any other function that the policies were touted to serve, industrial insurance met an immediate and pressing need among the working poor, and the majority of reformers countenanced its sale – that is, until the abuses became too egregious to escape official condemnation.⁸¹

Most visible of all insurance personnel, and most directly involved with acts (or failures) of social persuasion, it was insurance agents whose actions most immediately triggered public ire. Like their cousins in the ordinary branch, industrial insurance companies placed the burden of expanding the market on the shoulders of their sales force, urging agents to increase their transactions by hook as well as by crook, and the methods that resulted often represented the worst of both. Like ordinary firms, managers and insurance journals inundated industrial agents with enconiums about the importance of their public role, and like the ordinary firms they paid them badly. “The agent is the life of the business,” remarked Prudential president John F. Dryden. “The agent is indispensable.”⁸² Supporters reiterated that agents were ambassadors of the company, that they served as envoys who did immeasurable good. “[The industrial agent]

⁸¹ Insurance executives drew upon this success to insist that Industrial Insurance relieved pressure on public coffers. In one 1909 report, Prudential president John Dryden claimed that the rate of pauper burials had dropped approximately 5% between 1885 and 1901, representing a savings to taxpayers that he estimated at \$250,000. See John F. Dryden, “Practice of Life Insurance,” in *Addresses and Papers on Life Insurance and Other Subjects*, (Newark, NJ: The Prudential Insurance Company of American, 1909). See also Hoffman, *The History of the Prudential*. Both men claim that the decline in American rates of pauper burial was coincident with the introduction of Industrial Insurance, though it may be worth considering as well the impact of the fraternal insurance policies that became widely available around the same time.

⁸² John F. Dryden, “The Practice of Industrial Insurance,” in *Addresses and Papers on Life Insurance and Other Subjects*, (Newark, NJ: The Prudential Insurance Company of American, 1909), 85-120.

spreads the doctrine of optimism wherever he goes,” insisted a columnist in one industrial insurance periodical. “He usually brings with him sunshine and an atmosphere of optimism, and often an idea and good advice.”⁸³ However improbable such a statement may have been, the ideology it represented linked the agent intimately with the virtuous side of the business. If executives embodied the spirit of corporate competition, it was hoped that agents would embody the spirit of morality and public service.

For some, these lofty ideals were occasionally a reality. Companies made a practice of matching the ethnicity of their agents whenever possible to the ethnicity of the neighborhoods in which they worked, a tactic designed to improve the measure of trust (and sales) between the agent and the customer. At times such cultural commonalities may well have prompted more genial exchanges. More likely, if a friendship was to be had, it was the sheer familiarity of the agent that provided the impetus. Visiting clients weekly over extended periods of time, agents were in a position to know a great deal about the lives and concerns of those on their debits, including when they might be home, and how to best pressure them into buying a policy.

Intimacy might have lead to friendships, but more often it bred contempt. Most descriptions of industrial agents present the solicitor in a dark light, as a nuisance and even a villain. Despite their rhetoric to the contrary, industrial companies did not treat agents like envoys who did immeasurable good, but rather handled them with the same hypocritical disregard that incubated abuses – and public scorn – in the ordinary branch. Industrial salesmen made, on average, about \$8 a week, scarcely more than the earnings of the households they

⁸³ *The Indicator* (1909), 119.

visited.⁸⁴ To assemble even these diminutive sums they went from door to shabby door, chasing down premiums of a nickel apiece on an average of 500 policies.⁸⁵ “I find that by working hard, being faithful and honest, I cannot make \$6 a week, and it is the same with every other agent,” complained one individual who had worked for Metropolitan Life and Prudential for ten years.⁸⁶ Most remuneration came from commissions on new business; industrial companies, for instance, offered a salary consisting of only 15% of the premiums collected.⁸⁷ Since the rest of an agent’s earnings came from the rewards of new contracts, those who proved the most persuasive were also the most well-paid.

The lived experience of the agents contrasted so sharply with the ideal of public service that numerous agents became violators of thrift and trust rather than its guardians. To make a living at all, many resorted to corruption and fraud, sometimes petty but often significant and seriously damaging to clients who trusted them. When they could, industrial agents forged or invented the names of new customers, supplying premiums out of their own pockets in return for the substantial bonuses that companies offered for new business. The omission of medical exams, which would have proven the existence (or lack thereof) of aspiring policyholders, allowed such hijinx to flourish. One company experimented by offering agents of special bonuses for signing up newborn babies, and received in return a deluge of fraudulent policies. “[W]e got a great deal of business on streets in which there were no homes at all, and it was

⁸⁴ James, *The Metropolitan Life*, 79.

⁸⁵ Taylor, *The Social Cost of Industrial Insurance*, 114; Haley Fiske. “Industrial Insurance.” Reprint from *The Charities Review*, (March 1898): 14.

⁸⁶ *The Indicator* 9 (1890): 579.

⁸⁷ “An Insurance Agent; Some of his Trials and Troubles with Customers.” *Bismarck Daily Tribune*. 1 November, 1890, 2.

interesting to see the originality of the agents in the way of the invention of names,” recalled the superintendent.⁸⁸ Agents were also known to forge signatures on applicants from asylums, orphanages, and inebriate homes, sometimes even taking names from head stones to generate policies.⁸⁹

While prankish, these practices were cousins to the more serious and morally rousing abuses. One poignant scheme involved the writing of contracts for persons obviously ineligible for insurance. Assuring the prospect that all was well, the agent would falsify, a disqualifying detail (perhaps by lowering an age or omitting an infirmity) and initiate the contract, collecting premiums from the policyholder, until death brought attention to the fraud. The companies routinely refused payment to the bereaved.⁹⁰ Occasionally, agents would destroy old contracts and issue new ones for the purpose of collecting a second bonus, assuring trusting customers that their policies had been fully paid up. “Eight or nine weeks [later] her husband dies,” explained the *Indicator* to illustrate the deception, “and then she awakens to the fact that, instead of being a member of two years’ standing, she is only nine weeks insured and not even entitled to a quarter benefit, and this wicked act is done by a man to gain \$2.25.”⁹¹ When customers asked questions about their contracts, they often received answers that were more convenient than

⁸⁸ Actuarial Society of America, *Transactions*, 22:1 (1921), 70.

⁸⁹ Anxious for business, underwriters sometimes selected real families for whom they paid the first premiums out of their own salaries. Such an act allowed the agent to collect a commission on the new business, and to hope that the family might later take up the policy on their own. See *The World*, Oct 5, 1890.

⁹⁰ Companies maintained that the insured was at fault in such instances, considering it to be the customer’s responsibility *not* to accept insurance if ineligible. Taylor, *Social Cost of Industrial Insurance*, 116-117.

⁹¹ *The Indicator* 9 (1890): 451.

truthful. Eager to make a sale, unscrupulous agents were willing to promise nearly anything to policyholders.

Industry officials privately groused at the infamy of their agents, but the pressures remained, and in truth, the sheer number of solicitors needed for company operations necessitated lax oversight. The average industrial firm maintained a sales force of ten to fifteen thousand. In New York City alone, five thousand agents canvassed the populace. The task of overseeing such an army of workers, all of whom labored beyond the sight of the home office, plainly overwhelmed most companies, who were in any case more focused on profit than service. Training manuals, corporate memos, and the occasional company dinner constituted the majority of contact between executives and agency staff, leaving scant opportunity to correct the widening breach between the image of rectitude that companies hoped their agents would convey, and the behavior that resulted from their contact with the voracious market of the gilded age. “Soap, water, blacking, a pen-knife, and a tooth-brush are all cheap in this country,” inveighed Metropolitan’s Joseph Knapp to the field force, in the hope that they would express a stronger message of excellence.⁹² The comment may have been as wishful as it was stern. Agents composed the foundation of the system of American insurance, but given the pressure toward corruption, incompetence, and surrender, they formed a shaky bedrock.

Public rumblings of discontent with the practices of American life insurance industry grew louder as the nineteenth century drew to a close, and in fact seemed to reach a crescendo as industry sales attained greater heights. Cases of “over insurance” so easily dismissed in the 1870s and 1880s attracted the scorn of charity and social workers in the 1890s, when the nation’s

⁹² James, *The Metropolitan Life*, 84.

first full-scale industrial depression thrust thousands out of work and underscored the industry's failure to insulate wage-earners from risk.

By the 1890s, social workers constituted the industry's most formidable detractors. Their claims against the industry were even more disturbing than the public's denunciation of insurance agents, or the newspapers' condemnation of the Racers' profligate spending. Social workers asserted that insurers cruelly overcharged the poor. For every dollar of industrial insurance, they noted, policyholders typically received only forty-five cents of protection, while wealthier families purchasing ordinary policies collected sixty-eight cents on the dollar.⁹³ Moreover, while industrial premiums were small, the benefits were also small, and the tight economy of a working class household could scarcely justify the expenditure. This, to social workers, was not uplift but predation. Even some insurance agents conceded the point. "I have some families that I collect from who would go without food or fire rather than neglect paying their weekly insurance dues," an underwriter in New Jersey told the *Trenton Times*. "No, sir; you may write it down for a fact that the large industrial insurance companies exist and gather their huge assets from the money paid in by the poorest of poor people."⁹⁴ Such statements supported the widespread belief among charity workers that industrial companies preyed upon those who could least afford their attentions. The central feature of industrial insurance was not the elevation of the working class, as the companies claimed, but rather the exploitation of the country's poorest citizens.

⁹³ Taylor, *The Social Cost of Industrial Insurance*, 203.

⁹⁴ "An Agent's Talk. Facts given by a Representative of Industrial Insurance." *Trenton Evening Times*, May 28, 1892, 1.

Better off Dead: The case for social insurance

In 1895, social workers mounted one of the greatest challenges to date against industrial insurance by filing a motion in the Massachusetts legislature to ban the insurance of children under ten, a motion that brought numerous issues surrounding industrial insurance to public attention. In the hearings that followed, testimony considered whether commercial insurance truly provided indemnity against loss, inculcated habits of thrift, uplift, or whether it instead served as a manner of commercial exploitation by appealing to the speculative ambitions of those who could least afford to gamble. Launched by the Massachusetts Society for the Prevention of Cruelty to Children, the measure brought to the fore the social contradictions inherent in placing security from risk on the open market, begging questions of whether the private industry could equitably and efficiently spread risk, or whether it merely exploited the poor. Testimony hinted that other mechanisms for managing risk might be more appropriate, either through voluntary societies or through the mechanism of the state.⁹⁵

Industrial insurance had opened a niche for insuring the lives of minors. The earnings of children in wage-working households were often significant to the welfare of the family, and their mortality rate was significant, as well. The death of a child was a common and heartbreaking occurrence in working class households, where it not only deprived the family of a

⁹⁵ The proceedings also highlighted the remaining potential for controversy surrounding the commercial valuation of human life. The hearings convened to protect the lives of children, who constituted a population with symbolic potency strong enough to rekindle fears that some lives were simply too sacrosanct to insure. The ensuing debate highlighted a deep-seated philosophical disjuncture between intrinsic and extrinsic values of human life. It also opened up important questions about the cost of managing risk, who was most suited to do so, and how risks within an industrial society might be most equitably spread.

measure of income, but caused the incursion of debt for the cost of a burial appropriate to mourn the loss of a young and innocent life. Industrial policies constituted the first tools available to such families with which to manage this liability, and as such policies sold vigorously. By 1896, parents had purchased policies for 1.5 million children. But as quickly as child insurance became normative for the working class, middle class reformers rose to condemn it.

Formal resistance had begun in England early in the century, where courts regularly heard testimony from social reformers determined to end the practice of gambling on the lives of minors.⁹⁶ Challenges in the United States usually took only the shape of vague warnings about the danger of making death profitable, and the temptations of exploiting the pauper innocents, but in the late 1880s American opposition commenced in earnest, buoyed in part by the struggle against child labor and the wider drive to halt the commercial exploitation of young lives.

Affluent onlookers argued that children's lives were priceless, and viewed the intrusion of commercial value with horror. Significantly less burdened by the costs of caring for dependents, and able to adequately run their households without the income of children, members of the middle class viewed minors as a population whose worth was sentimental and symbolic, not economic. To many members of this class, the placement of a financial valuation on the life of a child eroded the moral bond between the innocent and the caregiver. Some feared

⁹⁶ British opponents asserted that "cunning" parents intentionally malnourished children, hoping to weaken them to the point of death, and alleged as well that many of the infants who "accidentally" suffocated while in bed with their parents were likely murdered. Thirty per cent of accidental infant deaths occurred from asphyxiation in the family bed, too high a number, they cautioned, to be merely chance. Even more strident accusations surrounded the insurance of foundlings and orphans. Reformers alleged that infants on "baby farms" were allowed by their caretakers to die so that money could be collected on their insurance. Britain's weak system of government regulation lent credibility to the claims. See C.W Chancellor, "Infantile Life Insurance in Europe," *Charities Review*, 5:3 (Jan 1896), 128-133; See also Viviana Zelizer, *Pricing the Priceless Child: the changing social value of children* (New York: Basic Books, 1985), 116.

that it could even incite murder. Reformers argued that insofar as children's earnings aided struggling families, the insurance policies on their lives dangled sums far greater than their labor was worth, making the economic value of a deceased child higher than that of a living one. In the darkest scenarios, they claimed, craven or merely desperate parents might neglect, starve, or "accidentally" suffocate the weakest members of their broods, if not merely to enjoy the bounty then to spread the windfall of resources among other household needs. The family – such minds might argue – would be better off if the little one were dead. Between 1889 and 1902, opponents made over eighty legislative attempts in thirteen states to ban or restrict insurance on children.⁹⁷ With the exception of Colorado, state legislatures uniformly rejected calls to ban policies on minors. In 1895, however, the hearings in Massachusetts brought national attention to its apex.

For six weeks beginning in March, industry representatives sparred with charity workers in a packed legislative hall. Petitioners opened the hearings with testimony so compelling and macabre that the number of observers grew from 150 at the hearings' inception to 300 by the time the industry presented its defense. Clergymen, doctors, lawyers, bankers, and even members of the legislature itself submitted outraged statements alleging that child insurance served as an incentive for parents to starve and neglect their offspring in order to collect benefits on the insurance. Although only a small percentage of households became sites of such suspected diabolical behavior, detractors maintained that policies on children served as a ready enticement to the desperate. Social workers and charity doctors spoke passionately about the suffering and loss of sickly children who received no care, but whose parents paid regularly for their insurance.

⁹⁷ Zelizer, *Pricing the Priceless Child*, 116; James, *The Metropolitan Life*, 122. For a thorough overview of legislative attempts to ban or restrict child insurance in the United States, see Lee Frankel, "Memorandum on the Pending Bill Relating to Child Insurance," submitted to the state of Colorado, year unknown. Reprint by Metropolitan Life Press RG/13 MLICA .

They castigated insurance executives and particularly agents who “pursue their calling without any regard to the misery they create or who pays the premium.”⁹⁸ One cleric who echoed this perspective noted, “Insurance companies say their system encourages thrift, but they know better. Shall I tell you, gentlemen, what has increased since industrial insurance came to Boston? The undertakers, that’s all.”⁹⁹

The claims of the petitioners were socially provocative, but factually weak. When Haley Fiske, the newly-appointed vice president of Metropolitan Life, rose to speak on the twentieth of March, he opened his defense by chastising the petitioners for seeking legislation without first obtaining a thorough knowledge of the subject. Infanticide, he noted, was a monstrous charge that no person should bring without proof, and Fiske pointed out – accurately -- that despite the concerns of those in favor of the bill, the petitioners had failed to present the legislature with anything more substantiated than rumors. No state legislature had ever conceded to pass such a law, as a genuine instance of child murder for the collection of insurance money had never been demonstrated. The only real point left to contend, surmised Fiske, was whether “the whole system of industrial insurance leads to extravagance.”

Fiske had opened his defense with the umbrage of the unjustly accused, but he quickly shifted into the simple logic and plain speaking that had won him success as a trial lawyer as well as a man of business.¹⁰⁰ To the Massachusetts committee, Fiske restated the issue of

⁹⁸ Reverend Burr of Roxbury Baptist Church is quoted in “The Child Insurance Scandal: More testimony by observers” *Springfield Republican*, 20 March, 1895, 5.

⁹⁹ “Startling Charges Made” *Boston Daily Globe*, 15 March, 1895, 7.

¹⁰⁰ During the Fuller trial, Fiske had served as the Metropolitan’s chief counsel and successfully deflected the majority of the allegations against the firm. The feat garnered the approval of John Hegeman, who in 1891 became company president and demanded that Fiske assume the vice presidency. Company lore states that Hegeman “saw a

industrial insurance in an alternative moral garb. A sum of barely thirty dollars constituted the average return on a policy of child insurance, which was just enough for a humble burial. Fiske insinuated that the petitioners were not really charging the poor with neglect so much as they were alleging that poverty precluded the right to a decent interment, and that the desire for dignity on the part of the poor constituted an immoral extravagance. “[T]hese poor people pay more for funerals than the ladies and gentlemen who have come here think they ought to,” he summarized. Rhetorically he asked whether the bill should read: “Be it enacted, that persons getting less than ___ dollars a week shall not insure the lives of their children.” Fiske wrested the question of sales to the poor back from one of exploitation to one of moral integrity, winning the argument before the committee. Fiske’s oratory was so powerful that at times his audience in the legislative chamber met his statements with open applause.¹⁰¹ He ended his case by skillfully addressing the terrible accusation implicit in the subject of the proceedings: that the poor, unlike the rich, were so corruptible as to be craven. Yes, industrial companies insured in the slums, he confirmed. “We insure people who live in the poor districts frequently, for people do not cease to be respectable when they become poor.”¹⁰²

Exposing the moral hypocrisy of the bill’s supporters helped to solidify the company’s ethical standing. But it did not close the wider issues brought out at the hearings, which raised

stormy period ahead, and he wanted a strong man at his right hand to help him meet the trouble.” See “In Memorium to Haley Fiske, 1852-1929,” *The Intelligencer* 20:7, 6-7.

¹⁰¹ In addition to his personal strength of character, Fiske is remembered as having been particularly resourceful and intelligent, and for having developed “tact necessary to handling people in groups.” Evidence substantiates Fiske’s reputation for alacrity at human relations. His speeches brimmed with accessible facts and winning logic, and demonstrated unwavering human compassion and a seemingly infallible moral compass. See “In Memorium to Haley Fiske, 1852-1929” *The Intelligencer* 20:7, 6-7.

¹⁰² “Fiske Continues his Argument,” *Boston Daily Globe*, 22 March, 1895, 4.

serious questions about the capacity of private insurance to uplift or even protect the working class. The opposition and defense spent several sensational weeks presenting arguments about the practice of child insurance. Ultimately, their contentions reflected a much wider set of issues about the role of industrial insurance in American society.

The High Cost of Living and the Cost of High Living

Although the hearings quelled many of the allegations surrounding insurance and infanticide, they laid bare a set of concerns that were ultimately even more damaging to the companies: by publicly exposing the contradictions of the business model and the failures of companies to be equitable or efficient in the management of risk, they gave voice to the popular suspicion that the free market and social welfare were simply incompatible. The discomfort of several of the witnesses with the role of private companies in the network of charity provision constituted a lingering theme throughout the proceedings. Testimony reflected widespread mistrust of private profits acquired through the provision of a public good, and reflected condemnation of corporate inefficiencies and greed at the expense of the working class. The conflicting goals – financial versus custodial – of the commercial insurers clearly led to conflicting applications of funds, both by the companies and by the charities whose goals they ostensibly shared. The revelations paved the way for a larger critique than any the commercial insurers had yet faced, as observers began to question whether the public weal, not the private sector, might be the best protector of public indemnity, and the best manager of funds invested in risk.

Not only did firms earn profits from their undertakings, but the moneys were derived in part from siphoning other funds intended for public aid. Reverend Burr of a Roxbury Baptist church was scandalized to find that money distributed for charity relief to members of his congregation had been used in part to pay their insurance premiums. “[I]t dawned on him that he was paying the salaries of the agents and officers of these insurance companies, for a large part of the money distributed went to these companies,” reported the *Boston Daily Globe*.¹⁰³ At the legislative hearings, Burr testified that nearly three fourths of those the church assisted carried industrial insurance, presenting what he and other clergy interpreted as a disgraceful waste of consecrated funds. The pastor’s dismay reflected a common dilemma among charity workers. Cash relief had educational value in helping the morally righteous poor learn financial competence, but the corrupt poor might spend it badly, on luxuries and foolishness instead of necessities. That to Reverend Burr insurance represented a corrupted purchase indicated a fundamental disagreement with the companies’ self-appointed moral status. The industry was not being trusted to provide a moral necessity; their type of assistance was not public aid.

To those who studied the question carefully, industrial insurance purchased in the free market simply cost too much to accomplish the social goals among the poor that it professed to achieve. Social workers and reformers increasingly took issue with the contention that insurance taught thrift, and that those unable to meet their premiums were too shiftless to learn. The epigram coined by railroad executive (and insurance director) J.J. Hill that poverty was caused not by the “high cost of living” but by the “cost of high living” incensed social reformers. Nevertheless, it found its corollary in lectures and statements of insurance personnel. In an 1898

¹⁰³ “Children Sacrificed,” *Boston Daily Globe*, 20 March, 1895, 4.

speech defending the cost of industrial insurance, Haley Fiske demanded to know what evidence existed “that money not spent for insurance would be saved in other ways?” Existing evidence, he insisted, was to the contrary. “Would it not rather go for beer or ribbons or newspapers or fraudulent insurance?”¹⁰⁴

An increasing quantity of evidence – including testimony from the hearings themselves -- challenged the presupposition that working households enjoyed an economic surplus sufficient to pay for beer or ribbons. Witnesses before the Massachusetts committee reported that in numerous homes, commercial insurance imposed a final burden on budgets already stretched to breaking. “There are times when five cents will save a family from starvation...” testified Reverend Burr. “These people are frightened into paying these five cents to the insurance companies. They fear the insurance agent as they do the sheriff.”¹⁰⁵ Social workers and clergy who encountered such families boiled with indignation at industrial insurers – and they came across such families often. Dr. Helen Mack testified poignantly about a mother of eight who “informed her that she had no money to buy medicine, as it required all the means she had to pay for the insurance on the lives of the children.”¹⁰⁶ Dr. Florence Leach presented the committee with notes from medical visits, which included passages such as the following: “Family of five, father lazy and shiftless, wife goes out washing, children half grown, emaciated and thinly clad, no food in the house ... were paying 25 cents weekly for insurance, which they refused to give

¹⁰⁴ Haley Fiske, “Industrial Insurance.” Reprint from *The Charities Review*, (March 1898): 12-13.

¹⁰⁵ “Children Sacrificed” *Boston Daily Globe*, 20 March, 1895, 4.

¹⁰⁶ “The Child Insurance Scandal: More testimony by observers,” *Springfield Republican*, 20 March, 1895, 5.

up.”¹⁰⁷ An agency system that induced employees to make sales no matter what the cost exacerbated the plight of precarious households, and while companies officially forbade agents from soliciting paupers, only the blurriest line existed between the “honest poor” and those in financial desperation.

Social workers commenting on the proceedings insisted that insurance company solicitations in fact extended well beyond the line separating the poor from the desperate. The head-worker of New York City’s University Settlement reported that agents approached all dwellers of his quarter to peddle insurance -- “the tenant of the damp, unwholesome basement quite as much as the tenant of the airy, well lighted rooms on the third and fourth floors.”¹⁰⁸ Some observers speculated that industrial underwriters intentionally tapped members of the lowest economic stratum, because fraternal aid associations, their closest competitors, refrained from soliciting the truly impoverished. Unhindered by social scruples, commercial agents were said to tempt paupers with stories about windfalls they would otherwise never receive. Wealth that would take a workingman eleven years to save, explained agents, might be attained after merely three months of payments to an insurance company – that is, if there happened to be an untimely (or timely) death.¹⁰⁹ The commentary of social workers made it increasingly clear that any suffering incurred on behalf of industrial insurance had its origins squarely and purposefully with the tactics of the firms. It was not the parents who deprived their children of necessary

¹⁰⁷ “More Pictures of Misery,” *Boston Daily Globe*, 16 March, 1895, 9.

¹⁰⁸ James Reynolds, “Some Other Aspects,” *The Charities Review*, 8:3 (1898: May), 142-155.

¹⁰⁹ “English Views on Industrial Insurance,” *The Charities Review*, 8:9 (1898; Nov), 406-408.

sustenance, but the insurance companies whose rapacious actions effectively murdered the weakest of the poor.

Legislative exoneration notwithstanding, no industry could afford to let such damaging assertions go unaddressed, particularly a business whose growth and legitimacy hinged so strongly on its moral identity. In an 1898 article to the widely read *Charities Review*, Haley Fiske met the industry's detractors head-on, publishing an exposition intended to clarify – and exonerate – the relationship between industrial insurers and the poor. “The time has come for charity workers and industrial insurance workers to understand each other,” declared Fiske. Explaining that insurance corporations functioned entirely on the safe principles of business, he stated that they “are not, and can not be, charitable institutions.”¹¹⁰ Industrial policies, he insisted, constituted nothing more coercive than a square and straightforward economic opportunity, a statement insinuating that social workers were themselves attempting to deprive the poor by opposing the practice. “The business springs from the desires, nay, the demands,” he wrote, “of the people and is not a business created by speculators and forced upon them.” Charity personnel and the industrial sales force, he continued, did not work among the same classes. Agents were forbidden from canvassing in the slums, and had been thoroughly trained to consider sanitary conditions, morality, and any other factors affecting the probable continuance of a policy. Industrial underwriters, he insisted, were vigilant gatekeepers who understood that a lapsed policy represented a loss to the company.

Fiske was well-regarded for his oratorical success in the courtroom and in front of laymen, but his address to the *Charities Review* did not have the hoped-for mollifying effect on

¹¹⁰ Haley Fiske, “Industrial Insurance” Reprint from *The Charities Review* (March 1898): 12-13.

American social workers, who responded to the article with months of agitated commentary. Even overseas commentators found Fiske's reasoning unpersuasive. "The argument may seem more ingenious than convincing," remarked one prominent British charity worker.¹¹¹ Irritated New York City personnel rejected the contention that the companies provided insurance only to those who demanded it. Quoting the instructions issued to agents of Fiske's own firm, one social worker reminded readers that insurance salesmen were expected to visit every family in their allotted district, "going from house to house, from floor to floor, from room to room, and repeating his visits till every person is secured." "Does this sound as though the people were demanding admittance to industrial insurance?" she asked tartly.¹¹² No wonder the slums were insured. The only means-testing that salesmen appeared to apply was the capacity of clients to pay the first premium, a sum that enterprising agents occasionally extracted from their own pockets.

Much as charity personnel condemned the activity of agents, they directed the bulk of their scorn toward the firms themselves, noting the ways in which the policy of "squeezing" agents made the exploitation of customers implicit in the corporate business model. "The treatment of the people by the agents, and the treatment of the agents by the companies are two phases of the same question," one writer noted.¹¹³ That agents peddled insurance to dwellers of slums – and did so by hook and by crook -- was a matter not of accident but of design. To some, this came as no surprise. The firms, after all, were businesses, and sentimental rhetoric to the

¹¹¹ C H d'E Leppington, quoted in "English Views on Industrial Insurance," *The Charities Review* 8:9 (1898, Nov), 406.

¹¹² Lucy Atwood Fay, "Industrial Insurance: Discussion," *The Charities Review* 8:2 (1898, April), 68-71.

¹¹³ Reynolds, "Some Other Aspects," 1898.

contrary, their status as financial institutions and profit-making corporations determined their economic bottom line. One *Charities* editor chastised his readers that companies did not make decisions based on moral grounds. “No business man would suppose for an instant that these corporations felt any obligation in the matter other than that of responsible business firms. So long as they can carry on their business legitimately and make money on it, it is of little interest to them, and of little interest to any similar corporation, whether the persons who buy their goods, in this case, their policies, are really benefited or not.”¹¹⁴ But others found the practice more inflammatory, reasoning that a system of private insurance that was unable or unwilling to pay for its own intelligent administration could not justify a continued existence. “We might have immediately an investigation of their present condition by the government,” suggested one settlement house director, a measure that the firms took great pains to avoid.¹¹⁵

Regardless of who held the blame, the manipulation of the poorest poor on the part of industrial agents undermined the moral identity of the company and belied claims that industrial policies taught uplift through thrift. “Thrift by compulsion is not thrift at all,” noted one exasperated social worker.¹¹⁶ Indeed, discussion after the hearings lingered on the findings that “thrift by compulsion” lead to abuse of the charity system, and was not only educationally useless but socially corrupting. “I know a case where a policy was taken on the father of a family, and the children were sent out on the street to beg for money to pay the premiums,”

¹¹⁴ “Industrial Insurance: Discussion. An Economic View,” *Charities Review* 8:3 (1898, May), 138-140.

¹¹⁵ Reynolds, “Some Other Aspects,” 1898.

¹¹⁶ Brown, “Industrial Insurance: Discussion,” 1898.

reported one incensed social worker.¹¹⁷ Other writers submitted similar anecdotes. “I know of cases where the agent has had the ‘nerve’ to apply to a charitable society to pay the second week’s premium when he learned the society was helping the family.”¹¹⁸ The stories prompted investigations by social work leaders such as Edward Devine, who reported with dismay that between 8 and 39 per cent of individuals whose families had recently received industrial claims were listed on the rolls of city charities. Many had been receiving assistance for several years. Moreover, the fact that all had succeeded in carrying their policies – lapse-free – to the end of their days, indicated that they were among the “better class” of the insured, and their numbers hinted ominously at the size of the population facing true hardship.¹¹⁹ Implied by the numbers was the enormous volume of charitable funds that had been used to pay premiums on policies that had lapsed, a colossal sum of money that now sat in the vaults of the mighty insurance companies.

The child insurance hearings thus vastly reinforced public awareness of insurers’ iniquities in the handling of wealth, and challenged industry claims that private insurance was the best method to aid the struggling poor. “An observer can not but see that somewhere or other there has been an enormous profit in the industrial insurance business,” remarked one more mild observer.¹²⁰ Policyholders of both branches had long understood that they paid far more in

¹¹⁷ Reynolds, “Some Other Aspects,” 1898. One worker recalled a family of seven that skipped breakfast on the day the insurance premium was due. The mother set 88 cents out of an income of \$2.50 a week to pay the premiums for her five children. “When her income failed she sent the children out to beg for money to pay the insurance agent.” Elizabeth Tapley, “Small Savings and How to Collect Them,” *Charities Review*, 5:2 (1895, December), 99-104.

¹¹⁸ Lucy Atwood Fay, “Industrial Insurance: Discussion,” *The Charities Review*, 8:2 (1898, April), 68-71.

¹¹⁹ Edward Devine, “Industrial Insurance: Discussion. No Antagonism Whatever” *Charities Review*, 8:3 (1898, May), 138-140.

¹²⁰ “Industrial Insurance: Discussion. An Economic View,” *Charities Review*, 8:3 (1898, May), 138-140.

premiums than they ever received in benefits.¹²¹ Company accounting indicated that some of the money went to administrative costs, some went into the surplus, and some was distributed to stockholders as dividends. All such uses represented valid uses of industry funds, but the stinging fact remained that money collected in the name of widows and orphans had been disbursed in other capacities, and that only a fraction of it reached the beneficiaries for whom it was intended. “Without entering into statements of percentages which might be disputed on technical grounds, it may be said to be evident that the insured pay to the companies as a class far more than their survivors receive back on the surrender of their policies,” noted a writer in the *Tribune*.¹²² Such facts were damning enough in the context of ordinary insurance policies, which were held by a class of people understood to possess the financial stability to keep together hearth and home, but the financial iniquities between industrial firms and the working class highlighted during the hearings stirred deeper public hostilities. In the industrial branch, administrative costs alone could consume a minimum of 40% of company earnings.¹²³ To the offended onlooker, it appeared that the companies were outright bilking the poor.

Even when the companies could prove that their high premiums did not intentionally swindle the poor, critics continued to point up illicit cash cows being milked by greedy insurers. Social workers compared the predation of insurers to that of pawn shops and chattel mortgages. A common accusation contended that industrial insurers turned a profit by encouraging lapses

¹²¹ The 1890 returns of thirty companies in New York State, for instance, demonstrated that the companies had received over \$70 million from policyholders, though it was well known that they paid out far, far less as benefits to policyholders. See the *Chicago Daily Tribune*, 14 October, 1890.

¹²² *Chicago Daily Tribune*, 14 October, 1890.

¹²³ Reynolds, “Some Other Aspects,” 1898.

among the working class. On its face, the claim held merit. The financial instability of industrial consumers caused buyers to drop their policies so frequently that one agent called it axiomatic “that the lapse usually begins with the sale.” In 1901, 41% of industrial policies lapsed in their first year; in 1905, 51% of all Met Life policies lapsed.¹²⁴ Though the company had collected premiums on each of these policies, it never paid back such funds to beneficiaries, resulting in a surplus of moneys in favor of the firm. Infuriated social workers argued that the companies thus preyed on the precarious fortunes of the poor, using money forfeited from lapses to build their tremendous office towers and to over-pay their prosperous executives.

No amount of exonerating evidence or declarations of corporate innocence could put such accusations to rest. Industrial insurers argued that the administrative costs of opening a policy were so high that the company in fact *lost* money on lapses, and that the frequent collections of premiums made it easy for an industrial policyholder to miss a payment. “When it is considered that an industrial policyholder has fifty-two opportunities in a year in which to lapse, whereas in the large policy companies he has only from one to four times... we have no hesitation in saying that a comparison between the two systems is favorable to our business,” asserted Haley Fiske.¹²⁵ Nevertheless, the public harbored enduring memories of agents who earlier in the century had encouraged customers to default by giving out false information spreading rumors about company insolvency. Those practices had unequivocally turned a profit for insurers, and they left behind an aftertaste of suspicion that was reawakened (and enhanced) by the findings surrounding the Massachusetts hearings.

¹²⁴ Taylor, *The Social Cost of Industrial Insurance*, 144-145; James, *The Metropolitan Life*, 8.

¹²⁵ Haley Fiske, “Industrial Insurance,” 19.

The intangible nature of insurance contracts compounded popular skepticism. While other products purchased by the poor could be seen and touched and placed on shelves, insurance policies remained largely conceptual. Those who spent their weekly pennies on policies and received only a slip of paper to symbolize the investment viewed the companies with deep suspicion. Executives found themselves at pains to remind buyers that insurance *itself* represented a commodity, and that customers had purchased *security* for their cash. At the Massachusetts child insurance hearings, Haley Fiske attempted to offer an analogy. “Just as the man who has bought a loaf of bread and has eaten it up; he has had his money; he has had his insurance.”¹²⁶ To a person such as Fiske, who was accustomed to thinking of risk as a commodity, such an explanation would have been fair and satisfying, but it sat badly among laymen. Many policyholders felt that they had “lost” by outliving their policies, a sense that renewed long-held misgivings about the relationship between insurance and gambling.

In defense of Industrial Insurance, Haley Fiske employed the analogy that industrial policies served as insurance sold at retail, whereas ordinary policies were purchases made at wholesale. The difference in cost and benefits between the two was a matter of economics, he claimed, not greed. Affluent consumers who paid for their protection in quarterly or annual installments generated fewer administrative costs, and did not require the services of an agent to collect payments at the family home. Industrial policies, on the other hand, allowed consumers to pay out smaller sums but were enormously labor-intensive. Industrial agents made a minimum of fifty-two visits per household per year and conducted at least as many transactions, each of which had to be monitored and catalogued. A legion of clerks labored to chart the financial

¹²⁶ “Safe and Fair: large child insurance is not granted.” *Boston Globe*. March 29, 1895, 7.

exchanges of every agent and policyholder. The process was expensive, but it was also the only practice that had ever made insurance accessible to the poor at all.¹²⁷ Increasingly, social reformers cast about for what seemed like fairer and more affordable alternatives to commercial insurance, and increasingly they suggested the potential benefits of state sponsored insurance.

A Federal Damacles

The hearings concluded to the advantage of the insurers.¹²⁸ While they won the battle, however, industrial companies had not settled the point that industrial insurance could serve as the best possible method of safeguarding the poor. Massachusetts turned down legislation prohibiting child insurance, establishing a precedent (as insurers had hoped it would) among all other states to accept the morality and legality of industrial insurance. But the seeds of doubt had been planted as to whether *private* insurance represented the best method of providing the resource. When the Massachusetts inquiry concluded, a former candidate for state governor noted to the *Boston Globe* that the course “most in the line of evolution” and most logical to pursue was for the state “to absorb the insurance business of all the companies, and supply the people with insurance at cost.”¹²⁹ It was the type of suggestion likely to provoke a seismic

¹²⁷ “Retail Life Insurance: A branch of the business growing in popularity.” *Aberdeen Daily News*, 27 September, 1889, 6. The analogy of industrial insurance to retail marketing became itself the subject of competitive squabbling among the companies. Frederick Hoffman, chief statistician of the Prudential, went to the grave insisting that his employer, John Dryden, had coined the comparison. Dryden first used the analogy in front of the Armstrong committee in 1905, but it appears in the writings of Haley Fiske as early as 1898.

¹²⁸ When the bill to ban child insurance came up for passage, lawmakers defeated it 149 to 23. See Lee Frankel, “Memorandum on the Pending Bill Relating to Child Insurance,” Undated. Lee Frankel, *Speeches and Writings*, MLICA.

¹²⁹ David Taylor. “About Child Insurance” *Boston Globe* 1 April, 1895, 7.

rebuttal on the part of the private insurance industry, and evidence -- both during and after the hearings -- indicated that it did.

While the Massachusetts hearings delved primarily into public anxieties surrounding child welfare, their predominant theme was a wider indictment of industrial insurance on a commercial basis – an indictment that officers of the large industrial companies both feared and predicted. Though poorly organized and sporadically trained, social workers constituted a formidable opponent to the life insurance industry, as the moral legitimacy of the field was stronger than that of insurers. No matter how well it managed its rhetoric, the contradictions between corporate profit and social uplift remained moral liabilities for the industry; no such fissures plagued the moral career of social workers. In private, Haley Fiske referred to his opponents as “the long haired men and the short-haired women” and as “busybodies who do not know what they are talking about,” but like his colleagues, Fiske was well aware that no group or individual could have had more credibility than employees of a social service agency and that the criticisms aired at the hearings were likely to have tremendous weight. Twenty-seven years later he recalled that the six most terrible weeks he had ever endured “were passed in Boston in 1895.”¹³⁰ These were the weeks he spent deflecting and delegitimizing the evidence submitted by welfare personnel that the hazards of industrial life outstripped the capacity of private insurance to manage working class risk. Commercial policies were at best a stop-gap measure (and at worst a form of economic exploitation) until more comprehensive solutions to the problem of spreading risk could be attained.

¹³⁰ Haley Fiske. Speech to the Interstate Managers’ Association, Waldorf Astoria, Dec 14, 1922. Haley Fiske, *Speeches and Writings*, MLICA.

The most damning of all potential solutions electrified Germany in the 1880s when the Kaiser passed a series of national insurance programs for workers that provided burial and sickness benefits to the majority of workers. As nothing else could, the example of social insurance resolved the contradictions posed by commercial insurance in the competitive market place, prompting policy discussions among reformers across north America, Europe, and Australasia.¹³¹ In the United States, analysis of the practice began in earnest as early as 1893, when scholars and reformers began to investigate and publish on the successes and failures of the German system.¹³² Most businessmen and many reformers dismissed such developments as anathema to the American spirit of self-reliance -- not to mention the nation's Democratic process -- but the example that it provided thrust a troubling shadow over the insurance debate. To private insurers, social insurance represented a federal Damocles, poised to destroy the market entirely if it were to gain enough favor to pass into law in the United States.

Evidence suggests that the Industrial Three went to great lengths to prevent onlookers from reaching the conclusion that government insurance might be a more efficient or equitable means of managing risk. The Society for the Prevention of Cruelty to Children, the Massachusetts complainant against the firms, was so materially under-resourced that it possessed only one lawyer, its own counsel. Nevertheless, the three leading insurance firms pooled

¹³¹ Theda Skocpol, *Protecting Soldiers and Mothers: the Political Origins of Social Policy in the United States*, (Belknap: Cambridge, MA, 1992), 160.

¹³² Theda Skocpol provides a listing of the first major publications to inform the American debate. They are: John Graham Brooks, *Compulsory Insurance in Germany* (1893), William Willoughby, *Workingmen's Insurance* (1898), Charles Henderson, *Industrial Insurance in the United States* (1909), Frank Lewis, *State Insurance: A Social and Industrial Need* (1909), Lee Frankel & Miles Dawson, *Workingmen's Insurance in Europe* (1910), Henry Seagar, *Social Insurance: A Program of Reform* (1910), I.M. Rubinow, *Social Insurance: with Special Reference to American Conditions* (1913). See Skocpol, 162-168. See also Daniel Rodgers *Atlantic Crossings*. A survey by the President of the Imperial Insurance Department of Berlin reported positive results to German speakers. See Bodiker, *Die Arbeiterversicherung in den Europäischen Staaten* (Liepzig, Duncker and Humblot, 1895).

resources to defeat it. Together, John Hancock, the Prudential, and the Metropolitan Life dispatched six trial lawyers to defend the industry and prevent “unfriendly” legislation, selecting Haley Fiske to head the team.¹³³ Although no industry spokesperson would have publicly stated the wider importance of the proceedings, the senior executives of all three companies remained in attendance in Boston for the hearings’ entire duration, occupying prime seats in a gallery packed with “earnest, pushing agents,” a statement stronger than any other on the wider importance of the hearings.¹³⁴

Some of the firms’ efforts to distract attention and credibility from their opposition went beyond what was visible – or acceptable -- to the public. Allegations drifted across the hearings that the Industrial firms harassed or intimidated witnesses. One doctor who had testified in favor of the bill reported under oath that she had been followed by detectives after her appearance at the legislature, a possibility which the insurance companies vigorously denied.¹³⁵ Other accusations circled that the companies had bribed members of the House to cast votes in opposition to the bill.¹³⁶ Under oath, Haley Fiske later admitted to having paid the Boston newspapers a dollar a line to print the testimony of his defense, protesting that newspapers sympathetic to social reformers had printed all the evidence against the firms “in flaring

¹³³ The Industrial Three had joined forces in prior fights against state bills banning child insurance, such as a measure introduced in Albany in the early 1890s, but the resources they expended in Massachusetts in 1895 were exponentially greater, signaling the greater threatening potential of the hearings. For reference to the Albany proceedings, see Elizabeth Tapley, “Small Savings and How to Collect Them,” *Charities Review*, 5:2 (1895, December), 99-104.

¹³⁴ Fay, “Industrial Insurance: Discussion,” 1898.

¹³⁵ “Nearing the End: One more day for the opponents of child insurance.” *Boston Daily* 2 April, 1895, 7.

¹³⁶ Fay, “Industrial Insurance: Discussion,” 1898.

headlines.”¹³⁷ The firms believed that in order to win the dispute, they would have to make sure the papers printed their own testimony. Of a total expenditure of \$40,000 on the hearings, Fiske estimated that the majority went to the newspapers, a sum that demonstrated the determination of the industry to control the debate surrounding industrial insurance, no matter the cost.

Firms dismissed suggestions for social insurance as “socialist” and uninformed, but they represented an attitude of thought that was gaining ground. Worldwide, nations sought solutions to the growing industrial misery of the working class, and increasingly they tested solutions that were state-based. Injury compensation laws in Austria (1887), Hungary (1891), and Norway (1894) lent validity to the German insurance model, and before the end of the century they would be adopted by Finland, Great Britain, Italy, Denmark, France, Spain, and New Zealand.¹³⁸

Haley Fiske, like all the industrial executives, kept closely abreast of these developments, and spoke out against them. He described the German system as “naïve” and “a complete failure.” Late in the century, when Massachusetts adopted a resolution to investigate the national insurance systems of several countries, Fiske stated that he hoped the resolution would pass so that “a competent and trustworthy commission” could “put an end, for many years, to any notion of government insurance in this country.”¹³⁹ When such investigations did occur, however, they rarely pleased the industrial firms. In fighting against state legislation and in stifling discussion

¹³⁷ *Testimony Taken Before the Joint Committee of the Senate and Assembly of the State of New York to Investigate and Examine into the Business and Affairs of the Life Insurance Companies Doing Business in the State of New York* (New York: J.B. Lyon Company, Printers, 1906), 2: 2189. See also Haley Fiske biographical sketch, undated, President Haley Fiske 1930-, MLICA.

¹³⁸ Rubinow, *Social Insurance*, 18-19. See also “Workingmen’s Insurance” *The Charities Review* 5:3 (Jan 1896), 156.

¹³⁹ Haley Fiske, “Industrial Insurance,” 5.

of state-sponsored insurance, the large firms found themselves swimming ever harder against a rising tide.

CHAPTER 3: THE BURDEN OF RISK

In 1897, Harvard professor Francis Peabody remarked to his class of future social workers that modern forces had created “a new world.” The new American landscape, he observed, was composed of “complexity and intensity, of shifting populations and industrial agitations, of enormous increases of wealth and alarming congestions of poverty.” To Peabody, as to his students, the new world was beset “with problems so unprecedented that no wisdom of the past can be sufficient to interpret them.”¹

Mass manufacture and industrial processes had introduced abundant goods and services, but they had also created difficulties of astonishing scope. The United States, for instance, had become one of the most dangerous nations in the world in which to be an industrial worker. Accidents caused over 57,000 fatalities in 1901, 8,000 of which occurred on the railroads, where conditions were so dangerous that they resulted in tens of thousands of additional injuries.² Some of the maimed included passengers and managers, but the majority of accidents befell wage-earning employees, who endured a disproportionate exposure to risk in nearly all of the industries that fueled the industrial economy.³ In addition to the devastation it wreaked on human workers, the industrial economy had created belching cities, denuded countryside, and growing piles of offal from meatpacking processes. Onto this landscape poured a stream of bewildered

¹ Francis Peabody, “The Modern Charity Worker,” *The Charities Review*, 6:1 (1897: March), 17-26. See also Barton Bernstein, “Francis Greenwood Peabody: Conservative Social Reformer,” *The New England Quarterly* 36:3 (1963, September): 320-337.

² 61,794 of these were officially recorded in 1904. George Rosen, *Preventive Medicine in the United States, 1900-1975: trends and interpretations*, (New York: Science History Publications, 1975) 8-9.

³ The rate of injury in other occupations was largely a matter of speculation, since the primary source of such statistics was the Interstate Commerce Commission, whose records related to the railroads. Mary Oppenheimer, “Employer’s Liability,” *Charities Review*, 6:4 (1897: June): 326-331.

new arrivals from other lands, who took up residence in cities and mining towns, and went to work in factories, foundries, and on farms. In New York State alone, one million immigrants settled into new homes in the years between 1890 and 1910.⁴ The languages and customs of the newcomers, together with the rapid urbanization of the native population, fostered changes that Americans had never before faced.

The solutions of the past seemed as insufficient as its wisdoms. Wage workers and their supporters sought a voice of protest against the social inequalities that troubled their lives, creating a backdrop of labor upheaval. Membership in unions increased precipitously. In 1890, trade unions numbered 250,000. By 1899, that number had jumped to 600,000, and from there it tripled by 1904.⁵ Workers engaged in 23,000 strikes between 1880 and 1900, a rate that averaged three new strikes a day for a period of twenty years.⁶ In the early 1890s, National Cash Register had its factory set ablaze three times.⁷ Employers responded to the unrest by mounting defenses that were sturdy and often provocatively militant. The Pittsburgh Coal Company employed up to 308 police officers at a time, spending over \$670,000 on security in two years. Blacklisting, strikebreakers, and the assistance of hired thugs served as additional methods to subdue the demands of labor, as did the marshalling of state troops. While these tactics were at times effective in suppressing individual sites of employee resistance, they were of dubious utility in

⁴ Richard L. McCormick, *From Realignment to Reform: Political Change in New York State, 1893-1910*, (Ithaca: Cornell University Press, 1979), 27.

⁵ John Graham Brooks, *The Social Unrest: Studies in Labor and Socialist Movements*, (New York: the MacMillan Company, 1903), 346; Stuart D. Brandes *American Welfare Capitalism, 1880-1940*, (Chicago: University of Chicago Press, 1970) 19. For more on union organization during this period, see Robert Wiebe, *The Search for Order, 1877-1920*, (New York: Hill and Wang, 1967), 123-125.

⁶ Brandes, *American Welfare Capitalism*, 1.

⁷ Brandes, *American Welfare Capitalism*, 3-19.

quelling the wider demands for reform. Into the new century, trade unions continued to proliferate and workers continued to mobilize.

The social climate created a paradox for the life insurance industry. On the one hand, the risks and vulnerabilities that suffused the lives of American workers greatly assisted in the sale of policies. Lacking traditional structures of support, immigrants and urban dwellers turned to organized forms of insurance in vast numbers, quadrupling the membership of fraternal orders and boosting sales of commercial insurance to unheard of heights. By the 1890s, the life insurance industry had achieved almost unprecedented wealth and size. Yet the atmosphere of unrest also worked against the industry. The size and strength of the commercial firms provoked populist misgivings. The long hours and low wages of ordinary workers juxtaposed poorly with the wealth of big business, and although the insurance companies described themselves as “good” corporations, their stature carried little favor among citizens who felt their own political and social power diminishing. Moreover, the competitive and audacious conduct of the firms did not square with their claims of public munificence. As consumers and employees alike turned their anger against large corporations, the life insurance firms found that the very milieu that so increased their sales also undermined their public standing and corporate stability.

This chapter will examine the shadow cast over the life insurance industry by the late-century social upheaval and subsequent reform efforts, and the ways in which the firms sought to counter these threats by attempting to maneuver both with and ahead of the times. Historians have commented extensively on the efforts of business to create stability during the tumultuous years surrounding the turn of the 20th century.⁸ In *The Triumph of Conservatism*, Gabriel Kolko

⁸ Much of this commentary arises in response to questions about the nativity and purpose of reform efforts during the progressive era, a conundrum which reaches back almost to the era itself. In *The Age of Reform: From Bryan to*

famously theorizes that the control of business over politics served as one of the most enduring legacies of the period. “In the long run,” Kolko remarks, “key business leaders realized, they had no vested interest in a chaotic industry and economy in which not only their profits but their very existence might be challenged.”⁹ Among those who felt the challenges most distinctly were the life insurance firms, which took abundant measures to protect first their business autonomy and then the sanctity of the private insurance market itself. Hoping to create conditions of security and predictability, the firms engaged in what Kolko has termed “political capitalism.” Rather than give the appearance of self interest by openly fighting measures that might impinge on their financial freedom of overall prosperity, insurers went to elaborate lengths to work within the political structure, sculpting regulation that would best benefit the firms. For insurers intent on preserving their public image, the best way to thwart change was to channel it.

Skillfully and often with considerable delicacy, insurers utilized political outlets to improve their long-term interests. In the 1890s, one of the fundamental aims of insurance executives was to protect their companies’ investment autonomy. Despite their identities as public institutions, devoted to the protection of widows and orphans, the main economic task of the life insurance firms was the aggregation of capital. To safeguard the freedom with which they engaged this function, firms engaged in advanced political practices, complicated public

FDR, (New York: Vintage Books, 1955), Richard Hofstadter focuses attention on the legacy of populism on the Progressives. In *The Search for Order, 1877-1920*, (New York: Hill and Wang, 1967) Robert Weibe discusses the popular and professional drive to rationalize a chaotic society. Samuel Hays (*American Political History as Social Analysis, Essays* (Knoxville: University of Tennessee Press, 1980) has posited that reform originated with the upper class elite. For other scholars, big business has served as a better explanatory engine. “Nowhere else were the concepts of efficiency, rationality and predictability being more carefully worked out or embedded more quickly in organizational forms,” observes Daniel Rodgers. See Rodgers, “In Search of Progressivism,” *Reviews in American History* 10:4 (December 1982): 113-132.

⁹ Kolko, *The Triumph of Conservatism: A Reinterpretation of American History*, (New York: Free Press of Glencoe, 1963), 4- 6.

relations, and impressive marketing techniques. Companies forged ties with figures such as judges, party bosses, and elected officials. They also evolved an investment structure so intricate that it could barely be traced by outsiders. Utilizing their image as benevolent trustees and public servants, they monitored and managed public sentiment, adjusting corporate policies to meet changing consumer expectations. To reduce public skepticism about their conduct, they moved away from habits of cutthroat competition, demonstrating more effective capacities for cooperation and restraint by developing habits of coordinated action. For a time, these efforts to bolster stability protected the life insurance business from political attacks, and rationalized the existing political economy.

The strategy was not effective indefinitely, however. Following trends seeded in Europe, American reformers began to suggest that the management of risk should be shifted from private industry to the public domain, where it could be administered more widely and more efficiently. Claiming that the hazards of modern life and the inequities of wage work created a structural burden too heavy for ordinary citizens to support, reformers noted that the benefits of insurance were so crucial that administration of the practice should not be left to the commercial market. Experiments with social insurance in Europe were already providing examples of a better system. To those who favored it, the system promised to redistribute risk so that no class of citizen would have to struggle under crushing wages and uncertainty, constituting a permanent underclass, while a lucky few enjoyed security and wealth. Thus freed, all citizens could participate equitably in democratic processes. Proponents of social insurance believed that such measures would assuage labor unrest and alleviate the problems of industrial society. Opponents argued the opposite, claiming that state insurance would undermine democracy by opening the floodgates of socialism. Labor upheaval, they argued, would become more pronounced, because

a show of weakness by the state would release the energies of the dangerous hordes. Officers in the American life insurance industry took an even dimmer view. For them, state insurance presented the possibility of total ruin. Government intervention in the insurance market constituted not only a challenge to free market capitalism, but for the Industrial branch, the possible annihilation of the private market itself. In this shifting intellectual atmosphere, new strategies of social and political action would be required to preserve their business autonomy.

Influencing Government Oversight

Claims to the contrary notwithstanding, hardly any commercial life insurance firm in the United States existed solely for the protection of orphans and widows. The real potency of the business came from returns from investments made from policyholders' cash, and the principal goal of most companies was not consumer trust but investment freedom, not profit but growth. Companies advanced as the dividends they received from investments increased. The influx of capital in turn amplified a firm's powers as an investor, which increased its dominance within the investment market. The more capital a company was able to control, the more power it gained to create the best investment opportunities. To become the biggest player in this competitive world suggested the possibility of controlling the market itself, a prospect that made financial supremacy the plum for which executives strained.¹⁰

¹⁰ Policyholders groused justifiably about the companies' greed, but several of the largest and most powerful companies were, strictly speaking, not concerned with making a profit. A large proportion of life insurance companies were mutually held, meaning that policyholders controlled the company, and no stockholders existed to whom officials were responsible. Theoretically, all such a company needed to do to remain viable was to meet its obligations to policyholders. If its actuarial tables were sound and its investments secure, this represented a modest goal, particularly given the amount of time during which the company accrued interest on its customers' premium payments. With the exception of fraternal, no insurance endeavor ever operated this way.

In the 1890s, a series of conglomerations in American business expanded the nation's economy exponentially, and with it the financial power of the life insurance industry. Railroads, shipping, and extraction industries such as copper and steel underwent sizable reorganizations, including horizontal and vertical integrations that increased their efficiency and cut costs. Between 1893 and 1900, 4277 firms fused into 257, a series of consolidations that generated astonishing wealth and ample opportunities for further investment.¹¹ Such conglomerations required financing, however, including the flotation of significant securities. Life insurance firms, whose funds were not subject to call for long periods of time, proved especially attractive as sources of capital to investment bankers seeking to take part in these transactions.¹² The courtship was mutual. Close connections with banking houses helped the firms to acquire or create financial subsidiaries that could purchase stocks, make collateral loans, and participate in syndicate operations in securities – operations that they were prohibited by law from engaging in, but which executives realized could be transacted by alternative corporations. The financial affiliations widened investment opportunities, enhanced the firms' stability, and expanded their reach and power.¹³ Already a key source of capital undergirding America's second industrial revolution, the financial capacity and business connections of the insurance firms in the 1890s made them significant powerbrokers in the largest industrial economy on the face of the earth.

¹¹By coordinating the flow of goods within the company, by using facilities more intensively, and by routinizing transactions, managers within conglomerated firms increased profits and maximized worker productivity. Historian Alfred Chandler refers to such increased managerial control as the "visible hand" and notes that it had the capacity to influence market forces. "As modern business enterprise acquired functions hitherto carried out by the market, it became the most powerful institution in the American economy and its managers the most influential group of economic decision makers." See Alfred Chandler, *The Visible Hand: the Managerial Revolution in American Business*, (Cambridge, Mass: Belknap Press, 1977), 1.

¹² George Norris, *Voices from the Field: A History of the National Association of Life Underwriters*, (Washington, DC: National Association of Life Underwriters, 1989).

¹³ See R. Carlyle Buley, *The American Life Convention, 1906-1952: A Study in the History of Life Insurance*, (New York: Appleton Century Croft, 1953).

The business alliances forged during this time involved many of the nation's most powerful economic figures, including such titans as J. Pierpont Morgan, E.H. Harriman, Thomas Fortune Ryan, Chauncey Depew, and J.J. Hill. A formidable group, these men had amassed their fortunes and honed their skills through the management of one of the railroads, the earliest and most sophisticated of American corporations. Rail managers worked within an enterprise that was complicated, diverse, and spanned great distances, and thus which provided a fertile training ground for future insurance magnates, who developed the skills and shrewdness necessary to oversee major concerns.¹⁴ Having cut their teeth on the roads, they moved to the life insurance industry, a similarly challenging (and lucrative) field. They quickly found their footing. Between 1896 and 1904, the assets of the life insurance industry doubled from \$1.2 billion to \$2.4 billion, outpacing even the railroads that had schooled their management.¹⁵ Jointly, by 1905 the companies had in force approximately \$14 billion of insurance, a sum equal to 12% of the total national wealth, and exceeding the total value of all manufactured products, as well as the value of the railroads.¹⁶ At that time, one half of all American savings were tied up in the life insurance industry, which had become the most important backer of the nation's corporations.¹⁷

For some Americans, the presence of railroad executives and men of high finance on the boards and administrative rolls of insurance firms provoked misgivings. The moral imperatives of life insurance juxtaposed uncomfortably with the negative reputation of Wall Street and the

¹⁴ Glen Porter, *The Rise of Big Business, 1860-1920*, (Illinois: Harlan Davidson, c1973, 1992), 35.

¹⁵ H. Roger Grant, *Insurance Reform: Consumer Action in the Progressive Era*, (Ames, IA: Iowa State University Press, 1979), 5.

¹⁶ William Joseph Graham, *The Romance of Life Insurance: Its Past, Present, and Future, With Particular Reference to the Epochal Investigation Era of 1905-1908*, (Chicago: the World Today Co., 1909), 65.

¹⁷ Patricia Beard, *After the Ball: Gilded Age Secrets, Boardroom Betrayals, and the Party that Ignited the Great Wall Street Scandal of 1905*, (New York: HarperCollins, 2003), 10.

Roads, (which had become notorious for their undemocratic rates), a contrast that helped to feed popular anxiety about the honesty of the firms. Vast accumulations of wealth created disturbing opportunities for corruption, and often appeared unseemly to Americans accustomed to associating virtue with hard work. The sentiment invited unfavorable comparisons. Their gigantism of the life companies placed them on par with the size of the more notorious business amalgamations of the era, and even their wide spatial dimensions struck many Americans as overwhelming. In their impersonality, the companies clashed with the national ideal of the yeoman farmer as the model citizen, and in their reach they seemed inescapable to persons yearning for a simpler time.¹⁸

The realities of the late-century economy did little to quell popular unease. Mounting inflation through the 1890s created a burden on the budgets of ordinary citizens, and the industrial combinations increased the cost of living. Popular magazine such as the *Nation*, and *Arena* reflected an increasing agitation over concentrations of wealth. In 1891, the *Forum* published an article entitled “The Coming Billionaire,” in which author Thomas G. Shearman estimated the aggregate wealth of seventy Americans to be \$2.7 billion, and pointedly noted that four fifths of American families earned less than \$500 a year. Other writers of the period warned of imminent catastrophe, which they predicted would be delivered by the social unrest created by such financial inequity. The growth of populism in the West bolstered their position, as did the activity of eastern unions and the rise of what some considered to be labor radicalism. By the

¹⁸ For more on the role of the yeoman farmer and the agrarian myth, see Richard Hofstadter, *The Age of Reform: From Bryan to FDR*, (New York: Vintage, 1955).

presidential elections of 1896, supporters of William Jennings Bryan were issuing calls to Americans to protect the Republic against plutocracy and centralized wealth.¹⁹

The managerial activities of the firms did little to mollify detractors. In 1891, the *New York Times* exposed a raft of irregularities at the New York Life when it investigated allegations against the company's president, Winston Beers.²⁰ A subsequent inquiry by the New York Insurance Department revealed that Beers had paid himself \$2,800 for attending trustee meetings and had compensated himself with annual \$50,000 bonuses in addition to his salary of \$75,000. Numerous well-paid positions at the New York Life turned out to be staffed by brothers-in-law and sons-in-law of company executives, prompting writers to the *New York Times* to ask rhetorically whether Beers' actions were truly the result of the "high and lofty motives" he so often claimed to possess. Disclosures also involved the "services of a well-known lobbyist," whom Beers had retained in Albany to influence life insurance legislation.²¹ Newspapers condemned the executive as "crafty, cunning, and avaricious," and even New York Life's own board of directors admitted that the business of the company had "outgrown the methods and checks now in use."²² Citing ill health, Beers tendered his resignation, but his removal did little to eradicate "Beersism" from the life insurance business – or any other corporate field.

It did, however, satisfy his critics. The disclosure of New York Life's irregularities created an outcry, but like many such instances the incident was ultimately a tempest in a teapot, salvaged for the most part by rhetoric and resignations. It would be a mistake to assume that

¹⁹ C.C. Regier *The Era of Muckrakers*, (Chapel Hill: University of North Carolina Press, 1932), 22-26.

²⁰ "Life Insurance Management," *New York Times*, 15 June, 1891, 4.

²¹ "For Mr. Beers to Answer. Questions Policy Holders are Interested in," *New York Times*, 27 August, 1891, 8.

²² "Beers is Fighting Hard," *New York Times* Sept 10, 1891, 8; Keller *The Life Insurance Enterprise*, 19.

Americans of the progressive era (or any era) were anti-business. The entrepreneur served as a figure of romance and progress in the cultural mythos, which included a promise of class mobility.²³ Most residents hoped to participate more fully in the economic prosperity; they sought to benefit from the means of production, not to destroy them.²⁴ In the pro-business atmosphere of the United States, social anxiety about the power of large corporations mounted only slowly, and the censure directed toward corporations remained largely periodic. Although public disapproval could be inflamed by episodes of corruption, the deeper implications of policy and business jobbery were not yet widely considered, or grasped.

In any case, only a loose network of supervisory laws existed for firms to transgress. As historian Richard McCormick has noted, regulation in the 1890s “was more argued than practiced.” Regulatory policies were discrete and piecemeal, and those involving insurance firms focused almost exclusively on company solvency.²⁵ Political leaders found it increasingly expedient to tap corporate wealth as sources for election funds (laws to the contrary notwithstanding). In 1897, 95% of the campaign contributions that helped Frank Swett Black into power as governor of New York State were derived from corporate sources.²⁶ Businesses found that this arrangement had reciprocal advantages. Donor companies received government

²³ Merle Curti points out that Americans rejected the old world notion “that the poor must always be with us.” See “American Philanthropy and the National Character,” *American Quarterly*, 10: 4 (Winter, 1958): 420-437.

²⁴ Louis Filler has remarked that “Americans are all temporarily inconvenienced millionaires.” Louis Filler, “Truth and Consequence: Some Notes on Changing Times and the Muckrakers,” *The Antioch Review* 28:1 (Spring 1968): 27-41.

²⁵ Richard L. McCormick, *From Realignment to Reform: Political Change in New York State, 1893-1910*, (Ithaca: Cornell University Press, 1979), 148-149. McCormick’s study focuses almost exclusively on the affairs of New York State, but the majority of life insurance companies had their home offices in the Empire State, making it the de facto capital of insurance policy and reform. McCormick’s observations regarding New York are largely generalizable.

²⁶ McCormick, *From Realignment to Reform*, 147

favors, such as the public franchises and privileges that allowed them to prosper. McCormick explains: “Corporations that needed privileges but abhorred effective state regulations offered to buy the policies they wanted. Those in power sold them willingly and secretly, while at the same time they forestalled measures of regulations and administration through which the government might have recognized an industrial society’s conflicts of interest.”²⁷ Few citizens had more than a rudimentary understanding of the alliance between businesses and politicians, and fewer still seemed to care. Even Theodore Roosevelt remarked in his autobiography, “It was not until I was elected governor that I myself came to understand it. We were still accustomed to talking of the ‘machine’ as if it were something merely political, with which business had nothing to do.”²⁸ Even those who apprehended the relationship often sympathized with business.

The forbearance of states in establishing regulation was a grace that corporations hoped to preserve.²⁹ One measure of doing so involved setting aside the internecine battles and cutthroat competition that had once been so common. Inter-company warfare was wasteful, and demoralizing to all involved. Within the life insurance industry, the Big Three engaged their legal counsels in joint efforts to broker arrangements for peace; in 1895 they signed an anti-rebating agreement, and later attempted to establish “regulated competition” by setting a limit on the amount of insurance written each year, a move which would cut burdensome costs.³⁰ Few of these covenants lasted long, but the willingness of companies to engage in them at all signaled an important shift in competitive practices. Firms also reevaluated their negative advertising

²⁷ McCormick *From Realignment to Reform*, 145.

²⁸ Roosevelt is quoted in McCormick, *From Realignment to Reform*, 145.

²⁹ McCormick, *From Realignment to Reform*, 87.

³⁰ Keller, *The Life Insurance Enterprise*, 70.

campaigns, particularly those that enlisted the insurance press to belittle competitors. Buying the press was an expensive endeavor, and rarely a lasting one.³¹ The abandonment of libelous practices freed money for other uses and aided in alleviating public suspicion. It also helped to demonstrate the capacity of large insurers to patrol themselves, obviating the need for states to impose additional legislative oversight.

Mild though their efforts may have been, states *did* promulgate supervisory legislation, each generating a skein of laws that came together into a knot of legal angst for the large insurers, whose agents conducted business nationwide. “At the beginning of every year,” remarked one insurance president, “I daresay it is the feeling of every executive officer... that... we shall be badgered and harassed to death in every state of the Union by the introduction of bad bills of every kind.”³² In both branches of the industry, firms called upon the new ethos of cooperation to meet such threats together. In the industry’s industrial arm, the main firms clubbed together to coordinate an organized lobbying system, each firm contributing according to its size. John Hancock donated 1/5 of the expense, while Metropolitan Life and the Prudential contributed 2/5 each. The lobbying activities involved influencing politicians and “motivating” company shareholders to vote in desired ways. “[W]e have found it more economical and more efficient,” remarked John Dryden of the collaborative system; “instead of working at cross purposes there is a concentration and uniformity of effort.”³³ Collaborative or not, the economics

³¹ The firms turned instead to private advertising agencies and more positive, stylized forms of promotion. In the mid 1890s, for instance, Prudential became the first life insurer to employ a full-time ad company, one which rewarded its patronage with the long-standing symbol, the rock of Gibraltar. Keller, *The Life Insurance Enterprise*, 66.

³² John McCall, *Testimony Taken Before the Joint Committee of the Senate and Assembly of the State of New York to Investigate and Examine into the Business and Affairs of the Life Insurance Companies Doing Business in the State of New York* (New York: J.B. Lyon Company, Printers, 1906), 2: 1414-1415. Hereafter *Armstrong Testimony*.

³³ Dryden is quoted in Keller, *The Life Insurance Enterprise*, 222.

of the endeavor remained formidable. By 1904, the struggle against supervisory and legislative challenges had expanded the Prudential's legal budget to more than \$49,000, from less than \$16,000 in 1899. Between 1896 and 1905, Metropolitan Life expended \$48,000 in the same way.³⁴

Much as executives grouched about the laws, their complaints focused more on the diversity of the measures and the cost of meeting (or defeating) them than they did on inevitability of supervisory legislation. Most officers in big business, notes Gabriel Kolko, understood that a degree of state oversight was inevitable, even beneficial in that it would help to stabilize markets. "It was never a question of regulation or no regulation, of state control or laissez faire," Kolko writes; "rather, the questions of what kind of regulation and by whom."³⁵ For the life insurance industry, the most desirable legislation would have been federal, as it would have reduced oversight to a single source. An 1869 Supreme Court decision, however, had removed life insurance from federal control by classifying life policies as contracts, not commerce. The decision left regulatory action up to the states, whose diversity of laws could be difficult to predict or track, and whose statutes could be far more destructive to industry interests than statutes passed at the federal level. Most state regulations, remarks Kolko, "were either haphazard or, what is more important, far more responsible to more radical, genuinely progressive local communities."³⁶ In 1896, executives in the industrial branch came together to lobby for federal regulation of the industry, hoping that centralized authority would reduce extremist proposals and eliminate the duplication of effort required to defeat them state by state.

³⁴ Keller, *The Life Insurance Enterprise*, 220.

³⁵ Gabriel Kolko, *The Triumph of Conservatism: A Reinterpretation of American History, 1900-1916*, (Chicago: Quadrangle Books, 1963), 4.

³⁶ Kolko, *The Triumph of Conservatism*, 3.

The battle, however, was a losing one. State-based regulation would remain a bugbear with which the firms would contend, meeting legislative challenges with a continuing evolution of social and political suasion.

When an economic downturn in 1893 intensified the financial anxiety of American workers, the importance of that suasion was tested yet again. In that year, a series of bank and railroad failures and the bankruptcy of nearly 15,000 companies pushed the unemployment rate to over 10%, ushering the nation into its first full-scale industrial crisis. Relief efforts in cities fell drastically short of the needs of the struggling population, and Americans seemed newly galled by the high cost of living that industrial combinations seemed to generate.³⁷ When large insurers raised their premium rates in the midst of the turmoil, the increase struck policyholders as particularly impudent, and aroused a fresh wave of antagonism. “Not only do those damn life outfits make it difficult to collect on but now they go and jack up their charges,” complained the mayor of Ellington, Missouri to a local journalist. “I find that hard times cause people to be concerned about the cost of everything,” added the mayor, “and I know that it will only be a matter of time before the people will band together and take their fists and go after those evil insurance men if they don’t mend their ways fast.”³⁸ Vitriol toward life insurance companies was nothing new, but the latest maledictions harnessed a change in the popular political philosophy that would significantly threaten the companies if they did not find a way to mitigate it.

Consumer Unrest

³⁷ McCormick, *From Realignment to Reform*, 155.

³⁸ The mayor is quoted in Grant, *Insurance Reform*, 26.

The consumer outcry after 1893 highlighted not merely greed but the victimization of citizens at corporate hands, a preoccupation that reflected a wider movement for justice against the power of conglomerates. Newspapers shrilled about agents who disappeared with paid-up policies, leaving behind jilted customers with nothing to show for years of payments and no way of claiming benefits. “You can find hundreds of victims in New York City alone who were defrauded and cheated out of their money by the Met Life Insurance Company,” reported a local informant for the insurance department. “There is a poor woman in 10 Forsyth St. who had her policy taken away from her on a flimsy excuse and in a few weeks was given a policy for half the amount, the poor woman did not discover the fraud until it was too late.”³⁹ Already notorious for their stinginess, by the late 1890s the failure of insurance companies to engage in fair dealing or to deliver on promises of aid to the bereaved caused many to regard them as thieves. “The insurance companies are the highway robbers of the nineteenth century,” declared one politician.⁴⁰ Theodore Roosevelt included insurance executives among his “malefactors of great wealth.”⁴¹ Rather than contributing to national progress, it seemed that the insurance corporations were diminishing the boundaries of freedom.

The sentiment was of a piece with the 1890s democratic push for social equity, a campaign fostered in part by the populists and which encompassed significant enlightenment tropes regarding liberty and the rights of man. Reform-minded Americans increasingly maintained that the poor were not to blame for their poverty, echoing the theories of Rousseau that the responsibility for unemployment, destitution and illness lay not with the individual, but

³⁹ Ike Nathan to Webb McCall, 12 Oct 1897. Kansas Insurance Department Papers, Kansas State Historical Society, Topeka. Quoted in Grant *Insurance Reform*, 25.

⁴⁰ *The Weekly Underwriter* 56:14 (April 3, 1897).

⁴¹ Beard, *After the Ball*, 10.

with society. Questions of ethics became questions of policy; the burdens of the afflicted were not merely matters of misfortune, but of oppression. Amidst these circulating currents, Americans seemed to develop a heightened awareness of their own political power, demonstrating an increasing willingness to take action against unjust oppressors through mechanisms such as unions and courts. The abuses perpetrated by insurance firms found increasing scrutiny in the high offices and courts to which citizens drew their attention. In Kansas, policyholders sent bitter complaints to the Insurance Department, asking that the excesses of insurance executives be checked by placing limits on their salaries. Kansans objected, as well, to the outrageous commissions paid to agents, which sometimes composed as much as 90% of the first year's premiums.⁴² In their entreaties to commissioners and politicians, such Americans displayed increased consciousness about the need for financial reform and government regulation of business.

Insurance personnel were not insensible to this shift, and recognized that new strategies of social and political action would be required to preserve their business autonomy. Even agents expressed concern that the prevailing climate would lead to a stiffening of state oversight. "If we do not shortly start to mend our ways, the powers that be will bend us into a most confining mold," noted William Lucas Benton, an underwriter for New York Life. "Policyholder opposition to the present marketing situation might well force the various state legislatures to take hasty and undesirable actions."⁴³ Company officers attempted to prevent the imposition of that "confining mold" by reinvigorating their aura of disinterested public service, a strategy they pursued especially vigorously in the industrial branch. In 1896, Haley Fiske introduced what he

⁴² Grant, *Insurance Reform*, 23-26.

⁴³ Benton is quoted in Grant, *Insurance Reform*, 12.

called “the most generous offer... which the insurance world has ever known,” an agreement to loan policyholders the money to pay premiums that were in arrears. In 1898, the company answered long-standing criticism about its slow payment of benefits by opening a telegraph service for the payment of uncomplicated claims, and promising to deliver imbursement even on Sundays. Even these concessions paled in insurance circles in comparison to a joint measure initiated in 1897 by the Metropolitan and the Prudential to pay dividends to industrial policyholders whose contracts included no terms for such payment. Beginning that year, companies granted a disbursement to industrial customers every five years in the form of a week’s premium paid up on a company policy.⁴⁴ Prudential, too, made certain that its munificence received public attention, a practice of publicity which the companies applied to every act of largess committed through the coming decade.

When policyholders perished in national disasters, the industrial firms took pains to broadcast the extent of their “service” to the afflicted, assistance which generally constituted swift payments on the policies of the victims. The Johnstown Flood (1888), the San Francisco earthquake (1905), and the Triangle Shirtwaist fire (1911), constituted three such occasions.⁴⁵ Executives expected that these and other activities would provide evidence of a corporate commitment to social justice. The delivery of aid to the victims of disasters was intended to affirm their commitment to the equality of human condition. Such an egalitarianism was the foundation on which ordinary Americans based offers of aid and assistance to one another, and the efforts of life insurance firms to harness it constituted a notable effort to channel social

⁴⁴ Like most industrial transactions, the individual sums involved were tiny, but they aggregated into impressive quantities of cash. During the first year of the practice, Metropolitan Life allocated \$600,000 for the payment of dividends, an act of generosity that the company found worthy of heavy publicity.

⁴⁵ Marquis James, *The Metropolitan Life: A Study in Business Growth* (New York: The Viking Press, 1947), 121.

hostilities.⁴⁶ That the attempt was ineffective reflected less on the capacity of the life insurance industry to impact social thought than it did on the occurrence of wider shift in the American social ideology, in which the burden of responsibility and the management of risk were shifting from the private to the public domain.

The Atlantic Exchange

As the groundbreaking work of Daniel Rodgers has established, the American critique of the social order was not an entirely indigenous process. In part, it had its origins overseas.⁴⁷ Beginning in the 1870s and cresting in the 1890s, a significant wave of American students traveled to the Continent to attend foreign universities, where their exposure to European social politics helped to infuse new ideas into the American social discourse.

From the mid nineteenth century, European cities had been faced with the same casualties of industrialism that later afflicted in the United States, and alert citizens had grappled for solutions among the lights of science, professionalism, and natural law. Their observations of human suffering accentuated the significance of social interdependence, and reinvigorated a sense of enlightenment idealism that personal independence and the practice of democracy were contingent on basic equity. The grinding poverty of urban centers contravened theories of social equality and ran afoul of the natural dignity of human nature. In England, observers came to believe that the poor had been “unfairly and inadequately dealt with, their spirit of independence

⁴⁶ For insight into the American ethos of public philanthropy and mutual aid, see Merle Curti, “American Philanthropy and the National Character,” *American Quarterly*, 10: 4 (Winter, 1958): 420-437.

⁴⁷ Don. S. Kirschner, “The Ambiguous Legacy: Social Justice and Social Control in the Progressive Era,” *Historical Reflections*, 2:1 (1975): 69-88.

crushed.”⁴⁸ By late century, similar perceptions in France, Denmark, and England led to changes in the poor laws reflecting concerns about democracy. One onlooker summarized that the law “must not (as of old) violate the sense of independence among the poor.”⁴⁹ Asserting that the “fear of want” used to frighten paupers out of the work house impinged upon the spirit of human freedom, reformers petitioned for legal changes which would admit among citizens’ legal entitlements the “right to work.” It was hoped that the sense of security and fortune afforded by such guarantees would appeal to the natural dignity of the individual, moving him or her to surmount poverty. Supporters maintained that social solidarity should be the aim of every democratic government, that caring for the poor should be a public duty in recognition of the necessity of social equity.

For many, the disturbing findings of Charles Booth reinforced apprehensions that poverty and equity were intertwined. From 1886 to 1903, Booth conducted a systematic investigation into the wages and costs of living of London’s working class, the final edition of his published work (*Life and Labour of the People of London*) stretching to seventeen volumes. The inquiry uncovered a harrowing sea of material want in England’s capital city, and demonstrated that a structural lack of opportunity lay behind much of the human misery. The evidence it provided did much to overthrow the assumption – inscribed in British poor law since 1834 -- that poverty resulted from personal failure.⁵⁰ Booth’s findings “seriously disturb the comfortable belief of those who sometimes speak as though old age pauperism were largely the fault of the paupers”

⁴⁸ John Graham Brooks, “The Future Problem of Charity and the Unemployed,” *The Annals of the American Academy of Political and Social Science* 5:1 (1894).

⁴⁹ Brooks, “The Future Problem of Charity and the Unemployed,” 1894.

⁵⁰ Richard Elman and Albert Fried, eds., *Charles Booth’s London: a portrait of the poor at the turn of the century, drawn from his Life and Labour of the People of London*, (New York: Pantheon Books, 1967).

noted one observer.⁵¹ Quite simply, the cost of living was no match for the wages of the working class under industrial conditions. A Cambridge professor exclaimed, “Can we expect such thrift from the unskilled laborers in towns whose average wage in consequence of irregularity of employment is scarcely, if at all, above that of the agriculturalists? Manifestly we can not.”⁵² The report helped to transform social interpretations of destitution, as well as public understandings of the power and utility of scientific research methods.

Booth’s findings and the responses they provoked fed into a growing critique of laissez-faire that swirled through the intellectual centers of Europe. Visiting American students were startled to find that European thinkers did not give primacy to the system, and that they considered it to be one economic frame among many. American economic orthodoxy privileged laissez-faire as a product of “natural law,” a science like any other. Europeans, however, focused attention on the rights of man. While Americans sought the domain of natural law in the workings of the free market, Europeans sought it in the natural expression of human dignity and the exercise of human freedoms -- assets that they did not believe could be reliably or ethically delivered by the free market. German economists, in particular, challenged the American orthodoxy that laissez-faire was morally just and economically natural, or that it constituted the most efficient of financial and social systems. Insisting that the system be contextualized within its historical setting, they emphasized the theory’s origins in a British export economy. “Manchester economics,” they maintained, was not a universal approach to economics, and it did

⁵¹ Arthur Aclaird, quoted in Brooks, “The Future Problem of Charity and the Unemployed,” 1894.

⁵² W. Moore Ede, “National Pensions: One Way Out of Darkest England,” *The Contemporary Review* 59 (April 1891): 597-601.

not necessarily deliver the ethical social order with which Americans credited it.⁵³ Economic function, they warned, ought be evaluated according to scientific tenets, to which end European mentors trained their students to utilize social investigation as a tool of political economy. Americans returned to their home universities steeped in reform idealism and scientific ideology. Their new habits of scrutiny and investigation contributed to the vogue and authority of social science, and set a model for academic engagement in the creation of national policy.

Back at home, many of the foreign-trained academics argued for an increased role for government, collaborative with the economy. Professors such as Richard Ely assumed posts in American universities in the mid 1880s, from which they emphasized the importance of government as a tool through which social betterment could be achieved. The state was not, as classical economics held, an arrangement apart from society, but rather one that could (and ought) to serve as the ethical core that was absent from *laissez-faire*. More radical than some, but by no means alone in his philosophy, Ely suggested that the state be viewed simply as a “compulsory cooperative community,” similar to the cooperative associations so prevalent throughout the nation – although, of course, larger in scale. “The doctrine of *Laissez-Faire* is unsafe in politics and unsound in morals,” he pronounced in 1885⁵⁴ It was a statement seconded by numerous economists of his generation, and which set the group apart as one of the first significant groups willing to be antagonistic toward the market sector.

Such economic theories did not always meet with the approval of established economists, nor were they strongly embraced by University presidents, who found themselves answerable to

⁵³ Daniel T. Rodgers, *Atlantic Crossings: Social Politics in a Progressive Age*, (Cambridge: Belknap Press of Harvard University Press, 1998), Chapter 3.

⁵⁴ Rodgers, *Atlantic Crossings*, 101.

trustees whose fortunes (and gifts) were derived from the free market. At leading universities from Cornell to the University of Michigan, anxious provosts and traditional economists rebuked their junior colleagues, in some cases even extracting ideological retractions.⁵⁵ The social authority of American academics was clearly dwarfed by the power and scale of industrial capitalism, and for the sake of continuing their employment numerous younger economists softened their critiques.

Nevertheless, their subsequent writings and scholarship fed into a shift in the American conscience about the role of the nation state in the national welfare. As it had in England, American responsibility for the poor rested on the local level, occupying the energies of parishes, families, townsmen, and friends likely to have contact with destitute individuals.⁵⁶ This decentralized approach had excluded the federal government from responsibility for social welfare, a debarment that had opened the niche – ideological and economic – for self help mechanisms and, eventually, for the commercial life insurance industry. By placing responsibility for reform with federal government, the new outlook challenged the existing distribution of power and authority, an imposition guaranteed to attract a strong response from life insurance personnel seeking to preserve the vitality of their market.

The Birth of American Social Work

⁵⁵ Rodgers, *Atlantic Crossings*, 105.

⁵⁶ Unlike England, the political system of the United States had officially – if unwittingly -- codified this arrangement. As they had in the old world, churches provided the early institutional support of charity, welfare, and the arts. The separation of church and state, however, prevented the American government from supporting these structures as they matured. See Merle Curti, “American Philanthropy and the National Character,” *American Quarterly* 10: 4 (Winter, 1958): 427.

Among those to most thoroughly embrace the imported methodology and ideology was the newest generation of American social reformers. Exposed at university to training in the scientific method, a rising generation of American charity workers came to see social investigation as a guiding light – one which often led to a critique of unbridled capitalism that was not unlike the one rendered by the era’s economists. By 1897, instructors such as Frances Peabody were encouraging students to “go behind the immediate problem of relief to the more serious inquiry as to causes,” and pointing to Charles Booth’s statistical study as an example of superior work.⁵⁷ Newly hired to charity posts, graduates of such programs applied their quantitative skills in ways that fundamentally changed the focus of social reform. They scrutinized data on conditions affecting the poor such housing, wages, and health, searching for ways in which to make charity work more effective and efficient. The rigor and training required for such tasks encouraged the development of courses – and later schools – in the administration of charity. In the process, the avocation of providing social aid would become a profession and receive a new name: social work.

The records examined by young social workers demonstrated social forces operating on many sides to breed poverty. Their study of social conditions confirmed the European finding that the sources of destitution adhered to recognizable patterns. A bout of illness often led to destitution among wageworkers when the incapacitated breadwinner was unable to purchase medicine or meet ordinary expenses. Poor diet and inferior housing conditions helped to bring on illness by enervating workers, and these were likewise often caused by insufficient wages. It was, some maintained, as though human society were itself an organism, adhering to a natural “law of development” that displayed its own rules for healthy functioning. If interrupted or

⁵⁷ Francis Peabody, “The Modern Charity Worker,” 1897.

disordered, the social organism displayed malaise in the form of crime and poverty. Turning away from the philosophy that identified poverty as the result of personal failing, charity workers increasingly embraced a model that was structural, not moral, and that placed the workings of “natural” law outside of the competitive domain of laissez-faire.

Such a theory presented significant challenges to businesses devoted to the free market, the life insurance industry in particular. By highlighting the role of wages and working conditions in the welfare of the body politic, the theory contributed to the sense that the laissez-faire capitalism of large corporations was harming the poor. Moreover, it directly contradicted the version of risk that life insurers were selling. Companies based their sales appeals on the notion that risk occurred mainly at the level of the individual, through weak will and moral failings. Locating risk at the structural level absolved the individual of moral responsibility, and also called into question the efficacy of personal attempts to manage risk. Just as significantly, by rejecting the ethical presumptions of laissez-faire, the attestations of social workers eroded the moral presumptions on which the industry based its social identity. Insurance officers already understood that social workers could be a powerful foe. Members of the profession had demonstrated at the Massachusetts child insurance hearings in 1895 they were not afraid to be antagonistic toward the private sector. To the chagrin of company leaders, the outlook of social workers was one that received widening popular support.⁵⁸

⁵⁸ For historiography on the development of social work, consult Frank Dekker Watson, *The Charity Organization Movement in the United States: A Study in American Philanthropy* (New York: MacMillan Company, 1922. Reprinted New York: Arno Press, 1971). See also Katz, *In the Shadow of the Poorhouse: a social history of welfare in America* (New York: Basic Books, 1986), Lee Frankel “Common Sense Charity” Pamphlet published by United Hebrew Charities, New York. Met Life Archives. For the development of the social survey see Martin Bulmer, Kevin Bales, and Kathryn Kish Sklar, ed., *The Social Survey in Historical Perspective, 1880-1940* (New York: Cambridge University Press, 1991).

Though the proceedings of 1895 had concluded in favor of the insurance industry, the issues they raised about the cost of living and the capacity of the working class to adequately manage risk persisted in the minds of many. Commercial life insurance companies sold policies to working class households with the assertion that setting aside weekly premiums was a simple matter of financial economy, declaring that the habits of thrift instilled by the custom would help to elevate the poor. Testimony from the hearings had contradicted these claims, but the proof was anecdotal, and without the reinforcement of demonstrable fact it could serve as only a starting point for the innovation of better methods. The decade following the hearings, however, saw a dramatic increase in the use of social science techniques by American reformers. Members of the social work profession increasingly engaged in formal conferences and investigations to explore solutions to social want. A series of small reports on working class households and the cost of living began to emerge in the pages of professional journals in the first years of the twentieth century, piquing the interest of those for whom the household budgets of the poor seemed to provide a key to wider solutions to the problem of poverty.⁵⁹

In 1906, the New York State conference of charities and correction convened a special committee on the standard of living to establish definite answers about what size income could reasonably enable private individuals to manage risk by setting aside insurance premiums or laying up money for a “rainy day.” Tasked with investigating “what constitutes the essentials of a normal standard of living,” the committee sent examiners door to door much in the style of

⁵⁹ See for instance Caroline Goodyear, “Household Budgets of the Poor,” *Charities and the Commons*, 16:5 (May 5, 1906), 191-197. See also Sherman Kingsley, “Needy families in their homes; Minutes and Discussions,” *Proceedings of the National Conference of Charities and Correction*, Philadelphia, (May 6-16, 1906). This study conducted by the Chicago Relief and Aid Society examined the income and expenses of 500 families and found that while the prices of necessary goods underwent steady inflation, the wages of workers remained the same, and there was no rise the quality of goods.

Charles Booth.⁶⁰ In the report completed in 1907, the committee estimated conservatively that \$825 was sufficient to support an average family of five, and that \$900 - \$1000 presented a “normal” American standard, allowing a family “to get food enough to keep the body and soul together, and clothing and shelter enough to meet the most urgent demands of decency.” Below such a standard, families manifestly did not have enough to meet their nutritional needs, and the few who succeeded in setting aside savings truly did engage in the “extravagant thrift” alluded to in the Massachusetts hearings. Such a family would be “unable to make any provision against accident or to lay by anything for a rainy day,” noted Frankel, adding to the committee’s conclusion that it was strictly impossible to live on less than \$600 a year in New York City, “without deprivations and hardships compared with which race suicide, charitable relief, or strikes would be welcome alternatives.”⁶¹ A subsequent investigation of all available sources of American wage statistics found that fully one half of adult males in the industrial sections of the United States received less than \$600 per year, and that wages had been practically stationary since 1890. The man on the street, noted a commentator, “will be loath to admit the fact that three-quarters of the male workers and 95% of the female workers earn less than two thirds of the amount necessary for physical efficiency and decent existence.”⁶² Earnings were barely enough to cover expenditures, a circumstance that Frankel had characterized not merely as

⁶⁰ Social worker Lee Frankel of the United Hebrew Charities chaired the committee, whose members included luminaries such as Homer Folks and Edward Devine. Lee Frankel, “Social Forces: The Standards of Living,” *Charities and the Commons*, (Nov 16, 1907): 1039-1040.

⁶¹ Frankel, “Social Forces: The Standards of Living,” 1907; Lee Frankel, “The Cost of Living in New York,” *Charities and the Commons*, (Nov 16, 1907): 1049-1054; Lee Frankel, “Impossible to Live on Two Dollars a Day,” *Boston Daily*, 17 November, 1907, 43; see also I.M. Rubinow, *Social Insurance: With Special Reference to American Conditions* (New York: Henry Holt and Company, 1913), 32.

⁶² The study, conducted by a professor for the Wharton School of economics, is referred to in Rubinow, *Social Insurance*, 33.

“absolutely squalor and misery,” but even less acceptably, as a “dearth of reasonable opportunity.”⁶³

For the claims of the life insurance industry, the data were damning. Under the conditions that prevailed, few members of the working class could be expected to meet their financial demands in an honest way, much less rise into a more comfortable class station. Social workers repeatedly noted the cleverness and thrift with which working class households squeezed “one hundred cents out of every dollar,” an observation that further belied industry claims that their policies curtailed waste. On the contrary, they seemed to confer the claims of Massachusetts social workers that such policies *were* waste. In an exhaustive analysis of the social utility of insurance, reformer I.M. Rubinow observed, “It is a selection between a possible deprivation in the future and a certain serious loss in the present which the payment of the premium requires.”⁶⁴ Under these conditions, industry claims about the affordability of their product and its important social function began to collapse. Solutions to the problem of poverty and destitution would need to take a broader, more systemic approach to the plight of the poor, and would have to contend with the economic realities a wage system that did not provide revenue commensurate with the prices of daily necessities.

The Fellow Servant Law and the Distribution of Risk

⁶³ Lee Frankel, “Social Forces: The Standards of Living,” 1907.

⁶⁴ Rubinow, *Social Insurance*, 6.

“There is no such thing as an American system of charity,” noted Harvard’s Francis Peabody in 1897.⁶⁵ His was not a statement about benevolent impulses or attempts to relieve suffering, but about the lack of structure and organization of the American system. Peabody mused that modern reformers found themselves heir to a “confusing variety of types of relief,” and a “hopeless diversity of administration.”⁶⁶ Government energies were restricted to foreign relations and to matters of national concern such as currency and the military, and authority over charity work extended little further than the municipal level. What centralization late-century social workers required, they would have to create themselves.

Difficulties of reformers in extending the safety net were complicated by a theory of jurisprudence known as the fellow servant law that offered little recourse for the individual suffering created by industrial injuries. Common law practices based in England and passed down through American law stated that the employee was as likely as the employer to know about the dangers posed in the workplace, and was in a better position to guard against them. Legal statutes maintained that workers injured due to hazards that were obvious (exposed gears, boiling fluids) had only themselves to blame, and that those harmed through a misstep of a fellow employee should have corrected the maladroit coworker, and were therefore guilty of contributory negligence.⁶⁷ In 1842, Chief Justice Lemuel Shaw reinforced the standard by ruling that the employee assumed responsibility for “natural and ordinary risks and perils incident to the performance of [the] services” as a normal part of entering into an employment contract. Risks, Shaw stated, included “the carelessness and negligence of those who are in the same

⁶⁵ Francis Peabody, “Principles of Poor Relief in the United States,” *The Charities Review*, 7:5 (Jan 1898): 922-942.

⁶⁶ Peabody, “Principles of Poor Relief in the United States,” 1898.

⁶⁷ James Weinstein, *The Corporate Ideal in the Liberal State: 1900-1918*, (Boston: Beacon Press, 1968).

employment.”⁶⁸ This standard placed the onus on the worker to demonstrate an employer’s negligence at the same time that it sharply restricted the responsibility of the employer for workplace risk. “The general principal of American law,” remarked Oliver Wendell Holmes in 1881, “is that loss from accident must lie where it falls.”⁶⁹

The criterion made sense in the context of small workshops staffed by skilled laborers, but in the impersonal and dangerous factories, mines, and railroads of the late nineteenth century it could seem ludicrously weak and unfair. The blast furnaces of modern steel mills could stand 155 feet high and contain 600 to 1,000 tons of molten metals, dwarfing their human operators. The perpetual darkness of nation’s mines rendered the hauling mules blind. Regular reports of severe accidents filtered out of both, piquing the audiences who paid attention to such details. One 1907 article, “Making Steel and Killing Men,” included a photo essay of the vault-like factory and imposing equipment responsible for numerous fatalities in United States Steel’s South Chicago plant, as well as the story of one young worker who received third degree burns on his face, neck, arms, forearms, hands, back, right leg, right thigh, and left foot, resulting in an agonized death three days later. Warning that no official figure accounted for the number of workers who were “merely” burned, crushed, or maimed, the journalist delivered a conservative estimate that 598 men were thus killed or wounded in 1906.⁷⁰ The fellow servant law’s fey and fatalistic handling of blame contrasted so starkly with the gruesome violence of workplace

⁶⁸ Quoted in Witt, *The Accidental Republic*, 13.

⁶⁹ Witt, *The Accidental Republic*, 43

⁷⁰ Doctors at the plant estimated the number to be closer to 2000. William Hard, “Making Steel and Killing Men,” *Everybody’s Magazine* 17 (November, 1907): 579-592. See also David Rosner and Gerald Markowitz, “The Early Movement for Occupational Safety and Health, 1900-1917,” 508.

accidents that it provoked anger in those who witnessed it firsthand, and horror in those who heard and read about it.

Public antipathy was compounded by the sense that, under modern circumstances, the fellow servant law reinforced inequalities. Though it may have been effective within the egalitarian limits of the small workshop, in a system of mechanized factories and surplus labor, few workers maintained control over their workplace conditions, rendering moot the fellow servant law's demand for worker caution. Even those with an intricate understanding of the risks they faced had little opportunity to create safeguards. Because injury nearly always fell to the laborer, the fellow servant doctrine placed wage workers at a visible disadvantage. Few employees understood the law well enough to argue on their own behalf, and fewer still possessed the financial might with which to engage employers in a court battle in hopes of recovering damages.⁷¹ In a 1909 article in the *Atlantic Monthly*, social worker Frank Lewis estimated that only fifteen per cent of injured employees received any form of compensation for their injuries, though 70 percent of injuries were either the result of employer negligence or were due to inevitable risks of the work.⁷²

Onlookers who witnessed the hardship created by the fellow servant law under industrial conditions expressed alarm over the growing injustices heaped upon wage-earners. As one observer noted, the old rules of employee liability for personal accident seemed “grotesque in their unfitness to present facts.”⁷³ For the mathematically-inclined, the law contradicted the

⁷¹ Edgar Maitland Atkin, “A Problem of Self Insurance Against Industrial Accidents,” *Charities and the Commons* (December 7, 1907): 1213-1216.

⁷² Frank Lewis, “Employers Liability,” *Atlantic Monthly*, 103 (January 1909).

⁷³ “In a modern mill, factory, mine, or railroad serve, [these laws] are as much out of date as a distaff, or as bleeding for miscellaneous diseases. The cause of accidents in these days of great machinery and of the army of

realities of randomness and probability. The fellow servant law presupposed that accidents occurred with an inevitable randomness, or else as the result of personal incompetence, but the patterned nature of workplace accidents suggested that there was nothing “natural” in the distribution of workplace risk. Statistical surveys and even casual observation demonstrated that many industrial accidents occurred with predictable regularity, and could be avoided through simple safety precautions or improvements in manufacturing processes. This being the case, the question of fault or moral responsibility shifted from the laborer to the industrial system itself, making the burden placed on workers by the fellow servant law particularly odious. “Twenty years’ experience under the German act has made it clear that more than half of the industrial accidents are neither the fault of the employer nor of the employed,” stated one well-known minister and writer. Accidents, he declared, occurred “with the regularity of the tides,” and should be dealt with in a more regular manner.⁷⁴

The magnitude of suffering, combined with the increasing critique of laissez-faire and awareness of the structural determinants of risk prompted numerous Americans to question the justice and fairness of such a system, and to wonder whether government could serve as an appropriate tool for social betterment. In professional journals such as the *Charities Review*, social workers questioned the “ultimate obligations” of the government, which some maintained extended to the social welfare of the populous. In one 1898 editorial, reformer Frederick Wines warned that private philanthropic efforts might even be undermining social goals by relieving the government of its responsibilities. Schools, roads, monuments, and “other necessary or beneficial

subcontractors, becomes so obscure that the law, many years since, became charged with a casuistry as subtle as that of the scholastics.” Brooks, *The Social Unrest*, 212.

⁷⁴ Brooks, *The Social Unrest*, 212.

acts” were natural government obligations.⁷⁵ It was an outlook that many social workers and philanthropists would come to share.

Some reformers even came to wonder whether the government might not possess a *duty* to offer succor. The fellow servant law, for instance, affected the poorest segments of the population so negatively under modern conditions that government inaction seemed undemocratic. Industrial accidents bolstered inequalities, and they happened among the poor with incredible frequency and terrible consequences. Self-help mechanisms such as industrial insurance seemed laughably weak if a single accident could thrust even an industrious and morally upstanding worker into lifelong dependence. Some onlookers noted that those who carried the greatest workplace risk seemed likely to become permanent economic inferiors, a possibility that challenged the American ideal of upward mobility and raised disturbing questions about the role of risk in an ostensibly free society. It was a rationale that linked the vitality of democratic governance to social reform, and which gained significantly in prominence through the early twentieth century. When it was first posed at the end of the 1890s, however, it was muffled amidst the piecemeal system then evolving into the social work professional infrastructure.

The Creep of Socialism

Commentators during the progressive era often referred anxiously to the existence of a radical or immigrant class that threatened to erode society, a class that suffered so greatly from the hazards of industrialism that it harbored the impetus for class warfare. Magazine items

⁷⁵ Frederick Wines, “Charity and the State,” *The Charities Review* 7:6, (Feb 1898): 1002-1019.

described urban centers as cauldrons of destitution, that were often as not “swarming” or “seething” with uneducated paupers and the down at heel, many of whom presented the nation with a radical menace.⁷⁶ Actual immigrant communities rarely bore these warnings out, but it seemed to some that the labor movement did.

Union membership and labor upheaval reached an all-time high in the decades surrounding the turn of the century, both in activity and in exposure. Strikes over sub-standard conditions came to seem like a regular feature of American life, and the muckrakers who reported on factory and mining practices established the industrial workplace as a battleground in an of itself. “A Greater number of people are killed every year by so-called accidents than are killed in many wars of considerable magnitude,” noted one writer in the journal *Outlook*. “It is becoming as perilous to live in the United States as to participate in actual warfare.”⁷⁷ Not only did it seem to many that the masses were rising up, but to some it seemed that their rebellion was deserved, considering the horrendous conditions in which they toiled. In a 1903 article, captain of industry Andrew Carnegie remarked on the troubling relationship between capital and labor, and the number of Americans able to see for themselves that commercial conditions were not sound. “What increases their anxiety is the knowledge that in every part of the country working men are growing daily more dissatisfied and are girding up their loins for another great struggle with capital.”⁷⁸ He warned about the great “menace of a labor revolt and a war with capital that will bring business to a standstill.” According to Carnegie, the first shots had already been fired by labor, and had been met in a most unsatisfactory manner by government injunctions intended

⁷⁶ Kirschner, “The Ambiguous Legacy: Social Justice and Social Control in the Progressive Era,” 1975..

⁷⁷ “Slaughter by Accident,” *The Outlook* 78 (Oct 8, 1904): 359-360.

⁷⁸ Andrew Carnegie, “Capital and Labour in the United States,” *The World’s Work* 2:7 (June 1903): 79-83.

to prohibit men from striking. Many Americans (including authorities in the life insurance field) joined Carnegie's outcry against labor's attacks against the nation's businesses. Orators and press outlets riled their audiences with warnings about the "socialist menace" brought about by labor unrest. By 1905, even Theodore Roosevelt expressed public concern over the supposed growth of Socialism.⁷⁹

Yet not all public sympathy fell to the preservation of free market capitalism. Though they condemned the militancy of the labor movement, many citizens expressed significant apprehension about the attitude of the country's corporations toward the casualties of production. Too many companies failed to create their own provisions for injured workers, at the same time that they resisted state protections. Such neglect, noted critics, created an incubator for social upheaval and the growth of socialism. Even social scientists of European training, who had absorbed the lessons of the Atlantic Exchange and the rationale for government regulation of economic affairs, sounded alarms about the growth of socialism.

John Graham Brooks, an outspoken Unitarian minister who had studied in Germany in the 1880s, authored one of the first American studies on social insurance in 1893, but warned in 1903 of an impending American slide into socialism.⁸⁰ The socialist sentiment of the working class, he cautioned, "strengthens day by day for many reasons, but for no reason just now more than this: the refusal of so many quasi-public corporations to accept proper social control."⁸¹ Brooks singled out the importance of viable forms of insurance with which to spread the risks

⁷⁹ Weinstein, *The Corporate Ideal in the Liberal State*, 118.

⁸⁰ For this study, see John Graham Brooks, *Compulsory Insurance in Germany*, (Washington, DC: Government Printing Office, 1893).

⁸¹ Brooks, *The Social Unrest*, 1893.

faced by workingmen and alleviate their plight. Injuries that deprived individuals of their capacity to earn should be justly compensated. Of all available remedies, he speculated, insurance had the greatest potential to satisfy “the growing ethical sense of society,” and yet the American method of indemnifying accidents by private contract was “as crude as it is abnormal.” Brooks looked to Europe for solutions, pointing out that most “civilized communities” outside the United States had already passed juster social legislation that adequately relieved the problem of industrial unrest. Switzerland, Germany, Austria, Norway, England, Denmark, England, France, and Italy had instated policies of social insurance that promised to mark what Brooks referred to as an “era of social improvement.” In the interest of averting socialism, he hoped that the United States would do the same. “While we await results, our task... is chiefly that of ‘regulation’” he wrote; “to subject these forces to such control that human and social interests shall not be too much endangered.”⁸²

Proposals such as Brooks’ struck many as radical, and numerous onlookers held to the assertion that corporations could reform themselves. A growing body of reformers, however seemed convinced that the time for such actions had passed. Industrial accidents, noted one writer, could no longer be left to the capricious generosity of corporations. “An injury that deprives a man of half his working power should be recompensed in like proportion.”⁸³ Either way, change was in the offing. “To sit idle is to rest on a volcano while underneath the fire burns,” warned Brooks. A contemporary added ominously, “Those four hundred thousand votes cast for Debs meant something.”⁸⁴ Until large employers acknowledged their interdependence

⁸² Brooks, *The Social Unrest*, 1893.

⁸³ Brooks, *The Social Unrest*, 1893.

⁸⁴ Raymond Robbins in 1907 National Conference of Charities and Corrections, quoted in Kirschner, “The Ambiguous Legacy: Social Justice and Social Control in the Progressive Era,” 1975.

with labor, the burden of risk they placed on private individuals would be too great to be socially supportable.

CHAPTER 4: POLITICAL CAPITALISM EXPOSED

When former stockbroker Thomas Lawson decided to grind an axe against his erstwhile colleagues, he did so with astonishing effect. In his new hat as a journalist, Lawson took his grievances to *Everybody's Magazine*, where, in salacious monthly installments, he exposed the misdeeds of the nation's well-placed financiers. The popularity of the series defied all expectation. Whenever an edition contained one of Lawson's reports, the magazine sold out in under three days. Throughout 1904, Lawson bent the ear of the American public with stories about the transgressions of Wall Street, and in mid-year he created a new stir by announcing that the American life Insurance industry was collusive with the Street's lotharios. The carefully entrusted money of the nation's policyholders was being used to fuel financial intrigues of colossal proportions.

Lawson's writing came amidst a wave of popular journalism known as muckraking that exposed and challenged corporate excess, often championing consumer justice. The movement, which crested between 1902 and 1912, paralleled the presidency of Theodore Roosevelt, and came amidst rising demands for stronger state regulations for privileged corporations (though historians have noted that there was little new in their grievances).¹ Though it extended back through the century, popular denunciation of "privilege" gained mainstream prominence through the efforts of muckrakers. For the life insurance industry, Lawson's series proved to be merely the first in a parade of exposes in high-circulation magazines, exposes that generated a catastrophe in public relations and initiated a sea change in the way in which the companies would interact with regulators and the buying public. When even the mainstream press became interested in the issue, the alliances and exploitations described by newspapers shocked the

¹ Roosevelt himself initiated the term "muckraker" in 1906. Arthur and Lila Weinberg, eds., *The Muckrakers*, xvii.

reading public, and in 1905 led to calls for a legislative probe to investigate charges of financial mismanagement and political collusion leveled by muckrakers.

The subsequent proceedings exposed extent of the firms' engagement in political capitalism, which included political engineering of titanic proportions. They also demonstrated that commercial insurance as it was practiced in the United States was a poor agent for the equitable management of risk, particularly for the working class. The weeks of the investigation laid bare almost every conceivable abuse of corporate power, including price fixing, insider trading, accounting malpractice, and a small fortune in contributions to the Republican Party. In addition, the findings revealed appalling inefficiencies and outright swindles in the administration of industrial policies. Nearly every element of the firms' public rhetoric unraveled. They were no longer credible as trustworthy protectors or as refined financial trustees; they had betrayed both the protective and the speculative ideologies of risk on which their marketability had been based. In the industrial branch, overpriced policies had outright defrauded the poor, a finding that lent credence to the growing sense that the poor were indeed overburdened, and that social responsibility for their risk should be shared on a wider government level.

The Era of Muckraking

Muckraking was more a popular movement than an ideological one, and the writing that it engendered was at the same time less political and more conspiratorial than articles by social scientists like Brooks. Its main authors interrogated the relationship between politics and business and gave voice to the anxieties and frustrations of American consumers. Most

muckrakers, notes one historian, “were not socialists, utopians, anarchists, or labor leaders.”² They were not even necessarily anti-business. Many found support among civic-minded businessmen, who shared their concern about the behavior of their compatriots and hoped in some way to check it, if not through self-regulation then by some mild form of government intercession. While almost never self-identified champions of the poor, most muckrakers possessed an abiding sense of justice for the “common man.” While they claimed to seek change, however, they did not write policy. They were agitators, not reformers; journalists, not politicians. One pair of historians has called them “publicity men for reform.”³

Daniel Rodgers posits that perhaps the gain in popular momentum stemmed from the ubiquity of the perceived abuses. The perpetrators of muckraker lore included the common carriers of urban life: the streetcar companies and gas and electric networks on which turn of the century city dwellers had become dependent. With essential services closely tied to the caprice of “untamed private companies,” ordinary Americans increased their wariness toward “unnatural” concentrations of wealth.⁴ In New York State, a 1904 investigation of the consolidated gas works exposed tax evasion, fraudulent bookkeeping, grossly inflated rates, and illegal monopolization of New York City’s utilities, a series of wrongdoings that directly affected the general public.⁵ Most major life insurance companies had their headquarters there, and the attentions of muckrakers eventually settled on the firms.

² Louis Filler, *Crusaders for American Liberalism*, (Yellow Springs: Antioch Press, 1964), xi.

³ Arthur and Lila Weinberg, eds., *The Muckrakers*, (New York: Simon and Schuster, 1961), xviii.

⁴ Daniel Rodgers, “In Search of Progressivism,” *Reviews in American History* 10:4 (December 1982): 113-132; 124. See also Richard L. McCormick, *From Realignment to Reform: Political Change in New York State, 1893-1910*, (Ithaca: Cornell University Press, 1979), 32.

⁵ McCormick, *From Realignment to Reform*, 195.

First, however, they took aim at Wall Street, where brokers were earning an increasingly unsavory reputation. “[T]here was almost nothing in the reigning conceptions of political economy to prepare middle class Americans for the sudden, turn-of-the-century ascendancy of finance capitalism,” observes Rodgers, “except to decry the agglomerations of big business as ‘unnatural’ and conspiratorial.”⁶ The vast sums of money made (and lost) in a single day on financial transactions baffled and discomfited ordinary observers. Educated and progressive-minded Americans in churches, colleges, and the professions associated “the street” with dissolution and gambling, and it became a ripe subject for the articles of muckrakers. By late-century, a stereotype emerged in national periodicals of the broker as a crafty pleasure-seeker, “a nervous dandy with watery eyes and a muddy complexion” who schemed on the market floor by day and caroused in the clubs by night. He was neither a family man nor an ideal American, and he had ample contact with the financiers who sat on insurance boards of directors.⁷

Insurance involvement in high finance was no secret to highly placed personnel and New York financiers, but to the public, the companies denied taking part in any activity that could possibly deviate from their position as social guardians and moral trustees. The fiction was only mildly believable. A flourishing population of financiers sat on insurance boards of directors, belying companies’ insistence that they did not involve themselves in speculative transactions. Firms contended that the presence of such men brought needed expertise for cautious investment decisions, and that neither the firms nor the individuals profited from the intimacies. Nevertheless, such close “downtown” connections brought the “taint of Wall Street” into insurance transactions, and eventually attracted the interest of muckraking journalists.

⁶ Rodgers, “In Search of Progressivism,” 124.

⁷ Cedric Cowing “Market Speculation in the Muckraker Era: the Popular Reaction,” *The Business History Review* 31:4 (Winter, 1957): 403-413.

When Thomas Lawson made his accusations that the life insurance firms were involved in unseemly dealings with “the Street,” insurance spokesmen did everything in their power to discredit him and distract attention from their investment activities. The New York Life sent letters to policyholders containing enclosures that refuted his claims and contended – spuriously -- that Lawson had been turned down for a life insurance policy and was merely seeking revenge.⁸ Insurance journals branded him a “would-be-reformed-speculator” and a “financial blackmailer.” “Any attempt to connect the life insurance companies with Wall Street speculations or with the financing of any of the so-called ‘trusts’ is absurd and ridiculous,” railed *The Spectator*.⁹ Lawson responded to his attackers with enthusiasm, expanding his series to include a thorough expose of the Big Three. Throughout the fall of 1904, he treated readers of *Everybody’s* to detailed descriptions of life insurance investment syndicates, and sensational accountings of the personal profits realized by executives involved.

Other authors joined the assault on the industry. In November, *Era Magazine* opened a series by John W. Ryckman provocatively titled “The Despotism of the Combined Millions.” The following year *McClure’s* initiated a series authored by Burton Hendrick. Their attentions ranged across a variety of ills, from the harassment of policyholders to the expensive mismanagement of the firms, but overwhelmingly they returned to the two preoccupations that the large insurers had most vigorously attempted to channel and subdue. To the consternation of company officers, they lingered on the unlawfulness (and hypocrisy) of company-sponsored syndicates, and on the dangerous concentration of financial power in the hands of executives who were, in effect, answerable to no one.

⁸ Thomas Lawson, *Frenzied Finance* (New York: The Ridgway-Thayer Company, 1905), 430.

⁹ *The Spectator*, Oct 17, 1904.

The articles of the muckrakers overturned the claims that the life insurance industry was not associated with Wall Street, describing in intimate detail the nature and purpose of the firms' speculative activities. Insurance companies, explained Lawson, "use the billions the people have placed with them to buy or create banks and trust companies, the stocks of which are a large part of their assets. They then use these banks and trust companies, which exist because of the people's savings, in stock gambling enterprises..."¹⁰ Laws prohibiting insurance companies from using policyholder money for speculative purposes made this a lucrative, if ethically dubious, alternative, one which Burton Hendrick described as a "raid on the surplus." The most popular companies, Hendrick noted with disgust, "have largely ceased to do a life insurance business at all..."¹¹ They had become mere lending institutions; their image as "noble philanthropists" was a sham. "The trust company is the irrigating canal of Wall Street, the insurance company the reservoir," pronounced Lawson, an image that helped make very clear the financial role of the insurers.¹²

Even more compelling to readers than the sting of hypocrisy was the startling and dangerous power that muckrakers claimed big business had accrued over politics. With their endless dollars, insurers held sway not only over financiers but over legislators, whom they influenced with campaign contributions, lobbying, and occasional bribery. In *Era* magazine, John Ryckman declared that insurance companies "not only own trust companies and banks and railroads and telegraph lines, but they own legislatures."¹³ Significant contributions to legislators and party bosses helped to ensure the passage or demise of laws in which companies took an

¹⁰ Lawson, *Frenzied Finance*, 415-16.

¹¹ Hendrick, *The Story of Life Insurance*, (New York: McClure, Phillips & co., 1907), 36.

¹² Lawson, *Frenzied Finance*, 458.

¹³ John Ryckman, "The Despotism of Combined Millions," *Era Magazine* Vol 14/15 (1904-1905).

interest. The presence of insurance men such as John Dryden and Chauncey Depew in elected office further guaranteed the protection of insurance interests. Muckrakers pointed out that the crux of company concern rested on guarding their power as investors. “They have uniformly used their influence in such cases against the public good and in favor of privileged interests,” charged Hendrick. “They have amended the investment law twenty times in thirty years, not for the sake of protecting their policy-holders, but to permit investments along lines that guaranteed private profit to themselves.”¹⁴

These legislative efforts were both thorough and wide-ranging. Ryckman, Lawson, and Hendrick noted that the firms monitored not just insurance regulation, but any legal activity having to do with banks, trust companies, safe deposit companies, railroads, and any other financial institutions. The breadth and depth of their influence gave them seemingly unlimited authority. “The Equitable, the NY Life, and Mutual Life Insurance Companies, and their affiliated institutions and individuals, are to-day by all odds the greatest power in the world,” warned Lawson, “greater by all odds than any power than can possibly be gathered together from those outside themselves, a power so great that the effort of no man nor party of men outside themselves can possibly prevail against their wishes.”¹⁵ Company presidents had routinely bragged about the size and strength of their corporations, but the descriptions of muckrakers located the center of this strength beyond the market and within the legislative halls of the United States.

The sensational journalism created a stir, not only among policyholders but in the wider press and in the halls of finance themselves. “The relations of [the insurance] companies with

¹⁴ Hendrick, *The Story of Life Insurance*, 664.

¹⁵ Lawson, *Frenzied Finance*, 422-23.

prominent banking houses, members of which were active in the directorates of the big insurance companies... form a subject of discussion which is constantly irritating and agitating Wall Street,” remarked the *New York Herald*.¹⁶ Sensing their own vulnerability, companies such as the Metropolitan initiated new measures to protect themselves from allegations of abuse of power. In an act calculated to give the appearance of diffusion of corporate power, the Metropolitan granted voting rights to all of its policyholders. At meetings and in memos, officers increasingly spoke of mutualizing the company, an act that would curtail the appearance of private profit by ending the payment of dividends to investors. Few other companies took such measures, however, and calls for reform remained shrill. “Don’t let up,” wrote one reader to John Ryckman; “publicity is the thing: keep hammering away at them. I doubt exceedingly if either of the ‘Big Three’ could stand a thorough investigation. I bet they are rotten to the core.”¹⁷

The Battle for the Equitable

It was into this public relations tinder box that a final spark fell. The young vice president of the Equitable Insurance Company, James Hazen Hyde, hosted a dinner party of astonishing extravagance, and the rumors it sparked ignited fatal public attention. Hyde was the possessor of the 502 controlling shares of stock in the Equitable, an asset he had inherited from his father, and which was being held in trust by the acting president, James Alexander, until Hyde attained the age of 30. Tensions between Hyde and Alexander were notorious, however, and in 1905 Hyde was but one year away from the stipulated age of majority. Despite his dawning responsibilities,

¹⁶ *New York Herald*, 16 February, 1905, 4.

¹⁷ H. Roger Grant, *Insurance Reform: Consumer Action in the Progressive Era*, (Ames, IA: Iowa State University Press, 1979), 32.

Hyde harbored an enthusiasm for clothes, coaches, and all things French that imputed him with a reputation for frivolity, and caused regular consternation for his trustee.¹⁸ In this instance, the censure was general. A display of ostentation considered to be too frivolous could come off as wasteful and elitist, a fate endured by Hyde for the ball thrown at the apex of the insurance muckraking.

On January 31, 1905, Hyde hosted a lavish French Ball intended to impress the New York aristocracy, but which ultimately attracted unwanted attentions to the company he served. Held in the ballroom of Sherry's Hotel, the party glittered with ladies in jewel-encrusted gowns and white-wigged waiters dressed as footmen.¹⁹ One writer called it "the most sumptuous, the most elaborate, and the most beautiful [ball] of the early days of the twentieth century." "No historical accessories were lacking – it was as if the cream of New York's society had suddenly been transported back to the days of Louse Seize."²⁰ The Metropolitan Opera orchestra serenaded the guests. After the ball, the pages of *The World*, *The Herald*, and the *New York Times* twittered about the dresses, escorts, decorations, and food. They also speculated about the event's price tag, which they judged to have been somewhere between \$100,000 and \$200,000, and assumed had been charged to the account of the Equitable Insurance Society.²¹

¹⁸ Norris has argued that Hyde was not the playboy that the media made him out to be, arguing that his behavior was similar to that of other young men of his station among New York millionaires, for instance the Gould and Vanderbilt progeny. Hyde himself protested to an investigating committee, "If it is an offense to drive a coach, or to give entertainments out of my private means, it is one that is committed by many men of means and by officers identified with the Society." See Norris, *Voices from the Field*. This interpretation is echoed by Patricia Beard, *After the Ball: Gilded Age Secrets, Boardroom Betrayals, and the Party that Ignited the Great Wall Street Scandal of 1905*, (New York: HarperCollins, 2003).

¹⁹ Invitations to the mid-winter fete instructed Hyde's 400 – 600 guests to dress in the style of eighteenth century French aristocracy.

²⁰ "The Famous Hyde Ball at Sherry's," *World Magazine*, 19 February, 1905, 1.

²¹ The true cost of the evening, \$100,000, was footed by Hyde using personal funds.

All eyes turned to the Equitable, and it happened that scrutiny could not have arrived at a more revealing moment. At the end of the century, the Equitable had become one of the wealthiest financial institutions in the country. It possessed over \$400 million in assets, and was one of the most tantalizing resources for Wall Street investors. Directors and trustees of this company wielded impressive control over one of the fattest wallets in the financial world, conferring status on themselves as the great power brokers of American business.²² To control the Equitable was very nearly to control finance itself, and in the early months of 1905 the leadership of the company was becoming unglued, the 502 shares of controlling stock owned by James Hazen Hyde potentially up for sale. The power struggle between the vice president and his trustee had begun to spill over into the management of the company, with Alexander circulating a pair of petitions calling for the mutualization of the Equitable and the removal of Hyde as vice president. More than thirty-five officials and employees signed the documents, touching off an imbroglio. If Hyde vacated his position at the Equitable, one of the most powerful seats in American finance would become open to some ambitious taker, but if Hyde prevailed, those who stood by him would have preserved a powerful ally. Overnight, the company roster of directors,

²² Anyone who doubted this need look no further than the make-up of the Equitable's board of directors to be reassured of its prominent place in American finance. Financial luminaries such as George Gould, John Jacob Astor IV, Alexander Cassatt, and August Belmont, held positions on the board, where their presence guaranteed a strong relationship between the Equitable and high finance. Beard, *After the Ball*, 35.



HIGH LIFE INSURANCE

—N. Y. World, April 1

*James Hazen Hyde of the Equitable caricatured for his "French Ball."*²³

²³ "High Life Insurance" reprinted in John Ryckman, "The Despotism of Combined Millions," *Era Magazine* 34 (1906).

officers, and trustees became a register of shifting alliances, cunning, backstabbing, and ambition. After the French Ball, it became headline news.

On February 15, *The World* published the story of the Equitable's internal strife, announcing on its front page: "Hyde must get out or all Equitable Life's officers will resign." The paper reported, "The fight in the Equitable Insurance Company, the greatest single financial power in the United States, exceeds in bitterness any struggle that has ever developed among kings of finance in this country." If Hyde refused to retire, it warned, "the consequences might be the most remarkable in the financial history of the country."²⁴ For a full week, the *World* and other papers supplied news about the Equitable, following the struggle through every new revelation. The "Alexander Faction," they reported, continued to demand Hyde's resignation. Members of the "Hyde Faction," they noted, offered concessions, but opponents remained unmoved. But Hyde was not the only target of blame and disparagement; disclosures about numerous hidden business practices wracked the society. Jacob Schiff, head of the Finance Committee, had authorized the purchase of \$22 million in bonds from his own banking house in 1904, a transaction in which he had apparently acted as "both buyer and seller," brazenly flaunting both company regulations and New York State law. In another instance, it became known that a blacklist of candidates rejected for policies had been maintained and circulated among all the large insurers, a practice that legal authorities suggested might be classified as a criminal conspiracy.²⁵ The revelations cast a pall over entire insurance industry; the acts of

²⁴ "Hyde must get out or all Equitable Life's officers will resign," *New York World*, 15 February, 1905, 1.

²⁵ "Blacklisting Department May End," *New York World*, 19 February, 1905, 5.

dishonesty exposed by the press were uglier and more widespread than the industry's detractors had alleged.

The dissension at the Equitable made undeniable what muckrakers had been exhorting their readers to believe: that the involvement of the life insurance industry with Wall Street was not a matter of suspicion, but a simple fact, and that many of their business customs were brutally underhanded. Newspapers and magazines of all kinds took up the story, explaining the workings of the Equitable and their hazards and consequences to newly credulous readers. "While it is primarily an insurance company, it is in reality a great savings corporation, with assets amounting to over \$400 million, and with an annual income of about \$80 million," clarified the popular magazine *Outlook*. "To have such a gigantic savings bank come to financial ruin not only would mean disaster to an army of policy-holders, but might precipitate a panic which would affect banks and bank depositors... to the remotest parts of this country."²⁶ In point of fact, the Equitable and all the large insurers were financially solvent, though their affiliations with the hazard-loving and easily ruined "plungers" of Wall Street may have somewhat undermined their stability.

Personnel at the Equitable scrambled to contain the damage. In April, the company authorized an internal inquiry to be headed by Henry Clay Frick, who had served on the Equitable board of directors since 1901. Shortly thereafter, the New York State Insurance department launched an investigation of its own. Both sought to make a systematic study of the charges of mismanagement and misconduct at the Equitable. A month later, the Frick Committee submitted a damning if predictable report. Among other misdeeds, the report concluded,

²⁶ "Financial Altruism," *Outlook* (24 June, 1905): 461.

excessive salaries had been paid to officers, excessive commissions granted to agents, and company funds had been used in syndicates whose activities personally benefited the participants. The Committee ordered that those who had profited from the syndicates should repay their earnings to the company, and condemned the “injudicious intermingling of two essentially different lines of finance.” Lastly, it recommended the immediate resignations of Alexander and Hyde.²⁷ The New York State Insurance Department report echoed the Frick findings, charging the Equitable with gross financial malpractice. The report noted outsized contributions made to political figures such as Senator Chauncey Depew, who in addition to his governmental responsibilities held a seat on the Equitable’s Board of Directors. Its authors recommended complete mutualization of the company and suggested that the next state legislature should ban investments in subsidiary corporations.

It seemed to insurance officials that the most damaging of all possible revelations had finally come to light. Officers through the industry confronted the very real possibility that the loss of face would undermine the industry’s capacity not only to sell policies but to influence the social and political outlets necessary to preserve their autonomy. At the Metropolitan Life, company president John Hegeman observed, “We are confronted with this certain prospect: if the attempt upon the Equitable is successful, it will be the severest blow ever dealt to the business of life insurance. It will tend to unsettle public confidence. Suspicion will be abroad. It will be asked, what is the next company liable to be turned aside from the faithful and prudent

²⁷ Marquis James *The Metropolitan Life: A Study in Business Growth* (New York: The Viking Press, 1947), 140; Beard, *After the Ball*, 238-250; “The Frick Report,” *Outlook* (10 June, 1905): 359.

management of trust funds for the benefit of those who have built them up, to be made the football of speculators.”²⁸

The popular response to the reports bore out John Hegeman’s fears. Appalled by the corruption at the Equitable, policyholders could see no reason for the dishonesty to be confined to a single firm. One writer fretted, “There is every reason to believe that practices which have brought trouble to the Company are common in other companies, and that the methods by which insurance is generally conducted need further legal restriction.”²⁹ An editorial in the *New York World* added, “The man in the street suddenly comes to see how ‘high finance’ has been fattening off his scanty savings – of the savings he laid by for the support of his widow and children in case they were left alone. He sees how government has been debauched to protect year after year these highly respectable criminals. He sees how they have been able to purchase immunity from prosecution or publicity.”³⁰ Public agitation soon commenced for a state investigation of the industry at large. Even former president (and business ally) Grover Cleveland expressed concern that “what has overtaken [the Equitable] is liable to happen to other insurance companies and fiduciary organizations as long as lax ideas of responsibility in places of trust are tolerated by our people.”³¹ The intolerable irregularities exposed at the Equitable had prompted a consumer demand for government oversight of business that was too strong to be stifled by a single firm’s housecleaning, no matter how thorough.

²⁸ James, *The Metropolitan Life*, 135.

²⁹ “Insurance Legislation” *Outlook* (19 August, 1905): 950.

³⁰ *New York World*, 25 June, 1905. Quoted in Grant, *Life Insurance Reform*, 37.

³¹ George Ferdinand Parker, “Cleveland and the Insurance Crisis,” *McClure’s* 33 (June 1909): 181-191.

The Most Tremendous Job in the United States

On August 20, the New York Legislature adopted a resolution to appoint an investigative committee. The congressmen selected Senator William Armstrong, the “watchdog of the senate,” to act as Chairman. Aware that insurance firms could be adroit at overcoming the consequences of investigations, Armstrong set a tone for the proceedings that focused more on truth-telling than it did on reprimand.³² “Our object will not be to punish anybody for wrongdoing in the past,” he stated. Instead, the investigation would aim to “get at all the salient features of the modern insurance business, so as to suggest to the next legislature an adequate law that will... protect the policyholders in all life insurance companies.”³³ Because the purpose of the proceedings was to examine instead of to prosecute, the firms would have scant need for legal counsel. Senator Armstrong announced candidly that he would offer no “formal rights” to the attorneys of any company. “We will for the present assume... that counsel who are here... have no rights, but are entitled to every courtesy,” he declared. The Committee’s time was simply “too limited” to open the floor to industry lawyers.³⁴ The exclusion enhanced the contrast between the Armstrong hearings and those that had preceded them, helping to create an atmosphere so productive as to set the 1905 investigation apart.

Business historian H. Roger Grant has observed that the Armstrong investigation “can best be regarded as a consumer’s probe of a great American business – the quintessence of public

³² In the past thirty years, the firms had successfully overcome nearly a dozen investigations, the result, as one historian points out, “of astutely planned and sometimes high handed tactics on the part of the insurance companies.” See James, *The Metropolitan Life*, 143.

³³ Senator William Armstrong quoted in Grant, *Insurance Reform*, 38.

³⁴ *Testimony Taken Before the Joint Committee of the Senate and Assembly of the State of New York to Investigate and Examine into the Business and Affairs of the Life Insurance Companies Doing Business in the State of New York* (New York: J.B. Lyon Company, Printers, 1906), 1: 5-8. Hereafter *Armstrong Testimony*.

outrage during the progressive era.”³⁵ The scrutiny to which it subjected the practices of the major insurance corporations was unprecedented, but so too was the boldness with which those corporations had behaved. Historians have called the investigation a “well-wrought drama,” and pointed out that it brought about a “catharsis” that was almost as important as the legislative reforms it helped to trigger. The hearings, after all, provided a forum for the airing of popular anxieties. Increasingly dissatisfied with the vast and impersonal bureaucracy, and resentful of the poor treatment they received at its hands, the public looked on hopefully as the committee investigated its complaints. The hearings brought official attention to the importance of curtailing the size and power of firms for the sake of social equity and consumer justice. They also exposed one of the most disturbing effects of the ideological contradictions inherent the private insurance model. Claiming the protections of semi-public status, commercial insurers had used the freedoms of the open market to invest the money of their policyholders in hazardous financial schemes, ultimately manipulating the economy in such profound ways as to place the economic security of much of populace in jeopardy. In so doing, the firms had ceased to be protectors from risk, and had instead become architects of it. Considering their size and economic reach, their actions placed them among the most prodigious generators of risk in the corporate world.

The industriousness of the sessions was further increased by the choice for chief counsel of Charles Evans Hughes, a young lawyer who had recently achieved great success in a similar investigation of the Consolidated Gasworks. It was hoped that such a performance could be repeated, and when Hughes received word of his selection he curtailed his vacation to honor the

³⁵ Grant, *Insurance Reform*, 38.

appointment. “[The investigation] would be the most tremendous job in the United States,” he explained to his family as he hastened back from the Alps.³⁶

Hughes was widely respected for his independence and his integrity, and for his remarkable analytical talents. Unlike many men in public service, he had no alliances with finance or insurance, and no political entanglements. “No one held a mortgage on his ability,” remarked Ida Tarbell.³⁷ Journalists noted that Hughes possessed a “card-index” mind and a standing reputation as a keen, able, and resourceful lawyer. “He has an unusual memory, which he supplements with the most thorough preparation,” observed one magazine writer. He “displayed qualities of courage and efficiency invaluable in carrying out a public inquiry.”³⁸ Those who observed him noted above all a remarkable skill at handling witnesses. “His treatment of the witnesses who appear before the Committee is eminently fair, courteous, and considerate; but stubborn and unwilling witnesses find him hard to evade,” reported *Outlook*.³⁹ In addition to extracting difficult information, Hughes made certain that his spectators grasped the details of the testimony, meeting separately with reporters after each day’s proceedings to make sure they understood the disclosures.⁴⁰ His devotion to clarity made him almost uniformly popular with the press and the public alike.⁴¹

³⁶ Hughes quoted in Merlo J. Pusey, *Charles Evans Hughes*, (New York: Columbia University Press, 1963), 142.

³⁷ Tarbell quoted in Pusey, *Charles Evans Hughes*, 142.

³⁸ “Insurance Legislation,” *Outlook* (19 August, 1905): 950.

³⁹ “The Leading Figure in the Insurance Investigation,” *Outlook*, (18 Oct, 1905): 458.

⁴⁰ McCormick, *From Realignment to Reform*, 199; Pusey, *Charles Evans Hughes*, 151.

⁴¹ For more on Hughes’ methods, see R. Carlyle Buley, *The American Life Convention, 1906-1952: A Study in the History of Life Insurance*, (New York: Appleton Century Croft, 1953), 212.



*Charles Evans Hughes*⁴²

⁴² "Charles Evans Hughes," Library of Congress.

Hughes made clear from the beginning of the hearings that the crux of his concerns with the life insurance industry were structural. Individual acts of wrongdoing abounded among the firms, but it was the organization and government of the companies that attracted his greatest attention. He posed most of his questions in such a way as to investigate their structure and nature as *corporate institutions*, probing the firms' management, efficiency, investment strategies, and political performance.

Conflicts of interest emerged as an area of foremost concern. Insurance laws made clear that companies could use policyholder money only to invest in stable assets such as federal, state, or municipal bonds. Firms could not purchase stock, nor could they engage in speculative purchases such as real estate. Syndicates such as James Hazen Hyde and Associates, which operated on behalf of company *executives* but not, they claimed, of the *company*, violated the spirit and probably the letter of such law. Likewise, proprietary interests such as the Fidelity Trust Company, a banking house whose controlling stock was owned by the Prudential and which in turn held the controlling stock of the life insurer, trespassed heavily on insurance regulations. The Equitable, too, owned 65% of the stock of Equitable Trust and two other large banks, keeping a total of between \$28 and \$36 million invested in those institutions – sums far larger than the balances kept in any bank by any other company.⁴³ “This scheme of each owning the other is the most remarkable example of financiering the insurance world yet has offered,” marveled the *Chicago Daily Tribune* when Hughes brought the practice to light.⁴⁴ Hughes also explored the activities of several individuals who served simultaneously as insurance men and

⁴³ *Armstrong Testimony*, 1:98, James, *The Metropolitan Life*, 153.

⁴⁴ “Prudential Next to Face Inquiry,” *Chicago Daily Tribune* 23 Oct, 1905, 1.

banking executives, such as George Perkins and Jacob Schiff. The findings did not exonerate the companies. Firms that had advertised themselves as paragons of righteousness proved more duplicitous than even a shrewd public could have allowed itself to believe. As Vice President of New York Life, George W. Perkins had authorized the purchase of \$39 million in securities from J.P. Morgan, a transaction in which – like Schiff – he had represented both buyer and seller. He received a hefty commission for his labor. Beyond the obvious moral implications, Hughes provided the Committee with insight as to the institutional repercussions of such actions. “Through the control of subsidiary corporations, by means of stock ownership, [some life insurance companies] have practically transacted the business of banks and trust companies,” he explained. This gave insurers a proprietary interest in another business.

[Thus insurers are] brought... into close relations with railroads, banks, trust companies, banking houses, and the floatation of new enterprises... involving them in manifold transactions of the financial world, not in their normal relation as creditors through suitable investments, but as co-owners... They have weakened the sense of official responsibility, multiplying the opportunities for gains... to officers and directors through the use of the company's funds and making easy the exercise of official discretion at the promptings of self-interest.⁴⁵

This being the case, noted Hughes, insurance companies must either be barred from such alliances or regulated with the same stringency as banks.

Hughes did much of his thinking on his feet, as the request to lead the Armstrong investigation had come so suddenly that there had been little time to prepare. On September 8, the third day of the proceedings, a small amount of missing money captured his attention. While questioning Edmund Randolph, treasurer for New York Life, Hughes noticed that \$48,000 from the sale of a railroad stock was unaccounted for. As he put the mystery to one witness after another, their systematic lack of knowledge piqued his curiosity. Just before taking the stand on

⁴⁵ *Armstrong Testimony*, 1:292-294, James *The Metropolitan Life*, 153.

September 15, George Perkins approached the chief investigator. “Mr. Hughes, you’re handling dynamite,” Perkins admonished. “That \$48,000 was a contribution to President Roosevelt’s campaign fund. You want to think very carefully before you put that into the evidence. You can’t tell what may come of it.”⁴⁶ Hughes accepted the risk, and found himself opening the public eye to a startling collusion between business and politics. The \$48,000 campaign contribution had been one of three major expenditures for presidential races. During the “free silver” contest of 1896, New York Life had donated nearly \$50,000 to the Republican party as a contribution to a McKinley victory, a gift which, if not illegal, was at the very least highly irregular for a fiduciary institution.

That evening the nation’s telegraph lines hummed with the transmission of newspaper stories, and in the morning the industry was greeted with a new and dramatic public outcry. Reports that “widows’ and orphans’ money” had been used to swell political coffers dominated the news. Headlines roared about the “buying of public office” with corporate funds, and articles lauded Hughes as a national champion for his role in uncovering the truth. “If no further information about the life insurance business were elicited by the Armstrong committee, the ordering of the inquiry would be fully justified,” pronounced the *New York Times*.⁴⁷ But like Hughes himself, the public had now become curious as to the full extent of the industry’s misdeeds. Newspapers demanded more information, and the coming sessions provided a deep and bounteous well.

The weeks that followed laid bare a small fortune in contributions to the Republican party, sometimes to legislators but more often to presidential candidates. It was a practice that

⁴⁶ Pusey, *Charles Evans Hughes*, 147.

⁴⁷ *New York Times*, 16 September, 1905.

had begun in 1896, when officers justified it by arguing that Bryan's free silver platform presented a threat to the monetary standard that could destabilize and destroy the companies' assets. This, they argued, would constitute a negative outcome for policyholders, who trusted the insurance companies to maintain their financial safety. Mutual Life and the Equitable adopted both the strategy and the logic, engaging in hefty campaign contributions on behalf of their own policyholders. Though the currency question was no longer at issue after 1896, all three companies continued their gifts to Republican coffers in 1900 and 1904. James Hyde explained to the Armstrong Committee that his company's officers feared that a Democratic win would bring "a recurrence or a return to their very unfortunate monetary and financial standard." To prevent this, Equitable executives had resolved "to keep the Republican party in power, which the other life insurance companies and a great many other large corporations considered a wise thing to do."⁴⁸ Persistent questioning by Hughes gradually exposed that the insurance companies had donated approximately \$340,000 to republican campaigns across the three presidential elections, a collective sum that may have purchased enough power to threaten the basis of a republican voting system.

The firms maintained control of the legislatures in a variety of ways, from helping to elect Republican congressmen to maintaining congenial ties with the party bosses to whom the lawmakers answered. The New York machine boss of the Republican Party, Senator Platt, openly acknowledged having received cash contributions from the life insurance firms. "They invariably sent the money over by a special messenger who came to my office and delivered a package of money, and I could only tell what it was, and I immediately turned it over to the State

⁴⁸ *Armstrong Testimony*, 3: 2223.

Committee, either the chairman or secretary or treasurer,” he declared with remarkable candor.⁴⁹ Platt also received deliveries from the Mutual Life of \$10,000 in unmarked packages “from time to time,” when President McCurdy needed a favor.⁵⁰ To clarify the nature of the transactions to those not cynical enough to take their meaning, Hughes asked Platt what advantage the insurers received from such donations. “They get it through me being connected with the State Committee,” Platt replied.

Hughes: Is not that the way it really comes about, Senator, that the use of these contributions in the election of candidates to office puts the candidates under more or less of a moral obligation not to attack the interests supporting?

Platt: That is what would naturally be involved.

Hughes: That is really what is involved, is it not?

Platt: I should think so.

Hughes: And that is what you meant when you said that they would expect you, through your relations to the State Committee, to defend them?”

Platt: Yes.⁵¹

Yet political contributions constituted only one portion of the companies’ undertakings to prevent government interference with the insurance industry. As an additional measure, companies kept a close and careful watch on the activities of the nation’s legislative bodies, guarding themselves against “unfavorable” laws in a well-organized and deliberate manner. As a group, the Big Three divided the nation into four districts. Each firm accepted responsibility to “kill” unwanted legislation in its own assigned territory, while in the fourth they policed new legislation collectively. At the hearings, New York Life president John McCall justified this vigilance with the claim that unscrupulous lawmakers frequently introduced “strike bills,” laws

⁴⁹ *Armstrong Testimony*, 3: 2575.

⁵⁰ McCormick, *From Realignment to Reform*, 200; Pusey, *Charles Evans Hughes* 154; James, *The Metropolitan Life*, 149; *Armstrong Testimony*, 3: 2575.

⁵¹ *Armstrong Testimony*, 4: 3396-3397.

so ornery that legislators invited corporations to offer bribes to have them rescinded. “I might even continue with that further and say that I believe that $\frac{3}{4}$ of the insurance bills introduced in the United States are blackmailing bills,” he informed the chamber. “The management of these companies really tremble at the beginning of a year as to what they have to encounter during the following six months of the year.”⁵² McCall related that insurers found themselves thrust into a position of victimhood, from which it was incumbent upon them to take drastic steps defend their interests – and those of their charges, the nation’s widows and orphans.

Much of this work was accomplished surreptitiously by middlemen, who accepted large sums of money to influence lawmakers on the companies’ behalf. Between 1895 and 1905, New York Life paid over \$1.1 million to Andrew Hamilton, a key lobbyist in Albany said to possess great skill in doing away with “bad bills.”⁵³ Hamilton, who had absconded to Paris for “health reasons,” could not be induced to testify at the hearings. After considerable questioning, Hughes nevertheless managed to uncover several disbursements paid to him by the company. Attributing the charge to “legal expenses,” New York Life had transferred \$708,000 to Hamilton’s care. It sent another \$59,390 through J.P. Morgan and Company, and a final \$235,000 under the guise of a real estate transaction.⁵⁴ Continued questioning revealed that Hamilton did business with the other titans, as well. The Equitable had paid out at least \$45,390 that Hughes was able to trace. Hamilton’s habit of making payments with cash made the precise nature of his spending difficult to uncover, and the companies had been likewise chary of creating records of their contact with Hamilton, or the purpose of their dealings. When Hughes peppered John McCall for records

⁵² *Armstrong Testimony*, 2:1088-9.

⁵³ “Report of the Joint Committee of the Senate and Assembly of the State of New York, Appointed to Investigate the Affairs of Life Insurance Companies,” *Armstrong Testimony*, 7: 1-674, 41.

⁵⁴ James, *The Metropolitan Life*, 146.

about how the New York Life had financed its lobbyist, the insurance president could present no receipts or reports demonstrating any payments to Hamilton at all. “Have you any memorandum showing the bills that have been opposed, the action taken on various matters of legislation in the various states?” asked Hughes. No. “Did you make a report to the Board as to what attorneys and counsel had been employed and what legislation had been opposed and why it had been opposed?” No. “And nothing was said by the company or in the Boards as to the importance of an accounting as to the monies already given to Mr. Hamilton?” The witness answered, “no.”⁵⁵ Although Hamilton had clearly had tremendous influence over the lawmaking activity of numerous elected officials, it was hard to know just who those officials were, or precisely how he had captured their loyalty.

Matters were more straightforward in regards to the activities of a second sought-after lobbyist, Andrew C. Fields. Using funds from all three companies, Fields maintained a mansion in Albany for the “entertainment and pleasure of our dedicated public servants.”⁵⁶ Nicknamed the “House of Mirth” by the press, the residence served as a sumptuous retreat, and was as lavish, boisterous, and conducive to “good legislation” as the companies could make it. Lawmakers who visited the house routinely won at cards, and were welcome to stay in its well-appointed rooms for as long as it inconvenienced them to do so.⁵⁷ Enormous sums of money went into maintaining the house. In 1904, the Equitable listed Fields as head of the “supply department” and diverted \$363,254 into his hands, cataloguing the funds as an expenditure for “stationary.” The amount of money that Fields received from the other two insurers is unknown,

⁵⁵ *Armstrong Testimony*, 3: 2168.

⁵⁶ Grant, *Insurance Reform*, 42; “Report of the Committee,” *Armstrong Testimony*, 7:15-16.

⁵⁷ Two members of the Senate Insurance Committee, William J. Graney and Charles P. McClelland lived at the house as Fields’ guests. Pusey, *Charles Evans Hughes*, 153.

but presumably the funds bought diligent work. Officers from all three companies forwarded numerous memoranda regarding legislative bills to Fields, including instructions and comments such as, “as the three companies are opposed to it, it seems to us that it should be killed,” and “We are opposed to this measure tooth and nail.”⁵⁸ The firms did not confine their interest to life insurance measures, but devoted attention to nearly all forms of regulation, including banking, real estate, tenement conditions, railroad companies, water rights, trust companies, and even child labor.⁵⁹ “The net result,” notes one historian, “was that the simplest measure affecting life insurance needed industry approval before it stood a good chance of becoming law.”⁶⁰ The powerful interest that insurers took in questions of legislation not only consumed enormous amounts of cash, but also made it nearly impossible for states to enact meaningful reform.

The Big Three were not alone in their efforts to influence lawmakers. Between 1892 and 1905, Metropolitan Life expended \$84,585 on lobbying, \$35,295 of which went to Hamilton. Like the Big Three, the main Industrial companies shared in the task of legal engagement. While the mainline insurers divided the nation into sections, the smaller firms came together to monitor legislation collectively, with the Metropolitan and the Prudential contributing two fifths each and John Hancock one fifth to a general fund for legislative battles.⁶¹ Like the Big Three, they did not confine their attention merely to bills involving insurance, but extended consideration to

⁵⁸ Memorandum to Andrew Fields from “TDJ”, Feb 8, 1898 in *Report to the Committee*, 16; Memorandum to Andrew Fields from “TDJ”, Feb 10, 1902 in “Report of the Committee” *Armstrong Testimony*, 7: 18.

⁵⁹ Memorandum to Andrew Fields from Thomas Jordan, Jan 23, 1903 in *Report of the Committee* 19; Hughes observed that insurance interests extended to “almost everything that could come up for legislative action.” *Armstrong Testimony*, 4: 3677.

⁶⁰ Grant, *Insurance Reform*, 42.

⁶¹ When Gage Tarbell suggested this approach to the presidents of the Big Three in 1903, President McCurdy dubbed the idea “visionary” and dismissed it. Buley, *The American Life Convention*, 218.

topics so general that John Dryden, Prudential's president, found himself unable to list them in front of the committee.⁶² And while the Industrial Three dedicated far less money than did their mainline counterparts, the sums they paid out nevertheless represented a fortune to their policyholders.

Americans responded to the revelations with continuing dismay, but also with a sense of shock. Hughes' questioning had exposed a standard of corruption that was more widespread, more intentional, and more venal than his audience had thought possible. Many experienced a sense of surprise and betrayal, similar to the feeling of having been tricked. "To the simple citizen who has not been initiated into the mysteries of high finance the amazing thing about the revelations made by the Armstrong committee in New York is the modern development in the art of bookkeeping," mused the *Hartford Courant*. "Books, it seems, are kept for the purpose of clouding transactions and concealing profits and losses, and of preventing a disclosure of what the money of a corporation is being used for... It is certainly an astonishing revelation."⁶³ Unpleasant as the findings were, not everyone responded to them pessimistically. Some individuals regarded their new insight as a wake-up call, an opportunity to renew the social commitment to ethical behavior. "The shock with which most people have read the confessions of life insurance officials has unquestionably been a moral stimulus," reported the *Outlook*. "It has been a dash of cold water upon the face after a time of moral drowsiness. It has set the public conscience stirring."⁶⁴ For some, an aroused conscience resulted in renewed demands for enhanced government oversight industry reform, the very purpose for which the hearings had

⁶² *Armstrong Testimony*, 6: 6677.

⁶³ "Scientific Bookkeeping," *The Hartford Courant* 29 Sept, 1905, 8.

⁶⁴ "The Search for a Remedy," *Outlook* (Nov 4, 1905): 545.

been convened. For others, however, it produced an even greater sense of rage, which found an outlet in the pages of newspapers across the country.

The ink ran with vitriol. Newspapers stormed at the illegal nature of the activities of insurance officers “This money was abstracted unlawfully from a trust fund – stolen, taken covertly in part from the pockets of men who never in the world would have given it up for the purpose it was made to serve,” declared the *Springfield Republican*.⁶⁵ “A more flagrant betrayal of trust could not well be imagined,” added the *New York Evening Post*.⁶⁶ The *Philadelphia North American* pronounced that the “lofty personages” of the life insurance presidents were not merely common thieves, “but uncommon thieves. Their morals “are those of the pickpocket and the burglar, but that their skill in robbing and in spoiling honest men is immeasurably greater than that of other men in the brigand class.”⁶⁷ One author pointed out that the denunciations were so strong that they could have been considered libel had the crimes referred to not been true.⁶⁸ But the transgressions were true, and the newspaper condemnations reflected a dawning sense that the persons whom they censured were not metaphorical criminals, but real ones. The *Boston Herald* compared McCall and Perkins to officers of a savings bank or trustees of an estate. “How would courts in these cases have regarded the diversion of \$48,702.50 of funds entrusted into a campaign fund?” it demanded.⁶⁹ Numerous papers asserted that criminal law ought to be invoked. The testimony of the insurance officers “affords quite a sufficient platform for the

⁶⁵ Quoted in “Corporate Campaign Contributions,” *Outlook* (Sept 30, 1905): 248.

⁶⁶ Quoted in *Literary Digest*, 30 September, 1905, 441.

⁶⁷ Quoted in *Literary Digest*, 30 September, 1905, 441-2.

⁶⁸ *Literary Digest*, November, 1905.

⁶⁹ Quoted in *Literary Digest*, 30 September, 1905, 441. The question became more salient a few days later when authorities in New York arrested an insurance canvasser for the misappropriation of \$2.32. See *Literary Digest*, Oct 14, 1905, 524.

democratic party in the next presidential campaign,” suggested the *Macon Telegraph*, “and quite a sufficient platform, also, for the policyholders having in view placing of the malfeasants in the penitentiaries.”⁷⁰ In light of the enormous sums of money and the profound hypocrisy involved in the companies’ legislative entanglements, such papers urged the Armstrong Committee to set aside the goal of reform in favor of punishing the wrongdoers. It was a committee, they claimed, that had been called together to improve a troubled industry, not a criminal one.

Hughes, however, obstinately refused participate in criminal proceedings. The investigator’s biographer, Merlo Pusey noted, “His job was to diagnose the sickness of the business and to prescribe a remedy, and he refused to be diverted to the building up of criminal cases.”⁷¹ Senator Armstrong supported the decision of the chief counsel. The purpose of the hearings, he maintained, was to explore the features of the insurance business necessary to suggest laws to protect both policyholders and company management from abuses.⁷² Life insurance was not on trial, nor were its administrators, though many onlookers wished it were.

Investigating the Industrial Branch

Hughes took aim instead at the inefficiencies rumored to plague the business, a shortcoming which became particularly poignant in the Industrial branch of the industry, where policyholders scraped together nickels and dimes to insure against a pauper burial. That their policies were guaranteed by men with gold-tipped walking sticks and gilded coaches carried an

⁷⁰ Quoted in *Literary Digest*, 30 September, 1905, 442.

⁷¹ Pusey, *Charles Evans Hughes*, 164.

⁷² Buley, *The American Life Convention*, 211.

aura of impropriety that disturbed many onlookers, and the facts that Hughes uncovered on the matter did little to set minds at ease.

Examination of the ordinary branch ran long, and Hughes did not have nearly the time he had hoped to investigate the Industrial insurers. It did not require much probing, however, to demonstrate that popular doubt about the integrity of the Industrials had basis in fact. Even the physical appearance of the executives reinforced the sense that, given their purpose, the Industrial companies were inappropriately patrician. The Metropolitan's president, John Hegeman, served as a striking example. Known for his mane of curling, chestnut hair, Hegeman's baronial demeanor received reinforcement from the diamond he wore in his shirtfront, and from his aristocratic sense of distance from the details of running the company.⁷³ When questioned by the Armstrong Committee in 1905, Hegeman found himself in the uncomfortable position of being able to answer few of the chief counsel's questions. Again and again, he deferred to Fiske, to whom he had ceded most of the administrative work of running the company in the 1890s. Hegeman's naivete suggested an awkward distance between the president and productive work at the firm, an unseemliness that increased in proportion to the chief executive's salary. Hughes found that the President's compensation from the Metropolitan was \$100,000 annually, a figure that compared favorably to the remuneration of other life insurance presidents, but unfavorably to popular conceptions of justice and fairness, particularly for a man who handled the savings of the poor. The president of the United States received half the rate of Hegeman's salary for his duties to the nation. The chief justice of the Supreme Court earned \$13,000. A middle class teaching salary consisted of \$2100 per year, and the workingmen who the company insured earned an average of about \$600. That the head of a "semi-public

⁷³ James, *The Metropolitan Life*, 151.

trust” was paid so well while his trustees scraped by on so little undermined the branch’s claim to philanthropy with staggering efficiency.⁷⁴

Hegeman’s salary was legal, but other financial findings proved less so. Hughes uncovered a series of extremely dubious personal loans from the funds of the companies to high-ranking corporate officers, including some in the Industrial branch that further undermined their standing as eleemosynary benefactors. Metropolitan director Silas Dutcher had received a loan of \$65,000 at the astonishingly low interest rate of 2%, an advance that officers were unable to justify except as a favor in return for “service to the company.” Hegeman himself borrowed \$40,000 from the firm’s coffers at 1.5%, a benefit that officers found equally inexplicable.⁷⁵ Of the 39 dubiously legal syndicates uncovered by Hughes within the Metropolitan, Hegeman had participated personally in eighteen, netting \$64,601. Inscrutably, he had donated more than \$16,000 of this money back to the company in the spring of 1905. When Hughes asked why, the President explained that the money had been a “gift” that “grew out of ... Equitable matters.”⁷⁶ “Of course,” queried Hughes, “you understand that it is undesirable for an insurance official to be making money through the purchases made by his company?” Hegeman replied that he could

⁷⁴ The testimony of life presidents in the Ordinary branch had already aroused populist acrimony on the subject of salaries. When Richard McCurdy of the Mutual Life testified that his salary was \$150,000 the press let loose a pillory of antagonism and dark humor. The New York World satirically noted that McCurdy and his family had done much to “sacrifice” themselves for the greater good. “They injured their constitutions smoking the cigars and drinking the wines which it was not good for the policyholders to have. The McCurdy’s built up vast country estates that the policyholders might continue to live in proper humility. They took upon themselves the burdens of the policyholders’ prospective sins, on the principle that it were better that one family go wrong than the 659,544 policy-holders of the Mutual Life be subjected to the constant temptation of having spending-money in their pockets.” Quoted in the *Literary Digest*, 21 October 1905, 567-8.

⁷⁵ James, *The Metropolitan Life*, 152.

⁷⁶ Hegeman is quoted in James, *The Metropolitan Life*, 157. Pressed to elaborate, Hegeman stated that while he knew his actions had been legal, the scandal at the Equitable had induced him to take every possible precaution with the propriety of the Metropolitan’s finances.

not say. “You say you consider it inadvisable or undesirable?” Hughes repeated that it would be undesirable, his polite euphemism for illegal. “It does not seem to me that I was doing a wrong and if I had,” retorted Hegeman, “I would not have done it.”

Because the officers of the companies were not themselves on trial, Hughes allowed the matter to rest, moving on to the general expenditures of the company, and with them, the question of whether the Industrial firms intentionally bilked the poor. With inquiries that echoed old policyholder complaints against the industry, he probed the features of policies and the methods of sales. Did they offer fair terms? Were they inexpensive enough? Did they perform as promised? What about the other costs of doing business -- was the cost of obtaining new customers excessive? Did agents receive exorbitant commissions? The mainline insurers faced searching questions about rebating and tontine or “deferred dividend” insurance, two practices that had already attracted significant attention and calls for regulation. Industrial insurers had endured less scrutiny, as their working class clientele lacked the resources to bring abuses to attention. When Hughes broached his questions in front of the Armstrong Committee, many of his inquiries brought policyholder mistreatment to official light for the first time.

The Industrial firms had a reputation for being tricksters, in part because of the dealings of their agents and in part because the language and phrasing of their policies’ terms was notoriously opaque. The task of differentiating among “paid up” insurance, “term” insurance, and “whole life” insurance, for instance, routinely confounded policyholders, usually to their financial detriment. The amount of time it took to clarify their meaning to the Armstrong Committee suggested that the confusion may have been intentional. Posing questions that resembled word problems, Hughes endeavored to untangle the values of various policies. “Take the increasing life and endowment table of rates in the Industrial Department,” he posed to the

actuary of the Metropolitan, “and take age 35 and ten cents a week, and tell me what is the maximum amount of insurance payable under that policy at the end of the endowment period at age 80?” The actuary replied, “\$146.”

Q. Please tell me how much a man insured at the age of 35, paying ten cents a week, would have paid during that endowment period?

A. He paid \$234.

Q. Now, take the increasing life and endowment table in the Industrial Department and age 40, what is the maximum amount at ten cents a week which the insured would get at the end of the endowment period at age 80?⁷⁷

The actuary’s response was prompt (“\$127”), but at the winding sets of questions demonstrated roundly that the average industrial policyholder, having very little education to begin with, could never have managed to arrive at the sum. Some industrial policyholders never understood the financial basis of life insurance at all, an innocence that agents were instructed to address but that, in many poignant cases, they clearly allowed to slide. One octogenarian protested that after so many decades of premiums, he had paid in nearly \$400 on a \$189 policy and could not get back the extra money, a discrepancy he felt was unjust. Is this, asked Hughes, “simply his misfortune at having lived so long?” Haley Fiske, the Metropolitan vice president, replied that on the contrary, it was the *good* fortune of others for having died sooner and collected more. “That is the theory of life insurance.” Theory or not, the example brought home the age-old social discomfort with the practice itself, and the younger and more immediate uneasiness with marketing the practice as a strategy of thrift, to a working class that possessed no margin with which to gamble.

Even if the client were exceptionally talented at mathematic riddles, more often than not the company had failed to print the true terms on its policy forms, or else had made an error, or

⁷⁷ *Armstrong Testimony*, 3: 2043.

else had been inexcusably slow to answer correspondence that pressed for clarification. To interrogate the point, Hughes presented John Hegeman with a letter from the legal aid attorney of “a hard-working Swedish woman in straitened circumstances” who had been denied payment after the death of her daughter. The letter had been addressed to the Metropolitan in April. Six months later, the company sent a reply stating that nothing could be done about the matter. No Metropolitan officer was able to explain the delay to the audience of the Armstrong hearings. Following up, the investigator presented a second poignant case, drawing attention to an elderly gentleman who had not been paid the endowment contractually promised by the company. “I am now past 80 years old,” wrote the man, “and when I spoke to [the company representatives] they would not listen to me, but set me back another year, and I am still paying premiums every week.” Hegeman insisted that the case could not be true, and asked to be given the letter. In one of the only moments of emotion that he would display throughout the hearings, Hughes responded heatedly. “I shall be glad to give you the letter, so that one of these men of 80 years old that you have not been able to find may be able to get whatever may be coming to him.” Then he added, “I do not understand how it is if a man over 80 to whom you are willing to give these concessions is carrying his premiums, that you cannot locate him and see that he gets back this money that you say he is entitled to.”⁷⁸ It was a reprimand that gave voice to what policyholders could not attract audience enough to say: that the industrial firms were giants who could not be troubled to deal fairly with the common poor.

As a result, the poor often lapsed their insurance. Interrogation in the aldermanic chamber established the reality behind the agents’ saw that “the lapse begins at the point of sale.” Within three years of purchasing a policy, 58% of the Metropolitan’s industrial customers dropped their

⁷⁸ *Armstrong Testimony* 3: 2063.

insurance. At the Prudential, the figures were even worse; between 62 and 66% of the firm's clientele lapsed their policies before the end of three years.⁷⁹ All told, more than half of the insurance to the working class lapsed before the year was out.⁸⁰ Onlookers believed that the companies encouraged these lapses in order to make money on the forfeited premiums, though the Armstrong Committee found the opposite, noting that the Metropolitan had *lost* \$800,000 on lapses in 1904. The discovery, however, did little to exculpate the companies. Such severe losses from lapse drew attention to an even more distressing feature of the Industrial business: though their customers dealt in nickels and dimes, the expenditures of the industrial companies were astronomical, higher even than the expenses of the ordinary firms.

The financial incursions could barely justify the business. Hughes found that in 1904, the administrative expenditures of the Metropolitan Life were nearly \$20 million, higher by far than those of the nation's largest ordinary firm, the New York Life. Thirty-nine per cent of the Metropolitan's premium income went to running its offices and paying its staff, whereas 25% of the moneys collected by the more "profligate" ordinary firms went to cover these costs. More perturbing, while the office tower of the Metropolitan glittered and its executive staff prospered, the salaries of the office workers and especially the agents were disturbingly low. Hughes himself remarked that the company's clerks could hardly have been overpaid, as the \$1,636,938 disbursed for their salaries in 1904 had to be split 2112 ways.⁸¹ Agents fared even worse. The lowly agent, if enterprising, earned scarcely \$12 a week, a wage insufficient to meet the costs of

⁷⁹ James *The Metropolitan Life*, 159.

⁸⁰ "Report of the Committee," *Armstrong Testimony*, 7: 240

⁸¹ Hughes, Report of the Committee, 226 The average clerk at the Metropolitan earned \$775 per year, a weekly sum of \$13.84. As noted above, studies on the cost of living in New York City held this to be below the minimum needed to maintain a standard of decency.

ordinary life. Company executives, however, saw this figure as a bragging point, and used it to demonstrate the economy with which they administered the company. Our agents, noted a satisfied Hegeman, “earn on average less than the mechanics and people among whom they go.”⁸² The statement was designed to show that the Metropolitan handled its money – the money of the poor – with such care and parsimony as to be beyond reproach, and that its agents were as one with the people among whom they spread the gospel of thrift.

Hughes seemed unconvinced, but in the short time allotted to investigation of the Industrials, he was unable to uncover a more reasonable means for improving the business or reducing expenses. The high lapse rates, small premiums, and poverty wages spoke for themselves, yet witnesses uniformly agreed that they were inherent features of the Industrial business, which required door to door solicitations 56 times a year to families of precarious means. With the exception of executive salaries (which officers defended as a business necessity), there seemed few obvious points of excess in the companies’ expenditures.⁸³ When Hughes explored the point with Haley Fiske, he addressed the question as a matter of practicality.

Hughes: You have stated that your management is constantly engaged in endeavoring to cheapen the administrative expenses of your company?

Fiske: Yes.

Hughes: Is there any affirmative legislative action that will assist you to do that?

Fiske: I do not think legislation is needed at all, sir, in the industrial business. I think if left alone we will work out these problems better than any legislature can. We are

⁸² *Armstrong Testimony*, 2: 1941-1942.

⁸³ Richard McCurdy, the well-compensated head of the Mutual Life, insisted to the committee that the life executives were “entitled to what they are worth and what they have proved themselves to be worth.” When Hughes delicately asked whether the costs of life insurance came at the expense of the policyholder, McCurdy replied with an expansive homily on life insurance as a promoter of brotherhood. *Armstrong Testimony*, 2: 1412-1416.

in the business.... And we have not any other work to do in the world than work it out, and we will do it if we are left alone.⁸⁴

It was an exchange that would become famous in the oratory of Metropolitan executives in future years. The State, company officers would claim, could do nothing to improve the business, because the inefficiencies of the Industrial branch were derived from – and could best be solved with – the Invisible Hand. If the premiums were too high and the compensations too low, the problem was one for men who’s experience lay in navigating the challenges of the open market, not in passing meddlesome and ill-conceived legislation. Given time, Industrial insurers would innovate ways of addressing their problems themselves, if strictly because of market requirements then because of the necessity of protecting the existing political economy.

The Report of the Committee

The Armstrong Investigation lasted 57 days, at the end of which the ax came down on the life insurance industry in the form of Hughes’ 337 page report, written with the collaboration of consulting actuary Miles Meander Dawson. The document abstracted the findings in regards to each major insurance company, and then presented recommendations for remedial legislation to correct the transgressions of the firms. The report concluded that close relations with banks, trust companies, railroads, and others had “weakened the sense of official responsibility, multiplying the opportunities for gains... to officers and directors through the use of the company’s funds, and making easy the exercise of official discretion at the promptings of self-interest.”⁸⁵ In addition, heated competition between firms had made the cost of obtaining new business

⁸⁴ *Armstrong Testimony* 4: 3853.

⁸⁵ “Report of the Committee,” quoted in James, *The Metropolitan Life*, 155-156.

unreasonably high, in part due to commissions offered to agents. In their legislative recommendations, Hughes and Dawson suggested that a limit be placed on the expenses of the companies, and on the amount of new business that could be conducted each year. They recommended the abolishment of syndicate operations and of investments in common stocks, as well as of contributions to political campaigns. Lobbying expenditures regarding individual bills should be carefully accounted for, and the yearly reports of the companies should be made more thorough. The writers chastised the existing insurance department and called for an increase in its responsibilities and power.

The Industrial branch received its own attentions. The sins of the Industrial operators were less glaring than those of the Ordinary insurers, but because their infractions were committed against the poor they presented a disturbing edge. The report of the committee damned the Industrial firms with faint praise. Dawson and Hughes wrote that they were not prepared to make recommendations with reference to the Industrial branch “further than to say that the subject is one deserving of special investigation.” “The most serious evils to wit, the excessive premiums, the enormous lapse rate, and the hardships of agents, seem to be inherent in the system,” they noted, but added that they themselves were without information by which to suggest or compel corrections. “The alternative seems to be presented either of prohibiting altogether industrial insurance by private corporations or of permitting its continuance substantially upon the present basis, subject to those regulations designed to secure economical administration applicable to all companies alike.”⁸⁶ As an official statement, it was extremely open-ended, and deeply threatening to any operator of Industrial insurance. The companies could

⁸⁶ “Report of the Committee,” *Armstrong Testimony*, 7: 336.

either resolve the problems in their business models themselves, or they could cede the market to control by the state, as had recently happened in Europe.

By the time the report was published in early 1906, the public mood toward private insurers was hostile enough to make the passage of government insurance a more realistic possibility than it had even before been. Though Americans had long been ambivalent – and often antagonistic – about the activities of large insurers, the revelations of the Armstrong hearings promoted an even more embittered understanding of the relationship between business and politics. As Richard McCormick has noted, it was no longer possible to consider businessmen to be the harmless victims of venal lawmakers.⁸⁷ The conspicuous greed and financial malpractice that suffused the industry were bad enough, but the manipulation of the government itself on the part of life insurance firms was beyond pardon. “If custodians of trust-funds, such as are the insurance officials, can divert the money entrusted to them to influence elections, it requires no special foresight to see the early overthrow of free government by an interested plutocracy,” declared muckraker B.O. Flower.⁸⁸ His comments were echoed in editorials and letters in newspapers across the nation. The activities of the private insurers constituted “a form of public criminality, for which there is no excuse or palliation,” one writer simmered.⁸⁹ Another averred that the money he had been paying on his insurance policy for ten years had been used “to fight my people and my country.”⁹⁰ To a significant proportion of the voting public, the political offenses of the insurance industry touched a chord that was deeply

⁸⁷ McCormick, *From Realignment to Reform*, 203.

⁸⁸ B.O. Flower, “Great Insurance Companies as Fountainheads of Political and Commercial Corruption,” *Arena* 34:192 (November 1905): 514.

⁸⁹ “Legislative Blackmail,” *The New York Times*, 6 October, 1905, 8.

⁹⁰ Quoted in “Corporate Campaign Contributions,” *Outlook* (30 September, 1905): 248.

personal. A newly angered populace was now willing to consider government insurance, unless the firms could find a way to use their considerable resources to divert it.

CHAPTER 5: A MACHINERY FOR PUBLIC HEALTH

In early February 1909, Yale University professor Irving Fisher stood before the bi-monthly meeting of the Association of American Life Insurance Presidents and made an unusual proposition. Addressing a body of men who understood their business to be chiefly financial, he suggested that the companies join together to participate in the growing movement for American public health, where their influence might prevent untold burdens of illness and even prolong human life. “Concerted action by the life insurance industries would mark, I believe, one of the greatest steps, if not the greatest step, ever taken toward the extension of human longevity,” stated the professor.¹ Life insurance companies, he suggested, should utilize their vast machinery of corporate advertising, visiting agents, and legislative influence to promote social legislation and habits of personal hygiene. The money and power they could contribute to such a cause would be immense, and the returns in human longevity and public regard would be larger still.

Some of Fisher’s hearers met his suggestion with incredulity. “The possibility of spreading the gospel of preventive medicine and good health by means of a body of trained men, very conservatively estimated as 100,000 in number – do you realize what a stupendous proposition that is?” sputtered John Gore, the Prudential’s chief actuary. Joining in the public health movement represented a major departure from the firms’ identity as economic institutions, and would have broadened their responsibilities considerably. Life insurance companies, most agreed, served a financial purpose, not a

¹ Irving Fisher, “Economic Aspect of Lengthening Human Life,” Address delivered before the Association of Life Insurance Presidents, New York City, Feb 5, 1909. See also, Irving Norton Fisher, *My Father Irving Fisher*, (New York: Comet Press Books, 1956), 149.

humanitarian one. Moreover, the scandal through which the industry had recently passed centered precisely on its social and legislative over-reaching. Though it be for a commendable cause, warned Gore, action involving the expenditure of large sums was “improbable.” Individual company charters would probably prohibit carrying out most of the suggestions anyway, as would the strictures of various state laws.² Staff members at the Metropolitan were equally pessimistic, casting doubt upon the capacity of preventive measures to reduce the mortality rate in a financially meaningful way.³

But Fisher’s proposal had much to distinguish it, and the members of the Association of Life Insurance Presidents gave it considerable attention.⁴ Within a week, the head of the Association appointed a group of ten to compose a “Life Extension Committee,” and in December the association welcomed Fisher to speak before a larger audience at the national meeting, where he engaged the room by casting doubt on the bedrock on which insurance revenues were made: the law of mortality. The human life span, pointed out Fisher, did not conform to an iron law; it varied greatly depending on the practice of public and private hygiene. If they engaged in disease prevention campaigns, the companies would not simply *manage* the risks of everyday life; they

² John K. Gore, “General Discussion: Movement to Prolong Human Life,” *Proceedings of the Annual Meeting of the Association of Life Insurance Presidents* 3 (1910): 110.

³ Only when ordered by company president Haley Fiske to analyze the data did the actuarial department conclude that the return on preventive health work was at least six-fold. Fisher, *My Father Irving Fisher*, 163.

⁴ Fisher’s initial talk was unusually well-attended for a bi-monthly meeting, with an audience of nearly 150. Listeners included representatives from the Committee on the Prevention of Tuberculosis, the Charity Organization of New York, and the National Association for the Study and Prevention of Tuberculosis, groups with which Fisher maintained regular contact. The Health Commissioner of New York, Dr. Thomas Darlington, was also in attendance, and in the discussion period afterward he joined with other public health visitors in endorsing Fisher’s idea to the gathered insurance executives. “President’s Association: Discussion on Subject of Dr. Fisher’s Address,” *The Insurance Press*, 10 February, 1909, 2.

would help to *reduce* them, to excellent human and financial effect. Insisting that the insurance men whom he had already consulted on the issue had shown tremendous enthusiasm for the work, Fisher remarked, “So obvious does this seem that the question arises, why have insurance companies never attempted it before?”⁵

The press responded to Fisher’s proposal with an enthusiasm uncharacteristic of its treatment of the life insurance industry. “Germ of a Great Movement,” “Staggers the Imagination,” “Well Qualified for the Work,” trumpeted the headlines of papers as diverse as *Colliers*, the *Boston Transcript*, and the *Halifax Recorder*.⁶ Some journals published Fisher’s comments in their entirety.⁷ Nearly all discussed the social necessity of the work proposed, as well as the insurance industry’s unique aptitude for undertaking it. The insurance firms, remarked the *New York Tribune*, have “a peculiar and legitimate interest in the public health.”⁸ The *Journal of the American Medical Association (JAMA)* concluded that the companies might indeed “be of great service in prolonging life.”⁹ Numerous sources speculated that the task of improving American public health might best be tackled by the life insurance industry, not the government or health reformers, since it alone possessed the machinery to approach such a vast project. “If in America in the spring of 1909 there should be 80 millions of preachers of the gospel of cleanliness

⁵ Fisher, “Economic Aspect of Lengthening Human Life,” 1909, See also, Irving Norton Fisher, *My Father Irving Fisher*, 149.

⁶ *Movement to Lengthen Life* (New York: Association of Life Insurance Presidents, 1909), 23.

⁷ “Urges Health Fight to Insurance Men” *New York Times*, 6 February, 1909.

⁸ *Movement to Lengthen Life* (New York: Association of Life Insurance Presidents, 1909), 23.

⁹ “Salvage in Life Insurance,” *JAMA*, (May 1, 1909):1428. See also “Medical News: Economic Aspect of Lengthening Human Life,” *JAMA* (April 17, 1909): 1262.

and purity, the subject would not be overworked,” remarked the *Cleveland News*.¹⁰ Professor Fisher, it seemed, had lit upon an idea with the potential to transform Americans’ relationship with health and longevity. And significantly for the life insurance firms, it might remake the image of the life insurance industry itself.

At subsequent meetings of the insurance presidents, issues of public health and human welfare became a chief topic of discussion consuming one quarter of the body’s proceedings. Settlement workers such as Lillian Wald, public health authorities such as US PHS Surgeon General Walter Wyman, and sanitarians such as Dr. Alvah Dohty addressed the association on multiple occasions, helping to generate an impressive partnership between the life insurance industry and health reform. By the late nineteen teens, industrial firms such as the Prudential and Metropolitan Life had become heavily invested in public health work, supporting services, demonstrations, and research studies that strongly impacted the shape of the movement. They contributed hundreds of thousands of dollars and invaluable access to their business machinery to a cause that was, at base, substantially removed from their financial bottom line.

The engagement of life insurance with public health created a powerful synergy of forces – and also an exceedingly strange one. In becoming benefactors of public health, the firms aligned themselves with the goals and projects of social reformers, many of whom had been among the industry’s chief antagonists and detractors. The collaboration was unprecedented, and begs questions as to why and how two such disparate groups became such productive bedfellows.

¹⁰ *Movement to Lengthen Life* (New York: Association of Life Insurance Presidents, 1909), 23.

Most historians who have addressed the involvement of the life insurance industry in public health point to the discrediting effects of the Armstrong investigation as the motivating force.¹¹ This explanation has merit, but it does not go far enough to explain why a series of firms that had defined themselves as financial institutions became so quickly and deeply involved in direct service. Firms had traditionally handled public loss of face through high-profile resignations and the appearance of embracing reform, but the alliance with public health indicated that executives no longer felt that resignations and reform were satisfactory solutions -- a change in public relations policy that requires additional explanation.

This chapter will discuss the ways in which the industry's embrace of public health was in fact a response to the larger climate of social change involving the perception and management of risk in the United States. As Gabriel Kolko has noted, to assure stability in financial affairs, it is necessary for a firm to address the social atmosphere surrounding the market itself. The early years of the twentieth century heralded new understandings of the meaning and management of poverty and longevity -- two features saliently associated with insurability. Distressed by a towering rate of industrial accidents, illness, and wage-worker destitution, a heterogeneous constituency of social actors sought means of reform. Though comprised of figures as diverse as social

¹¹ Karen Buhler-Wilkerson *No Place Like Home: A History of Nursing and Home Care in the United States* (Baltimore: Johns Hopkins University Press, 2001); Bruce V. Lewenstein, "Industrial Life Insurance, public health campaigns, and public communication of science, 1908-1951," *Public Understanding of Science*, 1:4 (1992): 347-365; Daniel Bouk, *The Science of Difference: Developing Tools for Discrimination in the American Life Insurance Industry, 1830-1930*, Ph.D. dissertation, Yale University, 2009; The doctoral theses of Elizabeth Toon and Diane Hamilton, which discuss the Metropolitan's nursing service and other health promotion activities, also proceed from this premise. See Elizabeth Toon, *Managing the Conduct of the Individual Life: Public Health Education and American Public Health, 1910 to 1940*, Ph.D. Dissertation, University of Pennsylvania, 1998; See as well Diane Hamilton, *The Metropolitan Life Insurance Company Visiting Nurse Service, 1909-1953* Ph.D. Dissertation, University of Virginia, 1987.

workers, public health doctors, and even socialists and industrial manufacturers, a significant portion of this growing movement evolved a theory of societal interdependence that proved alarming to the life insurance industry.¹² It was an appraisal that questioned the capacity of the free market to deliver an ethical or efficient social order, and it threatened life insurers at a structural level. Life insurance personnel watched with growing apprehension as American reformers increasingly leaned toward state-based solutions such as workmen's compensation and sanitary laws. Such measures threatened to place the management of personal risk outside of the commercial domain, a menace that stood apart from the revelations of the Armstrong hearings, and required a very different kind of response if the firms desired to preserve their market.

To properly grasp how the insurance industry intervened in this discussion and the redefinition of risk, it is necessary to consider the new directions that the charity and public health movements were taking – directions that led them toward support for the very legislation that the industry had most reason to fear. By 1900, scientific advancements and a growing acceptance of the germ theory of disease were changing American perceptions of social accountability and personal risk. A rising consensus among social workers and charity personnel held that poverty was structural, caused less by moral failings than by tears in the social tissue. In an interdependent society, illness and injury, not extravagance, caused the majority of cases of American poverty. This contention stood at odds with the sales rhetoric of industrial companies.

¹² David Rosner & Gerald Markowitz, "The Early Movement for Occupational Safety and Health, 1900-1917," in Numbers and Leavitt, eds, *Sickness and Health in American: Readings in the History of Medicine and Public Health* (Madison: University of Wisconsin Press, 1978), 507-521. Rosner and Markowitz refer to this movement as a "multi-class effort that united groups of different interests."

American economists further enhanced the argument for regulatory measures by noting that the hazards created by laissez-faire conditions were simply inefficient. Together with social reformers, economic theorists demonstrated that a day's labor often returned a deficit on workers' physical health that was greater than the wages received – more so if that worker were injured on the job. In the modern world, such an imbalance meant that the industrial status quo was worse than inefficient, it was threatening to the country's international standing. The argument succeeded in catapulting the debate about the management of risk into the politics of national efficiency, capturing the attention of the life insurance presidents as well as the president of the United States. By 1908, Theodore Roosevelt had embraced the issue of national vitality, embedding it into the national preoccupation with conservation and efficiency.

Against these developments, the recent failures of the free-market insurance firms became all the more incriminating. The Armstrong investigations had undermined popular faith in the capacity of commercial insurers to manage risk in a fair and efficient manner, enhancing the danger that Americans would support legislation transferring the management of risk to the public domain. Increasingly, the public began to believe that the crisis of the American worker was a financial issue, and it was one that private measures did not or could not solve. To control or even adjust to the new discourse of risk, insurance firms would need to assume a role in the movement – the more prominent a position, the better.

For the firms that seized on it, the invitation to join the movement for American public health could not have come at a more opportune time. Involvement allowed insurers to claim that they were not simply moral trustees or financial guardians, they

were stewards of the nation's most precious resource: the American public health. In the process, they co-opted the language of national resource conservation. The Armstrong hearings revealed but did not dismantle the sophistication and efficacy with which life insurance firms engaged in political capitalism. Ultimately, this chapter will argue, the firm's engagement in the fight for social responsibility constituted the latest of such maneuvers.

The Boons of Prevention

When Irving Fisher requested that the Association of Life Insurance Presidents join in the fight for public health, he made no appeal to sentimentality, relying instead on the economic reasoning most likely to attract the interest of the financial titans who controlled the companies. A noted political economist from a distinguished University, Fisher couched his proposal in attractively businesslike – and lucrative – terms. “It has been established that the loss in dollars and cents from premature deaths of wage earners and from sickness amounts to a billion and a half dollars per annum,” he observed. Why not follow the example of fire insurance companies by working not just to redistribute losses, but to prevent them altogether? Prevention, he noted, had become a key economic issue in other branches of insurance. The professor had calculated that a third of all American deaths were preventable, and that the average lifespan in the United States could be extended fifteen years – to 60 – without significant difficulty. Such a change would save the lives of 1700 people a day, whose contributions to the American economy totaled \$500 million annually. Expenditures for the life insurance industry could be

reduced 15%. It was an appeal calculated to resonate with the nation's efficiency craze – and more specifically with insurers' bottom line. "Even if the most meager returns could be secured," he urged, "the gain would pay." The largest cost of the insurance business, after all, was not management nor fees to agents, but the cost of mortality – a fact that insurance executives had been at pains to point out to the Armstrong committee, especially in regards to the industrial branch. "Life insurance is not philanthropy," Fisher reassured his audience. "The conclusion seems safe that here is a rich unexploited field for saving money."¹³

As an economist, Fisher was well-versed in the boons of prevention, but he was perhaps even better acquainted with them from his position as a social reformer. The catastrophic rates of accident and illness present in the United States in the last decades of the nineteenth century had galvanized a sense of crisis among Americans. The United States possessed very little legislation regulating the hours, conditions, and wages to which industry subjected its workers, a lacuna that contributed sharply to the tensions between labor and capital.¹⁴ Sociological investigations demonstrated that enormous numbers of wage earners in the modern city hovered desperately close to insolvency, and navigated a fragile financial course that placed them one accident or illness away from calamity. They also hovered unnervingly close to radicalism. To some, the tremendous

¹³ Irving Fisher, "Economic Aspect of Lengthening Human Life," 1909. Fisher was one of many reformers who couched their language within a capitalist framework, utilizing the turns of phrase most likely to attract the public's imagination. Historians David Rosner and Gerald Markowitz note, "In a period dominated by the new corporate giants even the most basic human values had to be justified in terms of their price tags." See also Rosner & Markowitz, "The Early Movement for Occupational Safety and Health, 1900-1917."

¹⁴ Daniel Rodgers, *Atlantic Crossings: Social Politics in a Progressive Age* (Cambridge, Mass.: Belknap Press of Harvard University Press, 1998), 110; 236.

rate of industrial accidents, and the deaths and maimings they produced furnished proof that capitalism was incapable of serving the interests of the working class. As the rise of socialism among the poor seemed to demonstrate, few forces could be as radicalizing as financial desperation. The working class constituted an enormous population of people, whose chances of slipping into penury made their well-being a matter of significant concern to those hopeful of preserving a just and orderly society.

Reformers and manufacturers alike were experiencing an urgency to ameliorate the problems of workers and the threat of class conflict. Though wary of reforms that offered expensive concessions to workers, entrepreneurs were themselves undermined by the loss of efficiency caused by worker unrest, and were significantly threatened by industrial upheaval. They could not countenance challenges to *laissez-faire*, but they faced difficulty within the system as it existed. As a political economist, Fisher understood this position well, and his address to the Association of Life Insurance Presidents constituted an attempt to bridge their political differences by creating a place for them within the heterogeneous movement for industrial welfare. To the extent that “life conservation” could be located in the seemingly apolitical sphere of business and efficiency, the movement could harness the energy and resources of a powerful new set of allies.

His efforts in 1909 constituted one of several attempts by social workers, economists, public health personnel, sanitarians, and others to create meaningful ties of cooperation across class and political lines. The alliance promised to be uneasy at best - the conflicting interests of participants ranged from palliations of the present conditions to radical critiques of capitalism – but the importance of change was undeniable for

nearly all observers of the industrial order at the turn of the twentieth century. Most advocated some form of state intervention in the form of accident and illness prevention standards or the provision of aid, but these goals proved enormously contentious to the more conservative members of the coalition, in particular the life insurance industry courted by Irving Fisher. In forging such alliances, he and others struggled to steer a course that could win the approval of as many constituents as possible while still delivering relief to workingmen in some substantial way.

Innovations in Europe provided American observers with what seemed like the most radical example of measures that could be taken to assuage social distress before it generated political upheaval. Fearing the onset of a political crisis, the German Kaiser initiated a series of policies in the early 1880s calculated to mollify socialists. The measures were intended to “bribe the working classes,” noted the Kaiser to a visiting British national, “or, if you like, to win them over to regard the State as a social institution existing for their sake and interested in their welfare.”¹⁵ In 1883 the nation adopted a system of sickness insurance for wage-workers, and in 1884 it launched insurance legislation to compensate those mauled by industrial accidents. A compulsory old age and invalidity act followed shortly thereafter, along with proposals for a pension fund for disabled wage-earners. The German system sought to “socialize a portion of the risks of labor” by pooling employee and equivalent employer taxes, and also created an incentive to employers who controlled the workplace to make it safer. Financial pay-outs to ill and injured workers were notoriously low, but the measures proved effective

¹⁵ Otto von Bismarck is quoted in Ronald Numbers, *Almost Persuaded: American Physicians and Compulsory Health Insurance, 1912-1920*, (Baltimore: Johns Hopkins University Press, 1978), 10.

enough to palliate the clamor for an improved social order.¹⁶ The success of German social insurance was suggestive of the utility of government intercession. Under modern industrial conditions, some measure of social aid was increasingly necessary to retain the loyalties of those who suffered most under the system.

Efficacious or not, such a solution was politically untenable in the United States. Decried as heresy in the 1880s, the assertion that poverty ought to be checked at its economic source continued to antagonize political conservatives, who opposed the extension of “state interference” beyond the absolute minimum posited by Adam Smith. “How can we possibly justify the assumption of new functions which rest upon no better principle than the vague idea that the state ought to do something?” demanded one professor of political economy to the readers of *Popular Science Monthly*.¹⁷ To the orthodox, natural law ensured the success of the free market, and the imposition of regulatory measures represented an awkward and unhelpful intrusion. A smooth social order could only come from obedience to a higher domain. But competing ideologies placed increasing doubt as to which “natural forces” were truly supreme. The natural law said to guide laissez-faire intruded directly onto the natural law said to govern the rights and freedoms of enlightenment-era man. Reformers countered that the unbridled activity of the open market was capable of producing poverty so crushing as to intrude on the natural human sovereignty necessary for participation in a democratic society.

By the late 1890s, doubts about the limitations of laissez-faire had become common among American economists preoccupied with social unrest, particularly among

¹⁶ Rodgers, *Atlantic Crossings*, 223-226.

¹⁷ Joseph Shield Nicholson, “State Interference in Social Affairs,” *Popular Science Monthly* 44:2 (December 1893): 196-200.

those who had studied at German academic centers. Irving Fisher had himself taken courses in Berlin during the winter of 1893-1894, and when he joined the faculty at Yale in 1895, his colleagues in the department of economics included Henry Farnham and J.P. Norton.¹⁸ In a 1907 article in *Science*, Fisher noted that the past fifty years of American experience with laissez-faire had demonstrated some significant problems. The “cumulative effect of experience,” remarked Fisher, “in hundreds of individual cases has brought men face to face with the practical limitations of the let-alone policy.” The system, he pointed out, existed on the premise that the existing social order was “nearly, if not absolutely, the best world possible,” but evidence indicated otherwise. Recent decades had belied Adam Smith’s insistence that the best interests of individuals always served the best interests of society, and the radical corrective for this disjuncture, socialism, had gained in esteem. “We are moving toward socialism dangerously fast,” Fisher warned. The hazards of “live and let live” could be partially ameliorated through the efforts of district nurses, college settlements, and preventive hygiene associations, but even these voluntary interventions “would be regarded by the Manchester School as unnecessary and harmful.”¹⁹ A change of power, speculated Fisher, required a change in theory of power. In the modern era, economic efficiency and social order required the presence of a strong government.

Such theories were deeply unpopular among industrialists and entrepreneurs, and even many reformers hesitated to embrace them, but the efforts of a growing movement of social workers who focused on preventing poverty demonstrated a possible avenue of

¹⁸ Fisher, *My Father, Irving Fisher*, 63.

¹⁹ Irving Fisher, “Why has the Doctrine of Laissez-Faire been abandoned?” *Science* 25:627 (Jan 4, 1907): 18-27.

reform that did not threaten the economic status quo. The central concern of such reformers was not with the abject and destitute but with those who had not yet tipped into destitution, for whom prevention measures might yet be an effective and efficient use of resources.²⁰ The indigent were plentiful, but the near-poor constituted an even larger – potentially politicized -- class. In the interests of efficiency, the energies of reformers should be directed toward those who could be saved rather than those who had already fallen. Their efforts would touch a much greater number of people, and were far more palatable to devotees of *laissez faire*.²¹

Determined to contribute their talents (and voices) to the relief of industrial misery, numerous American academics joined or helped to found investigative committees dedicated to framing efficient social policy.²² In 1885, for instance, Johns Hopkins' Richard Ely led in the establishment of the American Economic Association. Ely hoped that an organization seated primarily in the university would lend greater influence to American economists -- particularly those who recognized the shortcomings

²⁰ Traditional forms of almsgiving did little to solve the systematic problems that such workers faced, in part because they were haphazard and in part because they addressed the situation too late, after workers had already reached the point of crisis that a small gift might have averted. The use of charitable resources in such a way struck critics as both inefficient and wasteful, and many warned that traditionally well-intentioned hand-outs were not only useless but counterproductive, breeding dependence on the part of the poor.

²¹ The sentiment found its strongest expression in the tenets of "scientific charity" introduced by Josephine Shaw Lowell, who in 1889 resigned from the New York State Board of Charity in order to focus on preventive over amelioration. "It is better to save them before they go under than to spend your life fishing them out when they're half drowned and taking care of them afterward," she remarked. "I must try to help them, if I can, and leave the broken down paupers to others. Lowell made use of sociological investigations to identify those who were most likely to benefit from assistance, and to identify forms of aid that might offer uplift without the demoralizing side effect of breeding further dependence. Lowell is quoted in Robert H. Bremner, *American Philanthropy*, (Chicago: University of Chicago Press, 1988), 103.

²² While the German professoriate enjoyed considerable prestige in their nation's public sphere, American academics possessed very little voice in the creation of social policy.

of laissez-faire.²³ It was a goal shared by numerous German-trained academic counterparts, who joined investigative committees in prodigious numbers in the final decade of the nineteenth century. The National Consumers' League, the National Child Labor Committee, and the National Association of Charities and Corrections – organizations that thrived during these years -- were densely populated with academics, who provided their intellectual engines. Such associations provided information and advice to a growing audience of progressive state administrations that were hungry for information on which to base social policy.²⁴

Among the most influential was the American Association for Labor Legislation (AALL), founded in 1905 as an off-shoot of its European counterpart, the International Association for Labor Legislation.²⁵ Under the initial guidance of Henry Farnham and Adna F. Weber (themselves German-trained economists), the Association's main task was to ease the tension between capital and labor through the advocacy of uniform labor protection standards. From its beginnings, members of the AALL investigated, discussed, and agitated for methods of accident prevention, though ultimately the group was far more ameliorative than radical in its pursuits. With a letterhead that bore the slogan

²³ John G. Gunnell, "The Founding of the American Political Science Association: Discipline, Profession, Political Theory, and Politics," *American Political Science Review* 100:4 (Nov 2006): 479-486.

²⁴ By 1908, the American collaboration between academic experts and government policymakers reached a high point, with forty-one faculty members from the University of Wisconsin alone occupying seats on official state commissions. Rodgers, *Atlantic Crossings*, 62; 86;110.

²⁵ The discussion of how to ameliorate industrial conditions was by no means confined to the United States; it found place in most nations on the North Atlantic. At the first International Congress on Labor Legislation, convened in Berlin in 1890, delegates discussed the thorny issue of labor protection standards. Under the German system, the financial incentive to reduce industrial accidents had prompted an employer investment in safety devices, drastically lowering the accident rate.

“Social Justice Is the Best Insurance Against Social Unrest,” the AALL attracted the chariness but not the wrath of the business interests it hoped to influence.²⁶

Social workers delighted in the participation of academics in the struggle for social welfare. “It is apparent that teachers of economics and sociology have traveled far in the past decade,” remarked Lee Frankel, manager of the United Hebrew Charities, in a 1906 editorial in *Charities and the Commons*. The United States courts, he applauded, had come to look to economists “even more than to the judicial precedents, to find out what ‘ought to be.’” Though they had long influenced the thinking of social reformers, economists were now becoming the “best guides and counselors” to the political process writ large, a phenomenon that Frankel observed could be seen clearly in “messages to Congress, legislative debates, discussions in the daily press, and even in the magazines.”²⁷ Ever on the alert for useful allies, members of the newly-professionalizing field hoped that economists could have the persuasive appeal that social workers lacked.

The difficulty of convincing legislators or even individual manufacturers of the importance of labor protection was immense, however, and to many observers it seemed that a more necessary – and feasible – approach to the industrial accident problem was not the *prevention* of injuries but the *compensation* of injured workers. Manufacturers staunchly resisted the intrusion of standards and inspections. Given the inevitability – political or otherwise – of so many accidents, the true core of the “social problem” attendant to industrial capitalism boiled down for many to issues of compensation that

²⁶ For more on the ameliorative goals of the AALL, see Rosner & Markowitz, “The Early Movement for Occupational Safety and Health, 1900-1917.”

²⁷ Lee Frankel, “Social Forces: The Responsibility of Economists,” *Charities and the Commons* 16: (1906):1397-1398.

would prevent poverty. Workers deprived of a limb or a faculty due to an industrial injury needed to be reimbursed in a manner that approximated their reduction in future wages. While investigative groups continued to discuss ways to implement accident prevention, they devoted increasing time to the matter of how to compensate the damaged – and to do so efficiently.²⁸

Despite the acrimony of conservative Americans toward government social insurance, the most successful example of workmen's compensation systems existed in Germany, and a small handful of American researchers took pains to stay abreast of the contours of the discussion happening overseas, travelling abroad to research for themselves the effects of the German system. Under the method enforced by the Reichstag, injured workers received funds to pay for medical care and stave off poverty, and employers received financial incentives to reduce industrial accidents. The stimulus proved effective enough to prompt a voluntary investment in safety devices, which drastically lowered the accident rate and the number of injuries to be compensated in the first place. In 1893, Unitarian minister and social scientist John Graham Brooks published the first sustained analysis of the system in the United States.²⁹ Five years later, William Willoughby, a statistical expert for the Department of Labor, issued *Workingmen's Insurance*, a second in-depth volume on the subject.³⁰ Shorter works in the form of articles and lectures circulated widely among academics and reformers, capturing

²⁸ Gaston V. Rimlinger, "Welfare Policy and Economic Development: A Comparative Historical Perspective," *Journal of Economic History* 26:4 (Dec, 1966): 556-571; See also Rodgers, *Atlantic Crossings*, 226.

²⁹ See John Graham Brooks, *Compulsory Insurance in Germany*. (Washington: Govt. Print. Office, 1893).

³⁰ See William Willoughby, *Workingmen's Insurance* (New York: TY Crowell and Company, 1898).

the attention of organizations such as the National Conference of Charities and Corrections, an assemblage of experts on social welfare that in 1902 appointed its own committee to study social insurance.

The Charities and Corrections commission included Brooks and left-leaning Professor Charles Henderson of the University of Chicago (who had recently completed three years of study on social insurance in the United States and abroad), but in the hopes of securing broad collaboration it also boasted conservative members with ties to business, including Frederick L. Hoffman, statistician of the Prudential. Hoffman's personal research interests clustered around industrial disease, and the statistician kept abreast of developments pertaining to workers' safety and accident compensation. Proud of his role as "an insurance man," however, he took an absolutist stance on the subject of public compensation, and his hostility to the practice served to deadlock the findings of the Committee's report. When the group reported back to the main association in 1906, it was unable to make any definitive statement for or against social insurance. Away from the Committee, however, individual members spoke out stridently about the boons of social insurance and the inadequacies of the private system of lawsuits and commercial insurance policies. Henderson declared industry to be "a parasite" and "a pauper" "which does not replace the worn-out machinery and care for the worn-out men." Manifestly, a system needed to be implemented to provide not only accident prevention, but financial compensation. "We ask you to go out into your states and influence the different

legislatures to work out this problem,” he urged the gathering.³¹ By 1909, even the AALL had shifted its advocacy from prevention to compensation.

For all such associations, however, the change in focus brought the assemblage to almost immediate – and formidable -- loggerheads with the private life insurance industry, which had a vested interest in preventing the passage of legislation that shifted the management of risk away from the commercial domain.³² American commercial insurers – whose assets were nearly \$3 billion in 1906 -- played a formidable role in the nation’s economy, and possessed a powerful stake in the creation of any social policy that might interfere with its financial bottom line. In June, 1908, Prudential statistician Frederick Hoffman urged the company’s president to pay closer attention to American rumblings about social insurance. “Only those who have very carefully observed the trend of events appreciate how strong an effort is being made throughout the different States to secure by legislative enactment some form of state insurance in opposition to private enterprise,” he warned. The efforts, which existed in Florida, Maryland, Wisconsin, and Illinois, had received practically no attention in the insurance periodical press. “It seems to me that it would be a very short-sighted policy on our part to underrate the seriousness of these efforts, which sooner or later may suddenly assume proportions which would find us unprepared to defeat drastic legislation.”³³ Hoffman urged his employer to oppose public insurance both at home and at the 1909 International Congress

³¹ “Workingmen’s Insurance,” *Charities and the Commons* 16:9 (June 2, 1906), 289.

³² John B. Andrews, PhD, “Health Insurance” Address delivered at the 12th annual meeting of the National Association for the Study and Prevention of TB, May 1916.

³³ Hoffman to John Dryden, 22 June, 1908, Frederick L. Hoffman papers; Box 2 , Volume 6: Letters to the President on Life Insurance in France, Germany, Austria, Hungary, Switzerland, England, Scotland 1909; Rare Book and Manuscript Library, Columbia University Library. Hereafter, FLH Collection.

of Actuaries in Vienna, which was scheduled to consider “The Economic Relations between National Insurance and Insurance by Private Companies.” As Hoffman considered it, the presence of social insurance in Europe constituted an international threat, which was best confronted as early as possible.³⁴

From his post at the Prudential, Hoffman kept a troubled eye on the activities of reformers who favored state action. In 1908, he reported uneasily to the president of the Prudential that Lee Frankel had been commissioned by the Russell Sage Foundation to conduct an investigation of German and Austrian methods of Government insurance. Frankel would be assisted by the analytical eye of Jacob Riis and the mathematical skill of Miles Dawson, the freelance actuary who had aided Charles Evans Hughes during the Armstrong investigation. The investigation, surmised Hoffman, was intended to “amplify the report made upon Government insurance for the US Bureau of Labor by Mr. John Graham Brooks in 1893,” an individual, he cautioned his employer, who “from that time to this, has never ceased in his *agitation*” for social insurance.³⁵

Hoffman issued warnings as well about the activities of Professor Henderson, whose articles in the *American Journal of Sociology* had helped to keep the “agitation” before the public.³⁶ Although they were of eminent respectability, opined Hoffman, such

³⁴ When the Kaiser introduced his plans for state compensation in 1884, commercial insurance had only a slender foothold in Germany and the measure passed without significant resistance from the private sector. Even so, Bismarck took the precaution of refusing any role in the system to commercial companies, lest the ideology of profit encroach on the nation’s social provisions. Rodgers, *Atlantic Crossings*, 223.

³⁵ Emphasis original. Frederick Hoffman to John Dryden, 22 June 1908, Box 2, Volume 6: Letters to the President on Life Insurance in France, Germany, Austria, Hungary, Switzerland, England, Scotland 1909, FLH Collection.

³⁶ Hoffman explained to the Prudential’s vice president that Henderson’s extensive writings about Industrial Insurance were in fact “a plea for government insurance after German methods, first in the state

men were “badly informed and poorly qualified” to comment on the efficacy of state insurance, and their views were “decidedly prejudiced.” Their goal of alleviating workers’ economic distress had caused them to overlook the fact that government involvement was “certainly contrary to democratic principles.” Moreover, they had flatly failed to consider the solution friendliest to insurers such as the Prudential. “[T]he matter which requires to be most carefully considered,” stated the statistician, “is, first, *whether private enterprise can not be relied upon to solve this problem more in harmony with the moral and economic development of the people.*”³⁷ From Hoffman’s perspective, the surfeit of hazard in American industry was the product of oversights and laxness that could best be addressed through the voluntary action of employers. The “real problem,” was not how to insulate American workers from financial risk – a problem which he believed that commercial forms of industrial insurance were adequate to solve– but how to keep agitators from pressing the state into active competition with the private sector.

Yet even if American workers did not require new protections from economic risk, Hoffman was willing to contend that the nation itself did. In an address to the American Academy of Social and Political Science, Hoffman captured the interest of the majority of conference attendees when he estimated that the economic value of a workingman’s life was not less than \$300 per year. A man who worked for fifty years contributed \$15,000 to the American economy, but when accident or illness incapacitated him, the economy itself was robbed of his productivity. Hoffman declared that the social

of Illinois, and its extension by degrees to other states.” Frederick Hoffman to Leslie Ward, 9 June, 1908, Box 1, Vol 4: Letters of the Statistician to the Vice-President Dr. Ward, FLH Collection.

³⁷ Emphasis original. Frederick Hoffman to John Dryden, 22 June 1908, Box 2, Volume 6: Letters to the President on Life Insurance in France, Germany, Austria, Hungary, Switzerland, England, Scotland 1909, FLH Collection.

significance of such a loss was “more important than the loss to the man himself,” and was particularly offensive given that – as he estimated – one half of male deaths between the ages of fifteen and sixty-five were preventable. The social aim of industry should be to maximize industrial efficiency while facilitating the longest possible human life, Hoffman maintained. Employers, he warned, needed to be more alert.³⁸

Hoffman framed the vitality of workers as a type of capital – a *human capital* -- which, like the machines and factories that turned out manufactured goods, required both upkeep and investment. For an insurance statistician, there was nothing new about placing economic value on human life, but few within the reform movement were audacious enough to place a price tag on the value of an individual, and Hoffman’s comments attracted the undivided attention of his hearers. They also opened space for improved articulation of an aspect of the compensation debate that had received short treatment: the industrial wear and tear on human workers was financially significant. Beyond the jolting spectacle of accident and death, industrial processes extracted a human cost in ill health, which was not accounted for within the financial cost of production. Maximum industrial efficiency required the maintenance of the human workforce just as it did the good repair of factory machines. Like machines, human workers possessed natural limits beyond which they tended to break down, and respecting those limits would ultimately lower the costs of production. The financial benefits of doing so were real.

Onlookers noted that the costs of *not* maintaining workers’ vitality were real, as well. When the American Academy of Social and Political Sciences adjourned, a flurry

³⁸ Hoffman’s speech is reported in “The Improvement of Labor Conditions,” *Charities and the Commons* 16:2 (April 14, 1906): 95-99.

of editorials reflected on the implications of Hoffman's speech. "We have come to ask whether, as we reduce the financial cost of production, the human cost is not rising," remarked a subsequent editorial in *Charities and the Commons*. "The industrial statisticians... who tell us how far the burning of a sheet of writing paper will carry a locomotive, or the money cost items which enter into a completed machine, have not gone to the bottom of the matter."³⁹ That bottom line was the deficit on workers' physical vitality that was not accounted for in the day's wages, nor was it embedded in any other aspect of the cost of production aside from the replacement of human "machinery" with newly hired workers. Observers commented bitterly about the exhaustion and dissolution of faithful, hardworking employees. "Speeds have increased, tools cut deeper, old men have disappeared," griped the president of the International Association of Machinists, "and the youth, fresh from school, hopeful, elated, ambitious to enter this world of levers and flying wheels, faces an inevitable collapse if there is no loosening up of the tension."⁴⁰ The resulting fatigue and ruined health played havoc on workers and their families, and although, as the speaker indicated, "pathology has not yet entered into the machine shop," disease and its social costs were very much a product of the factory floor.

It was likely distressing to Hoffman that the majority of his hearers reached conclusions that seemed directly antithetical to the interests of the life insurance industry, and resulted in further support for the state involvement that he opposed. Hoffman's solution to workplace danger included the suggestion that employers conduct periodic medical inspections, barring "unfit" workers from further engagement in tasks that could

³⁹ "The Improvement of Labor Conditions," *Charities and the Commons*, 16:2 (April 14, 1906): 95-99.

⁴⁰ James O'Connell is quoted in "The Improvement of Labor Conditions," *Charities and the Commons*, 16:2 (April 14, 1906): 95-99.

lead to accident or disease. His answer rested on the voluntary initiative of private employers, and did little to compensate workers or redistribute risk, but his own contribution to the debate succeeded in adding urgency to the push for workmen's compensation, making listeners impatient for rapid and systemic solutions. A system that did not remunerate employees for the drain on their strength was not only economically inefficient; it presented a drain on the nation as a whole. In a competitive world order, the need for economic and social efficiency was so great that the fiscal advantages of a state involvement might outweigh its political drawbacks.⁴¹

Many reformers agreed that the conservation of human resources required lasting and efficient investment in capital, and numerous voices continued to suggest should be attained through employer's liability. The current system of litigation was expensive, and encouraged the use of financial resources for fighting law suits rather than lessening accidents.⁴² Prescribed rates of compensation would put an end to such waste, especially if the charges were borne by the employer, who controlled the conditions in their own factories and were in the best position to steward human resources. Advocates maintained that if the cost of conserving human resources were thus charged to the employer, worker efficiency would be drastically improved. Some suggested that the system would be even more effective if the sacrifice of human life or health were considered part of the regular

⁴¹ Rodgers, *Atlantic Crossings*, 232.

⁴² Social worker Edward Devine, who served on the Committee on Social Insurance for the Association of Charities and Corrections, commented to the organization that the commercial insurance industry profited directly from accident litigation, and accused the companies of opposing social insurance to protect corporate profits. "I have yet to find the reform movement or the philanthropic undertaking which does not at some point or other see its efforts thwarted by some organized opposition which has its root in pecuniary profit." Edward Devine, "The Dominant Note of the Modern Philanthropy," *Charities and the Commons* 16:9 (June 2, 1906): 340-345.

cost of production. Ultimately, the cost of production would be reduced, as the German example had already demonstrated. It was a view that increasingly permeated the membership of organizations devoted to social welfare, whose campaign successfully attracted the attention of the nation's chief executive. In the summer of 1907, Theodore Roosevelt adopted workmen's compensation as a doctrine of importance. "It is humiliating that at European international congresses on accidents," remarked the President in his annual message in 1908, "the United States should be singled out as the most belated among the nations in respect of employers' liability legislation."⁴³ It was also a point of national vulnerability, which the President made clear that he intended to relieve.

But the concern for national vitality extended beyond accidents, and the extended scope of life conservation work turned the page to a new chapter in the management of risk. If the industrial inefficiencies that failed to protect against accident were also generating illness, then the conservation of human resources was a matter not just of accident prevention but also health conservation. Investments in human capital should include disease prevention.⁴⁴ In the absence of a central public health agency, however, only the government possessed the reach and authority to efficiently implement the insights of modern bacteriology, no matter how compelling and effective the germ theory's life-saving capacities seemed to be -- as sanitation experts lamentably discovered. Voluntary effort was not enough, and they turned to the politically unpopular expedient of compulsion.

⁴³ Roosevelt is quoted in Rodgers, *Atlantic Crossings*, 247.

⁴⁴ A lively movement already existed for the prevention of infectious disease, the adherents of which had become strong advocates for extension of government responsibilities to include the welfare of the body politic.

From Fisher's perspective, the wisdoms of the germ theory and modern public health solidified the need for government regulation. "We are carrying toleration too far when we refuse to correct errors which science demonstrates to be false," he declared in 1907. Many individual actions, he reminded his audience, benefit the individual while harming society, an aspect that *laissez-faire* doctrines overlooked but which were demonstrated well by natural systems. The destruction of forests, for instance, influenced the climate, water supply, and livability of distant locales. No system, however, demonstrated it more clearly than the scientific findings of medical science. "The bacteriologist knows what the ignorant do not know, and every effort should be made to pass down this knowledge to the masses as soon as possible after it is discovered," stated Fisher. "We cannot let any dogma of *laissez faire* prevent us from checking suicidal ignorance."⁴⁵

Fisher's argument cast aside the struggle for workers compensation, to politically expedient effect. Public health provided a more unifying and less politicized basis on which to lobby for federal control. Because it did not address issues of liability or compensation it did not tread as heavily on private enterprise. Nor did the shift stray far from the goal of benefiting workers. By drawing a measure of public attention away from the role of the industrial workplace, the emphasis on public health depolarized the terms of the debate, but because the sanitary conditions that generated disease could be found in all domains, public and private, inside and outside of the factory, it opened space for the protection of workers. To Fisher's understanding, the preventive effects of health work could be just as powerful in preventing poverty and preserving the national vitality as

⁴⁵ Fisher, "Why has the Doctrine of Laissez-Faire been abandoned?" 18-27.

workers' compensation. For the economic good of the nation, the national vitality resultant from public health had better be preserved.

The New Public Health

The introduction of the germ theory of disease changed American medicine as few forces ever had, bringing new understandings and new techniques to the field, and also heralding the need for new responsibilities for the medical profession. Between 1864 and the 1880s, the work of Louis Pasteur, Joseph Lister, and Robert Koch culminated in acceptance of the germ theory of disease, which stated that microorganisms played a role in causing communicable sickness. The insights prompted what seemed like a new age of medicine. As physician Harvey Cushing put it, “new discoveries were being announced like corn popping in a pan.”⁴⁶ His contemporary, William T. Sedgewick, stated fondly, “We learned more about disease in those few years, or, say, in the fifteen years from 1875 to 1890, than we had learned in fifteen thousand years before; and immediately we began to take up a new point of view.”⁴⁷ Practitioners dubbed this period of scientific control of communicable disease the “new public health,” and celebrated the increased efficacy and prestige that it brought to the profession.⁴⁸

⁴⁶ Cushing quoted in C.-E. A. Winslow, *The Life of Hermann M. Biggs: Physician and Statesman of Public Health* (Philadelphia: Lea & Febiger, 1929), 60.

⁴⁷ Professor William T. Sedgewick, chair of Biology and Public Health, MIT, “The Public Health Movement in America – Today and Tomorrow,” *Assoc Life Pres*, 1913, p103-113; Another peer believed that the years between 1880 and 1890 to be “perhaps the most wonderful decade in the history of medicine. William H. Welch, *Papers and Addresses by William Henry Welch* (Baltimore: Johns Hopkins Press, 1920), Vol 3; 21-22;

⁴⁸ For historiography on the new public health and the germ theory of disease, see Nancy Tomes, *The Gospel of Germs Men, Women, and the Microbe in American Life* (Cambridge, MA: Harvard University

The capacity to observe causative organisms under a microscope introduced manifold opportunities to slow or halt the spread of disease. Being able to determine which person suffered from what organism allowed doctors to better monitor sources of exposure, to intervene in a more timely manner, and to be more certain when an individual had fully recovered from an active infection. The most important powers of this windfall were preventive. Bacteriologists became able to devise vaccines and anti-toxins against scourges such as diphtheria, rabies, tetanus, and pneumonia. Other common infections, like tuberculosis and measles, proved more difficult to avert, but physicians could attenuate their effects by isolating contagious patients, and by relying on more specific diagnoses to offer appropriate treatment. They could also predict the kinds of conditions most likely to abet the spread of these diseases. Disease, noted the editor of one health bulletin, afflicted humanity not only because of insufficient hygiene, “but also because it is extensively fostered by harsh economic conditions and by wretched housing in congested communities.”⁴⁹ The health burden of human beings could be substantially relieved by vaccines, antitoxins, soap, and better social organization.

Press, 1998); James H. Cassedy, *Charles V. Chapin and the Public Health Movement* (Cambridge: Harvard University Press, 1962); Paul Starr, *The Social Transformation of American Medicine* (New York: Basic Books, 1982), Chapter 5, “The Boundaries of Public Health,” 180-199; George Rosen, *Preventive Medicine in the United States, 1900-1975* (New York: Prodist, 1977); George Rosen, *A History of Public Health*, (Baltimore: Johns Hopkins University Press, 1958), Chapter 8, “The Bacteriological Era and its Aftermath,” 320-471; Richard Shryock, *National Tuberculosis Association, 1904-1954: A Study of the Voluntary Health Movement in the United States*, (New York: National Tuberculosis Association, 1957); C.-E.A. Winslow, *The Evolution and Significance of the Modern Public Health Campaign* (New Haven: Yale University Press, 1923); Mazyck P. Ravenal, ed., *A Half Century of Public Health*, (New York: American Public Health Association, 1977, 1921); Herbert Winslow Hill, MD *The New Public Health* (London: MacMillan, 1910).

⁴⁹ “Editorial: Public Health is Purchasable,” *Monthly Bulletin of the Department of Health of the City of New York* 1:10 (October 1911): 225-226.

Nearly all participants in the new public health agreed on one central necessity: to avert infectious disease, practitioners needed to get the word out that effective preventive techniques existed. The messengers of disease prevention struggled hard to teach the fundamentals of the cause. “The expert knowledge now possessed by our trained sanitarians and expert laboratory workers must be carried to every home,” stated the former health commissioner of New York State.⁵⁰ Though seemingly simple, disseminating the lesson required enormous resources and the involvement of a wide range of actors, from individual citizens to legislators to architects and milkmen.

The implementation of the new public health required the inculcation of a framework of risk and responsibility that could address the social, biological, and structural features that promoted the spread of disease. The imperative for clean air, clean water, proper nutrition, and rest expanded the interests of public health into the fields of social work and sanitation, tenement reform, parks maintenance, dairy farming, and more. Each of these new ventures required an expansion of educational efforts, as well as an assertion of authority within domains not necessarily associated with medicine and health. Such influence proved difficult to exert. Public health personnel struggled to convince municipal personnel, merchants, school boards, and others of the necessity of new hygiene standards, but in the absence of a central public health body the nation was a vast and nearly limitless place, with many corners that seemed difficult to reach at all. In far-flung towns and numerous cities, elected officials, homemakers, and business owners knew little about the new laws of hygiene, and their innocence was often compounded by

⁵⁰ Quoted in M. E. Bingeman, “‘Live a Little Longer’ – the Rochester Plan,” *Proceedings of the Annual Meeting of the Association of Life Insurance Presidents* 8 (1914): 47-58.

the number of doctors who were likewise uninformed. “Many of the people engaged in business in the smaller towns had never heard of food regulations and sanitary rules,” pointed out the president of one board of health. “There is another large class whose faces are turned to the past...” The work, he mused unhappily, was exceedingly slow.⁵¹

To some, it seemed not only slow but futile. The avoidance of germs required changes not only in the built environment but in social customs, as well. Infants should not be kissed or fed with “unclean” or diluted milk, hemlines should be raised to keep skirts from sweeping along the floor, beards should be shaved, shared drinking cups banned, windows opened, utensils boiled – the list of prohibitions and mandates went on and on, and were not always sensical to the initiates.⁵² In a message to a national gathering, the president of the Louisiana Board of Health noted that true medical prevention “implies a change of mode of living, habits of thought and attitude of mind of the greater part of society. It means to go into the depths of the social structure and building anew the foundation.”⁵³

The foundation was not easy to build. The sheer number of individuals who needed to be informed of all these changes was massive. Dr. Eugene Porter expressed a level of enthusiasm common among public health personnel in 1910 when he proclaimed that the prevention of disease was “the crowning glory of our civilization” and that a campaign of education must be undertaken. But the United States in that year possessed

⁵¹ Oscar Dowling, “The Gospel of Health on Wheels” *Proceedings of the Annual Meeting of the Association of Life Insurance Presidents* 5 (1911): 54-66.

⁵² See Tomes, *The Gospel of Germs*.

⁵³ Dowling, “The Gospel of Health on Wheels,” 54-66.

roughly eighteen million households. Though inspiring, the doctor's words belied a daunting reality. Too many people remained outside the circle of information, prophylaxis, and diagnosis to significantly reduce the burden of ill health, and too many of the informed were uncooperative.

Without the assistance of government suasion and legal authority, the apostles of the germ theory faced an uphill battle. Many residents of the early twentieth century United States were unable or, it seemed, unwilling to follow the gospel. Public health and social work personnel gnashed their teeth at the sight of nuisances such as public spitting, overflowing privies, and food left out to the delight of flies, but they possessed little power over such conditions except to exhort and explain. Placards bearing simple admonitions such as "Don't Spit" and "Swat the Fly" bore testimony to their frustration, even while they reinforced their messages. In the absence of a medical constabulary, it seemed the job of enforcing health codes might be better left to the actual police, or at least to an overarching federal power.

It was becoming clear that in order to have the desired impact, public health workers would have to form alliances with other bodies that could expand their network of resources and power. Most importantly, they would need help in lobbying for the creation of a federal health agency. At the turn of the century, the United States Public Health and Marine Hospital Service was the only existing federal body endowed with authority over public health, and its jurisdiction was largely tied up in the regulation of ports and ships that might serve as entry points for infectious disease. To have a significant and lasting impact on the health and longevity of Americans, the functions of the Public Health and Marine Hospital Service would have to be drastically enlarged, or

else the body would have to be replaced by one that would more directly coordinate efforts to promote preventive medicine. The creation of such a bureau required legislative clout, and obtaining it necessitated the cooperation of a variety of bodies and professions that, despite intersecting interests, were not always naturally aligned.

An Incubator for Professional Alliances

Perhaps no illness more frustrated medical personnel than tuberculosis, a disease that was notoriously intractable but also preventable, and it was on this illness that attempts to create and publicize a framework of structural and personal responsibility converged. Tuberculosis dogged patients with chronic low fever, weight loss, night sweats, and a cough that advanced into episodes of pulmonary hemorrhage. At the turn of the century, it was responsible for 10% of all deaths in the United States. No cure existed beyond the potentially health-boosting effects of rest, fresh air, and proper nutrition, but the identification of the tuberculosis bacillus under the microscope of Robert Koch in 1882 suggested the possibility of prevention. It was a possibility that thrilled those accustomed to dealing with its depredations. If tuberculosis were a bacterial illness, then it was not a hereditary or inevitable fate; it was a communicable disease that ordinary people could guard against through improved nutrition, better ventilation, adequate rest, and careful hygiene. Even those already infected could be helped to take measures to avoid spreading the disease, a suggestion of control that had been unimaginable in earlier years.

Despite these insights, the public movement against tuberculosis proceeded at a glacial pace, one that must have proved ethically maddening to those physicians and reformers most dedicated to its arrest. In 1892, Dr. Lawrence Flick of Philadelphia founded the first association for the eradication of tuberculosis with high hopes. In fifteen years, however, the group's efforts amounted to little more than the production and distribution of a handful of pamphlets, and the limited audience that received them met the subject with disinterest. The association argued strenuously for the passage of legislation that would create preventive standards of architecture and public hygiene, but their efforts fared similarly, attracting little attention from either legislators or the public. Even rank and file physicians gave the subject short shrift.⁵⁴ It was an inauspicious beginning to a prevention campaign whose proponents had hoped to save countless lives from a terrible fate. Notwithstanding the enthusiasm of a few dedicated professionals, it seemed that physicians lacked the persuasive savvy, the structural reach, or the political will to effectively promote the public health message of prevention on their own.

But the ravages and reach of tuberculosis kept the disease on the radar of social reformers and particularly social workers, who studied the structural patterns underlying poverty and hardship and noted the role of illness among the destitute. By the 1890s, a growing consensus held that the relationship between ill health and destitution was specifically causal: a brush with poor health was as likely to generate poverty as it was to coincide with it – moreso, in fact, considering the number of working families who managed to maintain an endurable standard of living until the illness of a member cast

⁵⁴ Individual doctors at times resented what they interpreted to be intrusions on their accustomed methods of practice. Richard Shryock, *National TB Association, 1904-1954: A Study of the Voluntary Health Movement in the United States*, (New York: National Tuberculosis Association, 1957), 49-50.

them over the edge.⁵⁵ Tuberculosis was archetypical among these diseases. Not only did the illness reduce the wages and devour the resources of the working class households in which it occurred, but the conditions of wage workers' lives made it more likely to arise among them in the first place. The poor ventilation of homes and workplaces, and the low wages, long hours, and heavy exertions of working class life created ideal conditions for the spread of the bacillus. "Everything which makes the life of the workingman harder, everything which is attendant upon poverty, makes for the increase of this disease," noted labor reformer Graham Taylor.⁵⁶ It was an observation that bore out nearly everywhere that social workers looked, and which prompted the profession to consider tuberculosis as one of the menaces that threatened the stability of the industrial labor force.

"Tuberculosis is a disease of the working classes," pointed out Dr. Alice Hamilton, a respected physician and leading expert in the field of occupational health. "If one could have a map of the city showing the occupation and wages of the population, one could mark out with a fair degree of precision the parts of the city which would have the largest number of cases of TB."⁵⁷ The social picture such findings painted was simultaneously horrifying and inspiring. That tuberculosis was class-based amplified the disease's injustice, but it also suggested the importance – and efficacy – of social reform. As a result, tuberculosis came to engross the energies of reformers in ways that few other

⁵⁵ See Sidney and Beatrice Webb, *The Prevention of Destitution* (New York: Longmans Green and Co., 1912).

⁵⁶ Graham Taylor, "The Industrial Viewpoint," *Charities and the Commons*, 14 (1906): 205-209.

⁵⁷ Hamilton is quoted in Taylor, "The Industrial Viewpoint." Statistical findings reinforced Hamilton's observations again and again. In 1903, the Tenement House Committee of the Charity Organization Society of New York documented the terrible conditions and appalling rate of consumption in the "lung block" of the lower east side. Richard Shryock, *National TB Association*, 60. See also Lillian Brandt, "The Social Aspects of Tuberculosis, Based on a Study of Statistics," *Annals of the American Academy of Political and Social Science* 21 (May, 1903): 65-76.

maladies had. Once referred to as the “captain of these men of death,” the disease became an incubator for professional alliances.

Leaders of private charities engaged with figures from health-oriented groups, fostering collaborations that established a precedent for the force and potency of professional partnerships on behalf of public health. Their cause was furthered by the sheer number of professionals who came into contact with the disease, and who sooner or later found reason to combat it. Irving Fisher’s own father had died of consumption when the economist was an adolescent, reduced “almost to a skeleton” in the final week of his life.⁵⁸ In 1898, at the beginning of his academic career, Fisher received his own diagnosis of tuberculosis, and hastily embarked for mountain air retreats in hopes of reestablishing his vitality. In 1902 he returned to New Haven in improved health, but his condition remained precarious, and for the next three years he reduced his teaching load and become involved, instead, in the local societies active in the crusade against tuberculosis. By the time Fisher officially resumed his full-time activities in 1905, he had risen to importance in the New Haven County Anti-Tuberculosis Association, served as a founder of the new Gaylord Sanitarium in Connecticut, and become superbly versed in matters pertaining to public health. “To spread the gospel of good health became his guiding fetish,” recalled his son, who had participated in family excursions to the Battle Creek Sanitarium.⁵⁹ To evangelize healthfulness in the most efficient manner, Fisher joined the campaign for a federal department of health.

⁵⁸ Fisher, *My Father, Irving Fisher*, 14.

⁵⁹ Fisher, *My Father Irving Fisher*, 148.

The Political Economy of Public Health

Social workers who took up the fight against germs faced similar challenges to those confronted by their public health colleagues and predecessors. Eager to reduce poverty, they highlighted one domain after another in which the power of prevention could improve health, preserve resources, and save lives. In 1908, the Russell Sage Foundation convened a Committee on the Prevention of Blindness, and in 1909 a coalition of reformers followed the example of the anti-tuberculosis movement in founding the American Association for the Study and Prevention of Infant Mortality.⁶⁰ In that same year the Rockefeller Sanitary Commission launched its campaign to eradicate hookworm.⁶¹ Enthusiasm was not confined to infectious ills; in the spring of 1910, the American Association of Labor Legislation hosted its first annual conference on industrial disease, a scourge whose origins were as often the result of poor engineering and inert elements like dust as they were from dangerous bacteria. Such goals were exceedingly difficult to reach, however, in the absence of a federal public health body.

By the early 1900s, advocates of the New Public Health had begun to engage in appeals to state-centered political economy, crafting arguments that established public health as a government responsibility. What was good for the citizens, they advocated, was good for the State, and on this basis they disseminated calls to action. Settlement worker and visiting nurse Lillian Wald, for instance, argued that the very ideology of the

⁶⁰ “American Association for Study and Prevention of Infant Mortality” *Bulletin of the American Academy of Medicine* 11:5 (October 1910).

⁶¹ *The Rockefeller Sanitary Commission for the Eradication of Hookworm Disease. First Annual Report of the Scientific Secretary for the Year Ending January 25, 1911* (Washington, D.C.: Judd & Detweiler, Inc., 1911).

Republic required state support for children's health projects. As she saw it, government involvement in the development of young minds and bodies constituted an investment in citizenship – an investment that the state already recognized as a responsibility through its provision of public schools (the perfect site, she noted, for clinics and vaccination stations).⁶² To Wald, the importance of democracy, collaboration, and consensus in the American political process served as incentives for the expansion of state responsibility. Safeguarding the body politic protected democratic vitality.

The capacity of public health to enable democracy became a rallying point for government involvement even for those already in public office. When the Charity Organization Society of New York (COSNY) celebrated its 25th anniversary, Mayor McClellan and Governor Charles Evans Hughes joined philanthropist Jacob Schiff and social worker Edward Devine in making speeches about the capacity of preventive work to “enable democracy to present itself by clearing away obstacles.”⁶³ Their addresses reached a large and enthusiastic audience; the proceedings of the COSNY meeting took place in front of a packed audience at Carnegie Hall. In subsequent years, the language of state responsibility for health continued to spread.⁶⁴ In front of an audience of insurance personnel, Dr. John Hunter, State Health Officer for Michigan, groused that a death from a preventable disease should be considered a state-wide crime.⁶⁵ In 1910, Dr. Milton

⁶² Lillian Wald, “Medical Inspection of Public Schools” *The Annals of the American Academy of Political and Social Sciences* 25 (March 1905): 88-96.

⁶³ “The Common Welfare: Paragraphs in Philanthropy and Social Advance,” *Charities and the Commons* (1907): 1085.

⁶⁴ See in particular Luther Gulick, MD, “Private Philanthropy & Public Health” *Proceedings of the Annual Meeting of the Association of Life Insurance Presidents* 2 (1911).

⁶⁵ FW Jenkins, “Report of the Health Committee,” *Proceedings of the Annual Meeting of the Association of Life Insurance Presidents* 7 (1913): 114-124.

Rosenau declared deaths from typhoid to be a “national disgrace.” It was a rhetoric that increasingly cast the presence of disease as a drain on national strength, and it proved effective. Not only did it arrest the attention of officials and laymen, it helped to harness an ideology of political economy that had been building support for sanitary measures and the state infrastructure they required in the United States for half a century.

Early twentieth century reformers were not the first to call upon political economy on behalf of public health. The link between a healthy population and national prosperity was a valuable tool, and had aided the arguments of numerous predecessors.⁶⁶ English economist William Petty used methods of “political arithmetic” in the seventeenth century to describe the financial value of a human, and when Adam Smith used mathematical terms for similar purposes in the eighteenth century, the legacy of political arithmetic was strongly embedded in the mercantilist philosophy then emerging in Europe, which placed social and economic life in the service of the state. The ideology elevated the importance of statistical analysis in governance, and created a foundation on which health and prosperity were closely related.⁶⁷

In the 1830s, as Britain began to face the urban misery brought about by its industrial revolution, reformers used available statistics to point to the economic utility of sanitary reform. Americans were slower to do so, in part because conditions in American cities remained salubrious for longer, but by mid-century the mortality rates of New York

⁶⁶ George Rosen, *A History of Public Health*, (Baltimore : Johns Hopkins University Press, 1958; 1993). 87; and George Rosen, *Preventive Medicine in the United States, 1900-1975: Trends and Interpretations* (New York: Prodist, 1977), 13-16. See also Louis Dublin & Alfred J. Lotka, *The Money Value of a Man*. (New York: The Ronald Press Company, 1930).

⁶⁷ See also Duffy, *The Sanitarians*, 4-8.

City and Boston exceeded that of London, and Americans, too, made appeal to political economy.⁶⁸ In 1850, vital statistician Lemuel Shattuck issued a *Report of the Sanitary Commission of Massachusetts* arguing that sanitary reform made sound economic sense, and providing the statistical evidence to demonstrate why it should be a feature of government. Like many of his contemporaries, he believed that the laws of nature dictated the health of man, and that illness intruded only when rules of good hygiene and balanced living were disregarded. Instruction in the laws of cleanliness and morality, he asserted, constituted a valid function of the State.⁶⁹

Yet most governing bodies in the United States lacked the structures or authority with which to deploy an instructional campaign. If the federal or state governments were going to strengthen the economy by launching a public health movement, they would first have to be vested with the power and infrastructure with which to do so. In the decade before the Civil War, social reformers, a handful of physicians, and a growing corpus of middle class citizens frustrated with urban conditions and aware of British sanitary advances began to generate the political will on which an American public health movement could be based. In May of 1857, the first American conference to address

⁶⁸ Howard Kramer, "The Beginnings of the Public Health Movement in the United States," *Bulletin of the History of Medicine*, 21 (1947): 353-376. Recurrent cholera epidemics, a shocking infant mortality rate, and the hellishness of the city streets themselves attracted attention to the need for change. In 1841, Lemuel Shattuck published an infant mortality rate of 43% for the city of Boston, nearly 10% higher than it had been a decade before. Rosenkrantz, *Public Health and the State*, 18.

⁶⁹ Shattuck placed responsibility for abating disease-causing social disruptions, and teaching hygiene in the hands of public authority. Given the economic importance of public health, full-time, well-paid health officers represented a sound investment. See Barbara Rosenkrantz, *Public Health and the State: Changing views in Massachusetts, 1842-1936* (Cambridge: Harvard University Press, 1972), 14-36; Howard Kramer, "The Beginnings of the Public Health Movement in the United States," *Bulletin of the History of Medicine*, 21 (1947): 353-376. John Duffy, *The Sanitarians: a history of American public health* (Urbana : University of Illinois Press, c1990), 94- 99; Public health luminary C.-E.A. Winslow identified the origins of the American Public Health movement in Shattuck's 1850 report. C.-E.A. Winslow, *The Evolution and Significance of the Modern Public Health Campaign* (New Haven: Yale University Press, 1923), 25.

sanitary reform assembled in Philadelphia, reconvening each year until 1860. The group expressed enthusiasm for the potential of sanitary reform to improve health. One consulting physician from Massachusetts declared, “The day is rapidly approaching when clinical doctors will scarcely be needed, and when sanitarians will take their places, and when we shall not so much attend to the health of the human body as to the condition of the body politic.”⁷⁰ Discussion centered on the need to expand government responsibility from matters of quarantine to issues of general sanitation, and the hundred or so delegates filled the minutes with recommendations for model laws that would establish state and local health agencies, sanitary regulations, and food and drug standards. Nearly all assembled agreed on the need to collect reliable vital statistics, a function, they noted, that could be best undertaken by the State.⁷¹

Though interrupted for a time by the events of the Civil War, a fundamental shift had begun to take place in American concerns about risks to health and the role that government should take in averting them. The attitudes of fatalism and rugged individualism that had marked an earlier era were receding. In 1873, one physician noted that rather than dictating inevitable ends, the laws of nature granted populations the right to appoint “an organized medical police” to prevent epidemics, since widespread disease constituted “a positive loss to state.”⁷² An 1883 article in the *Journal of the American Medical Association* proclaimed, “Sanitary science is a segment of political economy,

⁷⁰ Dr. Jacob Bigelow, quoted in Rosenkrantz, *Public Health and the State*, 40.

⁷¹ *Minutes of the Proceedings of the Quarantine Convention, held at Philadelphia by invitation of the Philadelphia Board of Health, May 13, 1857*. For more on this association and its meetings, see Howard Kramer, “The Beginnings of the Public Health Movement in the United States,” *Bulletin of the History of Medicine*, 21 (1947): 353-376. See also Duffy, *The Sanitarians*, 107.

⁷² Dr. J.M. Toner is quoted in Duffy, *The Sanitarians*, 1.

and should receive encouragement by the State as a wealth-creating factor – riches, indeed, to the whole people far above that of any other earthly value.”⁷³ As the government should safeguard the creation of wealth, Americans increasingly moved that it assume a role in safeguarding the health of the body politic. The state had an obligation to teach the people whatever codes of behavior would be in their own best interests.⁷⁴

By the turn of the century, the added impetus of the germ theory was helping to enhance the consensus that government had a duty to act on behalf of public health. The accord eroded some fundamental assumptions in American society about the scope of public authority, and it also introduced a conundrum of power already familiar to businesses such as the life insurance industry. The question of *whether* public health legislation ought to be passed was becoming moot. In its stead, a riddle emerged about *what* laws should be written, and *by whom*. The importance and authority of public health administration was coming to resemble that of business administration in prior decades, and both now faced difficult questions about how to safeguard the stability of their social power without running afoul of the democratic ideals of a free state.

One Hundred for National Health

In 1906, the creation of a federal department of health had become the question of the hour among a broad swath of sanitarians, academics, social workers, doctors, and others, and it received yet another infusion of urgency from Yale economist J.P. Norton.

⁷³ James E. Reeves, “The Eminent Domain of Sanitary Science, and the Usefulness of Boards of Health in Guarding the Public Welfare,” *JAMA* 1 (1883): 612.

⁷⁴ Jarvis is quoted in Rosenkrantz, *Public Health and the State*, 44.

In an address to the meeting of the American Association for the Advancement of Science, Norton decried the economic losses endured by the nation owing to preventable sickness and premature deaths, and his concern proved to be both motivating and infectious. Catalyzed by the paper, a heterogeneous coalition of economists, social reformers, and entrepreneurs created the Committee of One Hundred for National Health. The alliance included figures as diverse as Jane Addams, Andrew Carnegie, Charles Eliot, Hermann Biggs, and Thomas Edison, and its president, Irving Fisher, proved an adroit spokesman. To acquire backing for the creation of a national department, the group sought to engage the support of three powerful agencies: the press, insurance companies, and the government.⁷⁵

The Committee of One Hundred found a powerful ally in President Roosevelt. Already a champion of workmen's compensation, Roosevelt harbored an abiding interest in the politics of national efficiency, and was a receptive audience to the arguments linking human vitality and national strength. In a personal letter to Irving Fisher, Roosevelt agreed, "Our national health is physically our greatest national asset. To prevent any possible deterioration of the American stock should be a national ambition."⁷⁶ As the president organized his push for the conservation of national resources, he included the health of the body politic among the entities to be inventoried and preserved. In 1908, he selected Irving Fisher to compile a report for the National Conservation Commission chronicling the vitality of the residents of the United States. The report, which Fisher took three months to compile, calculated the financial loss to the

⁷⁵ William Jay Schieffelin, "Work of the Committee of One Hundred on National Health," *Annals of the American Academy*, 37:2 (March, 1911): 77-86.

⁷⁶ Roosevelt is quoted in Fisher, "Economic Aspect of Lengthening Human Life."

nation incurred by preventable disease. It was one of the first official documents to treat human longevity from an economic standpoint, and as such it opened a new area of economic research.⁷⁷ It was also among the first treatises to link humanitarianism with national interest, making it a document of particular importance to welfare workers and advocates for public health.⁷⁸ One pathologist at Columbia University dubbed it “the greatest medical step of the century.” Another reader called the document “epoch-making.”⁷⁹ Perhaps most significantly, it was a report that pushed unswervingly for a federal hand in issues of national welfare and vitality.

In *A Report on National Vitality, Its Wastes and Conservation*, Fisher emphasized the economic importance of human longevity, and argued that human life ought to be conserved with the same vigor as the nation’s water, mines, and forests. He asserted that the complex and interdependent nature of industrial society created a need for state involvement in public health, as voluntary and local efforts were too weak to be effective. “It is both bad policy and bad economy to leave this work mainly to the weak and spasmodic efforts of charity, or to the philanthropy of physicians,” he wrote. The issue was of such magnitude and national importance that social interest overshadowed personal interest, he believed, and action was needed within the broad framework of national policy.⁸⁰ As the Committee of One Hundred continued to maintain, this action

⁷⁷ Robert Loring Allen, *Irving Fisher: A Biography*, (Cambridge: Blackwell Publishers, 1993), 101.

⁷⁸ Fisher, *My Father Irving Fisher*, 148; George Rosen, *Preventive Medicine in the United States, 1900-1975* (New York: Prodist, 1977), 15.

⁷⁹ Fisher, *My Father Irving Fisher*, 148.

⁸⁰ See Irving Fisher, *National Vitality, its Wastes and Conservation. Extract from report of the National Conservation Commission* (Senate Document No. 676, Vol. III, Sixtieth Congress, second session). Presented by Mr. Owen. March 8, 1910. See also George Rosen *Preventive Medicine*, 15.

could best be taken through the establishment of a federal Department of Health, and Fisher's report took a long stride toward achieving that goal.

Political will for federal action blossomed as never before. The wider Conservation Commission assembled by the President enthusiastically agreed that public health had a place among the nation's most vital resources. "Since the greatest of our national assets is the health and vigor of the American people," reported the Commission, "our efficiency must depend on national vitality even more than on the resources of the minerals, lands, forests, and waters." At the behest of Senator Robert Owen, the United States Senate approved several large printings of the report, which were circulated around the country in support of the movement for the National Department of Health.⁸¹ In his address to Congress in December 1908, Roosevelt adopted the program of the Committee of One Hundred into his administrative policy wholesale. Commenting on the "inadequacy of American Public Health legislation," the executive added that the nation could ill afford "to lag behind in the world-wide battle now being waged by all civilized people with the microscopic foes of mankind."⁸² Such a lag could cost the country much in its struggle to meet and surpass international competition. The idea that the United States might fall behind other nations if it did not meet the challenges of modern public health was sobering, and drew new avidity to the cause of promoting a federal department of health.

⁸¹ William Jay Schieffelin, "Work of the Committee of One Hundred on National Health," *Annals of the American Academy*, 37:2 (March, 1911): 77-86.

⁸² Roosevelt's speech is quoted in Fisher, "Economic Aspect of Lengthening Human Life," 1909.

Yet even when it had been seeded among the nation's senators and the chief executive himself, political will for government leadership in public health was by itself not sufficient to ensure the creation of a new department. The expansion of government authority remained too thorny an issue, the details of the department's creation too freighted, for the measure to pass with ease. Even President Roosevelt, the strongest ally of the Committee of One Hundred, backed away from support for the new department on the basis that the addition of a Secretary of Health would be too great an enlargement of the Cabinet. To turn the Committee's goal into a political reality would require the assistance of the body politic itself.

Obtaining the support of American voters, however, presented health department advocates with a paradoxical dilemma. A federal agency for public health was necessary because the task of educating the public on hygiene and health required the resources of legislative fiat. That legislative assistance, however, could only be gained by educating enough of the public on the importance of public health reform such that new measures could be voted into existence. Dr. Edward Trudeau, famed for his work to combat tuberculosis, stated, "When a state has once become well-educated, and not before, will the other requisites necessary to control of the disease be forthcoming."⁸³

Trudeau's experience was informative, as anti-tuberculosis societies had been among the earliest public health assemblage to press for federal health legislation. In 1892, the Pennsylvania Society for the Prevention of Tuberculosis had distributed pamphlets urging the passage of public health laws, and anti-tuberculosis workers

83 EL Trudeau at 1st meeting of "National Association for the Study and Prevention of Tuberculosis", 1905: Quoted in Toon, *Managing the Conduct of the Individual Life*, 35.

became steadily more insistent on this goal in the years that followed.⁸⁴ If people understood how miraculous preventive work could be, they averred, they would demand legislation forwarding improvements in living conditions. Even the working class would do so. “I believe that if workmen were better acquainted with the dangers of industrial poisoning, they would in a spirit of self-defense use every occasion to have better factory conditions provided for them,” noted a colleague in a letter to C.-E.A. Winslow.⁸⁵ But public education of the magnitude necessary to achieve this required leadership, organization and, most of all, money – resources which, for all their optimism, health reformers simply did not possess. In a monthly bulletin to the New York City Health Department, commissioner Hermann Biggs famously stated, “Public health is purchasable. Within natural limitations a community can determine its own death rate.”⁸⁶ His allies in the preventive health movement certainly agreed. Public health *was* purchasable – if only reformers could access the resources with which to obtain it.

They struggled mightily to achieve this goal. In 1908, the Association of Charities and the Correction appointed a “publicity committee” whose sole focus was to investigate ways in which Americans could be made to understand the importance of preventive work, in hopes that the educated would then “exert the force to right wrongs.” “We hold that it is the duty of every social worker,” reported the chairman to the national meeting the following year, “to lend himself, and the particular service he is engaged in, to a

⁸⁴ Richard Shryock, *National Tuberculosis Association, 1904-1954: A Study of the Voluntary Health Movement in the United States*, 53.

⁸⁵ Lee Frankel to C.-E.A. Winslow, 25 March, 1912. Quoted in Toon, *Managing the Conduct of the Individual Life*, 227.

⁸⁶ “Editorial: Public Health is Purchasable,” *Monthly Bulletin of the Department of Health of the City of New York*, 1:10 (October 1911): 225-226.

campaign of publicity.”⁸⁷ Such a campaign, reported the committee, could take numerous forms. Charity workers ought to cultivate relationships with magazine writers, politicians, and publicists, and most of all they should seek alliances with newspapers, which influenced “all these opinion-making groups, and many others.”⁸⁸ In addition, they should experiment with tactics rarely associated with health, welfare, or philanthropy, trying on the methods of commercial merchants and manufacturers to influence the public.

John Kingsbury, the charismatic assistant secretary of the New York State Charities Aid Association, introduced a note of cunning when he exhorted the readers of *Charities and the Commons* to replicate the stratagems of commercial advertising. Messages, he insisted, should be as striking as possible. “We must get our facts before the public in such form that: Everybody will see them. Everybody will read them. Nobody can fail to understand them. No one can forget them. Nobody can be comfortable until wrongs are righted. We must make you need public health,” he added, “as much as Uneeda Biscuit.” The means for doing so extended from banners on delivery wagons to personal correspondence, follow-up letters, posters, placards, lectures, public meetings.⁸⁹ The ambitious plan contained one small drawback: it required enormous quantities of money and commercial expertise, a pair of resources that health reformers largely lacked.

⁸⁷ H. Wirt Steele, “Press and Publicity: Report of the Committee,” *Proceedings of the National Conference of Charities and Correction* (June 1909): 308-318.

⁸⁸ Albert Shaw, “The Opportunity of the Publicist in Relation to Efforts for Social Betterment,” *Proceedings of the National Conference of Charities and Correction* (June 1909): 318-334.

⁸⁹ John Kingsbury, “Right Publicity and Public Health Work,” *Proceedings of the National Conference of Charities and Correction* (Jun 9-16, 1909): 335-338.

Yet Kingsbury, whose position at the New York State Charities placed him in regular contact with those whose lives might be immeasurably improved by reform, placed little stock in budgetary priorities that did not foreground publicity. “If asked, How are we to accomplish all this in the field of public health?” he scoffed, “The answer is – Pay for publicity.” The return on the investment would be superb, Kingsbury pointed out, a lesson that commercial businessmen already knew. Merchants and manufacturers routinely received prodigious returns on money spent on publicity, and the returns for preventive work would be just as large. The first place to devote any available money, he advised, would be to hire the very same individuals who wrote advertisements for commercial firms. “Pay [them] a big salary if need be,” and send them off “to some quiet nook to write copy.”⁹⁰ It was a prerogative he placed even ahead of spending money on services such as home relief and hospitals.

Kingsbury was not the first to suggest that resources could be gleaned from the tactics of commercial business. The forerunner in most innovations, the TB movement had established an appreciation among public health advocates for commercial methods - if not for the ethics then at least the savvy and financial power that businesses wielded in the shaping of public opinion. The health education campaign launched by tuberculosis reformers borrowed heavily from the emerging advertising culture of the early twentieth century, and bubbled with the fervor of a salesman eager to gain a customer, or even a passion bordering on religious.⁹¹ The apostles of health engaged an impressive array of

⁹⁰ John Kingsbury, “Right Publicity and Public Health Work.” *Proceedings of the National Conference of Charities and Correction* (Jun 9-16, 1909): 335-338.

⁹¹ Historian Nancy Tomes notes that promoters of prevention often endowed the germ theory with the language of a spiritual conversion, which she dubs “the gospel of germs.” Adherents, she points out, frequently referred to themselves as “converts” to a new “doctrine,” and proselytized the new credo of

messaging techniques, producing films, posters, and pamphlets, and deploying speakers and traveling exhibits -- sometimes with the fanfare of their own private train cars.⁹²

Their activities had impressed those who heard the report of the Charities and Corrections Publicity Committee, including the former director of the United Hebrew Charities, Lee Frankel. "I fear that many of our great philanthropists and some of our social workers sometimes fail to have a proper regard for practical business practices," he remarked. "In these days of big business organization, what factory forgets to plan for the marketing of its product?" According to Kingsbury, social work should never again be guilty of such an omission. Even the campaign against tuberculosis had been conducted by relative amateurs. What the field needed was the work of professionals "– a master in the art of publicity!"

Irving Fisher's Committee of One Hundred was strongly in agreement. Alert to the power of evangelism, the organization had agreed from its inception to forge alliances with agencies capable of promoting the goals of the association. The initial agenda prescribed the formation of bonds with the government, the press, and – a powerful commercial aggrandizer – the American life insurance industry. The idea of enlisting industry support had been utilized once before, when the National Tuberculosis Association requested insurance companies to donate money to sanatoriums treating their policyholders in 1904.⁹³ The Committee of One Hundred, however, had larger aspirations

modern living with near-evangelical force. See Nancy Tomes, *The Gospel of Germs: Men, Women, and the Microbe in American Life* (Cambridge, MA: Harvard University Press, 1998).

⁹² Oscar Dowling, "The Gospel of Health on Wheels" *Proceedings of the Annual Meeting of the Association of Life Insurance Presidents* 5 (1911): 54-66.

⁹³ Richard Shryock, *National Tuberculosis Association, 1904-1954: A Study of the Voluntary Health Movement in the United States*, (New York: National Tuberculosis Association, 1957), 93. No firm

for the involvement of life insurers. Long recognized for their educational machinery and capacity to influence public opinion, notorious as a force in the political process, in search of redemption from scandal, and possessing a business structure that would itself benefit from the effects of health conservation, life insurance firms stood out as ideal collaborators for the Committee's political goals.

Fisher kept this potential collaboration in mind when Roosevelt requested the *Report on National Vitality*, and as he gathered data for the report he consulted with Hiram Messenger, the actuary of the Travelers Life Insurance Company, for statistical information on the costs and benefits to be gained by life insurance companies by taking part in the public health movement. Messenger calculated that if companies were to expend \$200,000 per year, the resulting drop in the death rate (one eighth of one percent of insured persons) would lower claims enough for the companies to at least recoup the expense. And if firms were to collaborate to reduce American mortality by as much as 1%, they would receive a net savings of \$1.6 billion in claims, over 7 times the cost of the project.⁹⁴ Fisher included these figures in the final report, concluding that insurance companies were "semi-public institutions with power to exercise prodigious influence in improving the public health," and that if they were to join in the public health movement, the reduction in the death rate would prove a lucrative investment. "While the financial

volunteered funds, but in 1908, the Metropolitan Life began to distribute pamphlets on the prevention of tuberculosis. The pamphlet followed to an older health publication distributed by the company in 1898, entitled "A Friend in Need is a Friend Indeed – Health Hints for the Home." The company vice president described the pamphlet to the *Charities Review* as a "noteworthy book in its successful endeavor to set forth simple rules of health, of the hygiene of the dwelling, of the care of children, avoidance of dangers, preparation of food, treatment of simple complaints, symptoms of serious diseases needing a physicians and pointing out where there is the necessity of calling one, and the treatment of emergent cases of accident, etc." Haley Fiske, "Industrial Insurance" *Charities Review* (March 1898).

⁹⁴ Fisher, *Report on National Vitality*, 123.

motive is sordid,” he wrote, “it should be utilized because of its tremendous power.” He expressed hope that the companies would collaborate to enact public legislation – “by Congress, state legislatures, municipal governments, and in numberless other ways.”⁹⁵

So determined was Fisher to boost the passage of public health legislation that even when Roosevelt embraced the agenda of the Committee of One Hundred before Congress in December, 1908, he did not slow his personal agitation for the cause. In search of further supporters, he went again to the Travelers’ home offices on January 7, 1909, where he met with Hiram Messenger and the firm’s chief executive, Sylvester Dunham. Both insurance men supported the idea that the companies contribute money to the Committee of One Hundred. Dunham promised to speak the next day to the Executive Committee of the Association of Life Insurance Presidents, a body of eight on which he served, with the power to issue an invitation to Fisher to present a proposal.⁹⁶ Though Fisher’s premise was to solicit a financial contribution, his goals for the industry were far greater than fiscal participation.

An Essential Which no Money Can Purchase

The most obvious asset of the life insurance firms was their financial resources, but the companies also harbored social capital of a type and kind available through no other sources, which made them invaluable as allies to the movement for social welfare

⁹⁵ Fisher, *Report on National Vitality*, 80-81.

⁹⁶ Irving Fisher to Margaret Hazard Fisher, 7 January, 1909. Series I, Irving Fisher Correspondence, Box 3, Folder 32, Irving Fisher Papers. Manuscripts and Archives, Yale University Library.

and public health. Their skills in leadership, image-making, opinion-making, bureaucratic management, and public education were unrivaled. In his address to the Association of Life Insurance Presidents, Fisher advanced a proposition that seemed to address all of these capacities at once, and did so in a way intended to flatter, entice, and worry his hearers into action.

Fisher praised the companies roundly -- for their ideological probity, for their scientific and financial expertise, and for their contributions to the national welfare. Life insurance, he noted, was a "beneficent business," and while not a philanthropy, it could certainly gain from helping to lower the mortality rate and the prestige -- and financial savings -- that such an accomplishment would confer. "It is the right, if in fact it is not the duty, of any business to reduce its cost," he assured his listeners. If insurers were to join in the public health movement the companies would serve as trendsetters spurring others to action; the mere announcement of their intentions would be enough. "People are easily led by those whose opinions they respect," reasoned Fisher. Life insurance involvement would convince millions of the importance of the movement, and spur officials and other firms to reform. "Every health officer, every food manufacturer, every milk dealer in the United States that heard of the intention of the insurance companies to improve health conditions would become ambitious to make a good showing." The benefits showered on Americans would be tremendous. Longevity, vitality, efficiency, and happiness: such gains would be "far more precious to the nation than dollars." If the firms collaborated with reformers, they would become benefactors not only of policyholders but of the national health.

Insurers could also help the movement more directly by helping along the passage of legislation – not through the lobbying efforts that had scandalized the Armstrong Committee, but by using their talents as opinion-makers to influence the voting patterns of their policyholders. Educating customers about the benefits of healthy living and about the need for public health statutes would create political support among members of the public. This would help to secure the passage of model health laws, and would also help to further the chief task of the Committee of One Hundred, “the creation of a powerful national organization of public health at Washington.” Fisher emphasized the efficiencies that could be achieved. The \$200,000 that Messenger had suggested the companies spend would be multiplied several fold if it were used to help “induce the tax payer to do his share.” If the government were to allocate \$20 on behalf of public health, the expenditure would constitute a 100-fold increase on the money set aside by the insurers. It was logic that company executives would perhaps find irresistible.

The contents of Fisher’s speech were not all buoyant fawning toward the industry, however. The economist made numerous allusions to aspects of the wider political context that had been troubling to the industry. Without referring directly to either employer’s liability or workmen’s compensation, he intimated the progress of the national debate by making reference to the “ill-advised legislation hampering business to the detriment of both capital and labor.” This legislation, he noted significantly, might be avoided by instead passing bills that would aid labor by *preventing* avoidable morbidity and mortality. Fisher added that the fraternal societies had already undertaken the prevention campaign. “We have contributed our matter to their journals,” he remarked offhandedly, “and they have addressed out meetings.” Fraternal orders continued to

constitute the Industrial branch's most formidable competitors. The insinuation that the commercial firms should join the movement or be left behind was hardly subtle. Vast political changes, Fisher pointed out, were already in the wind. During the recent presidential elections, three national platforms had included health promotion planks, and the new Chief Executive, President Taft, had expressed strong support for the preservation of national vitality. So had over a third of the members of Congress. "There never has been a time more favorable for securing tangible results in improving public health than at present," urged Fisher. All that was needed was positive public agitation, and the firms could do the honor of providing it by appealing to their customers not only as consumers, but also as citizens.⁹⁷

Fisher's address touched a chord, both among the insurance presidents and among reformers familiar with the needs of the public health movement. When the Association met again, it devoted a full day's proceedings to the "movement to prolong life," inviting public health luminaries such as Dr. Walter Wyman, the surgeon-general of the national Public Health and Marine Hospital Service, and Dr. Milton Rosenau, of Harvard's Department of Preventive Medicine and Hygiene, to speak. For approximately the next five years, the life insurance presidents were inundated with appeals from bacteriologists, sanitary workers, public health doctors, social workers, and numerous other professionals with a stake in social welfare and the prevention of disease. What the supplicants requested from the firms was not financial but mechanical: they asked to make use of the tremendous machinery developed by the firms for the sale of insurance.

⁹⁷ Fisher, "Economic Aspect of Lengthening Human Life," 1909.

Determined to implement a structural foundation for the new public health, petitioners recognized the potential contributions of the industry in the broadest sense. The statistical savvy, the army of agents, the bureaucratic infrastructure, the ease and familiarity with legislative processes, the persuasive advertising methods, the efficient business methods, and the astonishing nation-wide reach of the companies made life insurance firms the ideal instruments for the advancement of public health. “Anybody can see that the wonderful machinery that you already possess,” declared MIT’s Chair of Biology and Public Health, “if it be turned in the right direction, can add to the length of life – can promote the public health, can help us to get better health officers, can educate, can organize, and can help in many lines, and we depend upon you to do it.”⁹⁸

A key component of that machinery was the human resources of the companies. Milton Rosenau referred to the firms’ personnel as a “public health militia” composed of “legions of doctors, armies of agents, and hosts of patrons.”⁹⁹ One company employee noted that the firms could deploy a body of 100,000 men, “carefully selected, thoroughly trained,” at almost a moment’s notice. Such a contingent would be perfectly suited to passing along information about health due to their familiarity with medical selection and human vitality. “In all this number there is not an individual who is not daily, almost hourly, brought into contact with questions of health and sanitation, and there is hardly a

⁹⁸ Professor William T. Sedgewick, “The Public Health Movement in America – Today and Tomorrow,” *Proceedings of the Annual Meeting of the Association of Life Insurance Presidents* 7 (1913): 103-113.

⁹⁹ Milton Rosenau, “The Organization of a Public Health Militia in the Cause of Preventive Medicine,” *Proceedings of the Annual Meeting of the Association of Life Insurance Presidents* 4 (1910): 96-101.

man among them to whom such questions are not daily referred.”¹⁰⁰ Moreover, as several observers pointed out, the companies had already trained their personnel to be public educators. Agents worked tirelessly to instruct the public on “the principles of insurance” – whether or not that public wanted to learn. “You represent what is potentially one of the greatest educative forces we have in this country,” insisted Dr. Livingston Farrand, president of Cornell University, to the assembly of life insurance presidents, “and I say it with all seriousness, representing, as I do, what I consider to be the greatest educational force, the university and school world.”¹⁰¹

In addition to being numerous and persuasive, life insurance personnel were nimble. The firms’ private business structure made it easier for them to organize and deploy their staff than could any professional organization or public agency. “[USPHS] is tied hand and foot in many directions for want of authority to act in certain obvious and useful public health problems,” griped Milton Rosenau to the insurance presidents, but the private sector “need not wait for the exasperating slowness of legislative machinery.”¹⁰² The dealings of the private firms could be faster and more efficient than those engaged by the public weal. Ambivalent though many charity workers may have

¹⁰⁰ E.W. Dwight, “Latent Powers of Life Insurance Companies for the Detection and Prevention of Diseases,” *Proceedings of the Annual Meeting of the Association of Life Insurance Presidents* 4 (1910): 102-108.

¹⁰¹ Livingston Farrand, “Health the Guidepost to Material and Moral National Strength,” *Proceedings of the Annual Meeting of the Association of Life Insurance Presidents* 11 (1921): 60-67. For the purposes of public health, the marketing expertise of the insurance industry was particularly fitting because, at base, both parties dealt in a product with striking similarities. Life insurers drew upon public anxieties to shape a discourse of risk that could be managed – and marketed – through the purchase of insurance. The new public health called upon an ideology of prevention that likewise played on social anxieties and an avoidance of harm. If, as Herman Biggs had claimed, public health was purchasable, then it could be handled like a commodity that could be bought and sold. And the American life insurance industry – schooled in peddling freedom from risk -- was the perfect party to market it.

¹⁰² Rosenau, “The Organization of a Public Health Militia in the Cause of Preventive Medicine,” 96-101.

been about effects of laissez-faire, most agreed – however reluctantly -- that work carried on by volunteer agencies, unorganized philanthropy, or even the state, was less economical than work that was based on business precepts “and managed scientifically, as other great enterprises are,” as one doctor noted.¹⁰³ All told, the machinery of the commercial insurers was of higher utility than access to money itself. One public health worker noted that the life insurance firms constituted “a perfect organization which is in a position to co-ordinate in every locality of every State in the Union and every province in Canada.” This, she pointed out, supplied “an essential which no money can purchase.”¹⁰⁴

If Fisher had opened reformers’ eyes to insurers’ ideal suitability as proselytizers for the gospel of health, he had also attracted attention to the firms’ avocational knack for legislative lobbying. For better or for worse, the companies had demonstrated a titanic capacity to interact with lawmakers and the public in the interest of influencing legislative processes. With or without irony, U.S. Surgeon General Walter Wyman confided to the body of life insurance presidents in that he could not think of any group capable of exercising more influence than they could: “You, gentlemen, have thousands of positions under your immediate supervision, and when bills are presented in the State Legislature for this registration area, if you could use your influence to have those bills passed you would be doing something very practical, very useful, very necessary, and all in the line of your own efforts also.”¹⁰⁵ Three years later, Wyman’s successor, Dr. Rupert

¹⁰³ Dowling, “The Gospel of Health on Wheels,” 54-66.

¹⁰⁴ Bingeman, “‘Live a Little Longer’ – the Rochester Plan,” 47-58.

¹⁰⁵ Walter Wyman, “Work of the Federal Government in the Matter of Health Conservation and What may be Done to Supplement it,” *Proceedings of the Annual Meeting of the Association of Life Insurance Presidents* 4 (1910): 86-96.

Blue, also appealed to the life insurance presidents to influence legislative matters. Disparaging the lack of public support for public health appropriations, he urged the executives to “use their influence to achieve public will for these things. “Any State, any municipality, any nation, no matter what its situation or its climate, can have public health if it will but pay the price,” he pressed. “The price is adequate appropriations.”¹⁰⁶

Perhaps because the firms’ activities had been so notorious, few petitioners suggested that insurers introduce or influence legislation directly. Nearly all, however, suggested that the firms exercise their influence over policyholders to spur legislative change. Speaking shortly after Dr. Blue, Professor Sedgewick charged the assembled audience with the duty of bringing all the pressure that they possibly could upon the directorate for the appointment of competent people to state health commissions and city boards of health.¹⁰⁷ In the language of petitioners, the assistance of the life insurance industry in raising awareness and support for public health constituted “responsible citizenship.” It was a contention that also held the promise – however faint – of redemption through public service, and few had forgotten how badly the industry needed redeeming.

In the wake of the Armstrong investigation, the social position of the firms had reached an all-time low, and the creation of the Association of Life Insurance Presidents had been an effort to provide a tonic to the firms. Even the New York insurance

¹⁰⁶ Rupert Blue, “The Needed Reforms in Sanitary Administration,” *Proceedings of the Annual Meeting of the Association of Life Insurance Presidents* 7 (1913): 82-89.

¹⁰⁷ William T. Sedgewick, “The Public Health Movement in America – Today and Tomorrow,” *Proceedings of the Annual Meeting of the Association of Life Insurance Presidents* 7 (1913): 103-113.

commissioner admitted that he had heard little good said of the insurance companies.¹⁰⁸ One company executive confessed to the assembled presidents that “many of us look askance at all conventions of special interests, fearing that something worse than that which we have already experienced may result from their deliberations. This Association is unique,” he added with relief. “It is not formed for the purpose of reforming *others*.”¹⁰⁹ The dark mood that settled on the industry seemed to indicate that the industry lacked a future altogether, having instead only a fate, but the proposition of reformers after 1909 suggested otherwise.

Petitioners framed their requests as a matter of duty for an old and noble industry. Invoking the rhetoric of trusteeship so frequently deployed by the industry itself, speakers called upon insurers in their own language to take up the gauntlet for public health. As one presenter suggested, the “official responsibilities” of insurance officers and managers should “compel them to view the matter in its practical application to their trusteeship.”¹¹⁰ Involvement in preventive work was the insurance executives’ “present duty, not only as citizens, but as trustees of large estates.”¹¹¹ Happily, it was a duty that blended well not only with the firms’ role as financial guardians, but also with the responsibility they claimed for moral stewardship. Workers in the field of sanitation,

¹⁰⁸ William H. Hotchkiss, NY Insurance Commissioner, “The Future of Insurance,” *Proceedings of the Annual Meeting of the Association of Life Insurance Presidents* 4 (1910). The commissioner remarked that to the public, the business “suggested finance and finesse; the home office, salaries and syndicates; the field, a refuge to the failures in other fields.”

¹⁰⁹ George E. Ide, Opening Address, *Proceedings of the Annual Meeting of the Association of Life Insurance Presidents* 7 (1913): 7-10.

¹¹⁰ George E. Ide, “Remarks,” *Proceedings of the Annual Meeting of the Association of Life Insurance Presidents* 4 (1910): 82-85.

¹¹¹ Rosenau, “The Organization of a Public Health Militia in the Cause of Preventive Medicine,” 96-101.

promised Surgeon General Blue, did more for the moral uplift of the nation than any other official agency.”¹¹² Effective public health work, he stated, was a matter of progress as well as efficiency, and if life insurance companies could help to execute it they could fulfill their role as benefactors and principled guardians of the American body politic. All told, one speaker urged, the potential benefits for firms were threefold: humanitarian, economic, and commercial. However obliquely, the claims again hinted at redemption. If the insurance companies would commit even a small portion of their resources to work in social welfare, the gains in all three areas “would be so great as to place civilization forever in the debt of life insurance.”¹¹³

An Engine for Public Health

E.E. Rittenhouse, president of the Provident Savings Life Assurance Society, was an enthusiastic convert to the gospel of public health, and his objective in aligning with the interests of public health extended beyond repairing the image of the life insurance industry from the Armstrong investigation. Rittenhouse understood the broader social and political forces at work, as well as the economic incentive that would come from improving the nation’s mortality rates. A former state commissioner for life insurance, he had been hired by the Provident in 1908 to help repair the company from scandal, and he understood the wider context of the industry. “Anything,” he noted to the Association of Life Insurance Presidents, “that is likely to increase public respect and confidence in the

¹¹² Blue, “The Needed Reforms in Sanitary Administration,” 82-89.

¹¹³ Bingeman, “‘Live a Little Longer’ – the Rochester Plan,” 47-58.

industry is worthy of consideration.”¹¹⁴ After Fisher’s introductory speech, Rittenhouse assumed the chairmanship of the association’s Life Extension Committee, and at the national meeting in December, he praised the movement and exhorted the other company presidents to assume a role in it.¹¹⁵ The executive strongly endorsed the contention that disease prevention initiatives would lower the mortality rate and help to lower the costs of the companies. He also supported the notion that assuming a leadership role in public health work would harness the nation’s political breezes. “The growth of the health conservation idea during recent years has been extraordinary, and is keeping pace with the general progress in other lines of human effort,” he told the Association of Life Insurance presidents. “This popular interest ... has every evidence of permanency, and it seems to me that for business reasons the life insurance companies have a legitimate place close to the head of this popular movement.”¹¹⁶ The officer was sincere in his thinking, and by the end of the year, his company boasted a health bureau that offered literature on disease prevention and free medical examinations to policyholders. To the press, Rittenhouse opined that the day had arrived when every firm in the industry would be engaged in efforts toward disease prevention.

Among the most spirited participants in this effort was the Metropolitan Life, which over the next few decades came to be virtually synonymous with public health publicity. In February of 1909, it appointed its newest hire, social worker Lee Frankel, to

¹¹⁴ EE Rittenhouse, “General Discussion” *Proceedings of the Annual Meeting of the Association of Life Insurance Presidents* 3 (1910): 114-118.

¹¹⁵ “Life Insurance and Health,” *The Boston Medical and Surgical Journal* 161:7 (August 12, 1909), 231-232.

¹¹⁶ Rittenhouse, “General Discussion,” 114-118.

serve as manager of the Industrial Department. Frankel, who held a doctorate in chemistry from the University of Pennsylvania, had acquired an interest in social work while volunteering with the Baron de Hirsch fund in Philadelphia. He proved well-suited to the work, and when the United Hebrew Charities offered him the position of manager in 1899, he relocated his family to New York City to accept the post.¹¹⁷ Frankel was well connected within the circle of charity and welfare workers throughout Philadelphia and New York, a factor that contributed to his desirability to the firm, and he utilized their ideas and expertise along with his own considerable resources to build a series of programs at Met Life that quickly became nationally known.¹¹⁸ His first initiative was to turn the company's door to door agents into de facto social workers, who distributed pamphlets on health topics, relayed information between policyholders and social service agencies, and created liaisons with charity organization societies. From Frankel's perspective, the agent's weekly contact with wage-earning households placed him in a unique position to evaluate policyholders' private circumstances and to offer advice or broker outside help. "All things which are today done by social workers in their contact

¹¹⁷ Lee Frankel, "In the Early Days of Charity: An Autobiographical Sketch, Reprinted from *The Jewish Social Science Quarterly* (New York: National Conference of Jewish Social Services, 1930) Lee Frankel, Speeches and Writings, RG/03, Metropolitan Life Insurance Archives, Long Island City, NY; Hereafter MLICA

¹¹⁸ In a memo circulated throughout the company, Haley Fiske noted that "Dr. Frankel's relations and large acquaintance with the groups of social workers throughout the United States will enable him to interest them in the proposed changes, and to co-operate with them in making the value of insurance more generally appreciated." At the time of his hire, Frankel's first duty was to create a "bureau of information and co-operation" responsible for coordinating contact between the company's field agents and charitable and social agencies. Memo from Haley Fiske to Metropolitan Life staff, "The Metropolitan Makes a New Appointment," 28 January, 1909; Box 1, Folder: Biographic and Bibliographic Data; Lee Kaufer Frankel collection; P-146; American Jewish Historical Society. Hereafter LKF Collection.

with families may and should be done by the Industrial insurance agent,” he declared.¹¹⁹ When his long-time associate, Lillian Wald, suggested providing real nursing care rather than merely health advice, the two forged an alliance between the insurance firm and the Henry Street Settlement that grew into a nation-wide visiting nurse service on behalf of Metropolitan Life.¹²⁰ To boost the firm’s scientific grasp of the needs and impact of public health initiatives, Frankel hired mathematician Louis Dublin to serve as the company’s statistician.¹²¹ Frankel also launched company-sponsored demonstration projects, provided support for outside groups such as the American Public Health Association, and activated the agency force to advocate for needed public health legislation. In short, Frankel fulfilled the vision of turning the machinery of a life insurance firm into an engine for advancing public health.

The decision of Metropolitan Life’s leadership to become materially involved in public health initiatives stemmed from the insights of its chief executives, as well as the

¹¹⁹ Lee Frankel, “Industrial Insurance” *Proceedings of the National Conference of Charities and Correction*, Buffalo, NY June 9-16 1909. Reprint, (Metropolitan Life Insurance Company, June 11, 1909), Officers, Directors, and Executives: Speeches and Writings, MLICA.

¹²⁰ Popular accounts credit Lee Frankel with the idea of mobilizing visiting nurses on behalf of the Metropolitan Life. Those closest to the sources, however, indicate that the suggestion was Wald’s. See Felix Warburg “In Memorium: Lee Kaufer Frankel, 1867-1931,” 18, Lee Frankel: Misc. Papers re: LFK Funeral, MLICA; See also James *The Metropolitan Life*, 187. See also Diane Hamilton, “The Cost of Caring: The Metropolitan Life Insurance Company’s Visiting Nurse Service, 1909-1954,” *Bulletin of the History of Medicine*, 63:3 (fall 1989), 414-434, and Diane Hamilton’s doctoral thesis, *The Metropolitan Life Insurance Company Visiting Nurse Service, 1909-1953*, University of Virginia, 1987. Hamilton notes that Wald and Frankel had collaborated in the past, when Frankel, as manager of the United Hebrew Charities in 1902, had contracted for the Henry Street Nurses to visit Jewish patients in their homes.

¹²¹ Dublin became Frankel’s collaborator until the latter’s death in 1931, and contributed widely-regarded studies on national health and disease prevention on behalf of the firm. Dublin’s first assignment at the Metropolitan, however, was to put Dawson and Frankel’s notes on European insurance into book form, a volume entitled *Workingmen’s Insurance in Europe*, which was published in 1910. For more on Dublin’s career, see Louis Dublin, *A Family of Thirty Million; the Story of the Metropolitan Life Insurance Company* (New York: Metropolitan Life Insurance Company, 1943). See as well, Louis Dublin, *After Eighty Years; the impact of line insurance on public health* (Gainseville: University of Florida Press, 1966).

firm's specific needs in the first decade of the century – needs that encompassed but were not limited to the effects of the Armstrong Investigation. Compared to other industrial companies, the firm had weathered the investigation remarkably well. The leadership's decision to sit out the tontine craze, and to embrace an attitude of service by paying claims rapidly and contesting fewer policies than did the competition served the firm well. After the hearings, newspapers and personnel at rival companies made accusations that Hughes had unfairly favored the Metropolitan, and that the New York Legislature had even drawn laws for the company's special benefit.¹²² Unlike many other companies, officers at the Metropolitan did not find themselves compelled to take heroic measures to rescue the image of the firm.

Nevertheless, business at the Metropolitan suffered some from the tarnished appearance of the industry overall, and its forward-looking officers struggled to find a new corporate rhetoric that would separate the firm from other companies, help place the Armstrong proceedings behind them, and improve their position relative to the threat of state-sponsored social insurance. In the aftermath of the investigation, from 1905 to 1906, sales of new industrial policies dropped over 40%, and they continued their precipitous decline through 1907. And though the officers of the company had been far more compliant than those of other firms (many of whom fled the country to avoid testifying), at the conclusion of the hearings its president, John Hegeman, received an indictment for forgery and perjury in front of the committee. The allegations came as a blow to the image and esteem of the firm. Widely regarded for his personal grace and diplomacy,

¹²² Haley Fiske, "The Light that Never Fails" Address to Triennial Convention of Superintendents, Assistants, & Agents, Cleveland, 1910, Haley Fiske, *Speeches and Writings*, MLICA

Hegeman had served since 1891 as the public face of the Metropolitan. Vice President Haley Fiske assumed control of the company in his absence, a status he retained indefinitely, as Hegeman's health broke down during the investigation and the President – though still the company's figurehead – never recovered his strength.

In yet another development, the newly appointed Insurance Commissioner of New York State, William Hotchkiss, singled the Metropolitan out for further investigation on behalf of all the industrial companies under his jurisdiction. The Armstrong Committee had been unable to reach satisfactory conclusions about the industrial branch, and had recommended that an in-depth inquiry be conducted into the business to settle the towering question of whether industrial insurance should be provided commercially at all, or whether it would be better-conducted under the auspices of state administration. The bulk of the investigation took place on the premises of the Metropolitan, and in the midst of the company's depressed spirit, its recovery from disrepute, and the functional loss of its chief executive, Fiske had to navigate against the looming specter of social insurance.¹²³ It was within this context that he hired Frankel and replaced the old slogans of investment and trusteeship with a new rhetoric of stewardship and service. "Insurance," declared Fiske in an announcement to the policyholders, "not merely as a business proposition, but as a social program, will be the future policy of the company."¹²⁴

¹²³ Keller, *The Life Insurance Enterprise*, 267; James, *The Metropolitan Life*, 177.

¹²⁴ Memo to Metropolitan Life staff, "The Metropolitan Makes a New Appointment," 28 January, 1909; Box 1, Folder: Biographic and Bibliographic Data; LKF Collection; "Many Plans for 1909: Metropolitan Life Insurance Company Announces New Policies, New Rats, New Official Appointments," 3 February, 1909, *The Insurance Press*, 1.

Frankel's employment at the Metropolitan Life attracted powerful approbation from individuals in the field of welfare work and social reform. "The entrance of a man like Dr. Frankel into the insurance field is about as revolutionary a thing as was the Armstrong investigation," rejoiced an attendee at the National Conference of Charities and Correction in 1909. Other conference-goers agreed. It seemed to many that through Frankel's activities at the Metropolitan, life insurance firms were finally behaving as the moral guardians they had claimed to be all along. "The insurance companies," declared social worker Franklin Sanborn, "are doing what in my opinion they ought to have done forty years ago."¹²⁵ Irving Fisher, too, was pleased. Although the Metropolitan Life had not donated money to the Committee of One Hundred, the firm's initiatives under Frankel bolstered the overall goals of public health, and seemed destined to result in a lowering of the mortality rate.¹²⁶

Much of the approval directed toward the Metropolitan stemmed from the sense gleaned by reformers that the company had finally embraced a truly *public* identity, one whose purpose, as Sanborn noted, was "to protect the general community," not to enrich itself. Frankel's personal outlook helped to reinforce this interpretation. "A policyholder is not only a policyholder but a citizen as well," he explained to his audience at the Conference. As such, the Metropolitan recognized its customers' entitlement to municipal aid, and pledged itself to facilitating their access to help. With Frankel helping to guide

¹²⁵ "Discussion on Mr. Frankel's Paper," *Proceedings of the National Conference of Charities and Correction*, Buffalo, NY June 9-16 1909. – read on June 11, 1909

¹²⁶ Conversation between Irving Fisher and Frederick L. Hoffman, relayed in a letter from Hoffman to John Dryden, 21 November, 1910; Frederick L. Hoffman papers ; Box 1, vol 1, FLH Collection.

the company, life insurance was no longer a private matter, but was becoming a civic institution.

This very attribute raised eyebrows for some, particularly those within the industry who were leery of his association with supporters of state insurance. To critics, his presence in the management of a life insurance company seemed not only incongruous but even dangerous. Frankel had long been interested in the role of insurance in aiding the working class, and his approval of the state-sponsored German system was widely known, as was his recent return from the European investigation for the Russell Sage Foundation. Given his political inclinations, it seemed possible that Frankel was some sort of interloper, less a social work ally than an infiltrator who might find a way to do damage to the firms from the inside. Frederick Hoffman claimed that Frankel was nothing more than “a well-paid agitator” who had accepted a high salary from an insurance firm in return for repudiating his former cause, an assessment he knew to be shared by former allies of Frankel’s, such as Louis Brandeis, Miles Dawson, and officials whom Frankel had recently interviewed on social insurance in Europe.¹²⁷ Hoffman cautioned his employer about the “unworthy motives” of the “professional reform

¹²⁷ Frederick Hoffman to John Dryden 16 February, 1910, Box 1, Volume 1, FLH Collection; During a 1909 trip to Europe, Frederick Hoffman reported the apparent surprise of insurance personnel who had recently interacted with Frankel that the social worker had taken up employment with a commercial insurance firm. It was a change that at least one official “had noted with surprise and was unable to understand.” (Hoffman to John Dryden, 27 May, 1909 Box 2 Vol 6, FLH Collection) Like many, Hoffman assumed that Frankel and Dawson had had “a strong division of opinion” after their findings in Europe, and that Frankel had abandoned the actuary before the completion of their report to pursue a high salary at the Metropolitan. See Frederick Hoffman to John Dryden, 24 November, 1909, Box 1 Vol 1, FLH Collection.

element.” Frankel’s association with the Metropolitan, he warned, was “doing the cause of Industrial insurance more harm than good.”¹²⁸

Some members of the “professional reform element” were themselves surprised, and speculated in turn that the life insurance industry had co-opted one of their own -- or was trying to. Frankel’s association with the Metropolitan ended his direct involvement with the struggle for workmen’s compensation and state-sponsored social insurance, causing numerous observers to insinuate that Fiske “hired Frankel away” from a higher cause. Robert De Forest, head of the Russell Sage Foundation, sent a note to Frankel conveying his dismay at the social worker’s choice. “I could not respond to you and be as ‘direct’ as I wish to be with all my friends,” he wrote, “without expressing my personal disappointment that you had decided to accept employment with the Metropolitan rather than be the one to carry out the recommendations of your report to the Sage Foundation.”¹²⁹ De Forest’s note was private, but other critics were less discreet. Lamenting the industry’s bullying and misdeeds against the workingmen’s fraternal, an editorial in Chicago’s *Western Review* mourned the “perversion” of Lee Frankel, who had been a “one-time champion of cooperative benevolence” but was now “the special agent, with large powers of one of the big industrial companies.”¹³⁰

It is unlikely, however, that Fiske would have hired an agitator, or that Frankel would have consented to set his ideals aside for the sake of a corporate salary. The

¹²⁸ Frederick Hoffman to John Dryden 19 May, 1908, Box 1 Vol 1, FLH Collection.

¹²⁹ Robert De Forest to Lee Frankel, 23 January 1909, Box 5, Folder: Miscellaneous Correspondence 1908-1926, LFK Collection.

¹³⁰ Editorial. *The Western Review* April, 1910, found in Box 5, Folder: Insurance of Dependents, 1909-1914, LFK Collection.

alliance between Frankel and Fiske was more likely the result of a pair of strangely matched opportunities than it was an arrangement of subterfuge by either party. For Fiske, adding Frankel to the company's roster of executives helped to keep the company socially relevant. Known for his astuteness and his proactive approach to change, Fiske kept a finger close to the national pulse. "The problem for us is to... adapt ourselves to the public expectation and to the public necessity," he had recently exhorted the field managers. "We must get into the current of the world's thought."¹³¹ In pursuit of that goal he had changed the company slogan in 1905 from "The lead industrial company in America," to the more populist and patriotic "Company of the people, by the people, for the people," congruent with the atmosphere surrounding the Armstrong Investigation.¹³²

Fiske kept a particularly chary eye on social attitudes regarding social insurance. Even when Hotchkiss's report on Industrial Insurance concluded in favor of commercial involvement, Fiske did not relax his vigilance against the threat. Alert to social currents and political nuance, Fiske was aware of the vogue for resource conservation, including Roosevelt's 1908 endorsement for the protection and improvement of national vitality. "Gentlemen, the influence of laws like those in Germany and England is bound to extend," he predicted to a gathering of company superintendents, "I do not want the State

¹³¹ Quoted in Memo to Metropolitan Life staff, "The Metropolitan Makes a New Appointment," 28 January, 1909; Box 1, Folder: Biographic and Bibliographic Data, LKF Collection.

¹³² This slogan ran prominently beneath the name of the company in the company's regular 2/3 page advertisements in newspapers and journals. See volumes of *The Insurance Press* between the years 1903 and 1910 for comparison.

to take over this function; but it is going to take it over unless the people insure themselves.”¹³³

Frankel wanted the benefits of insurance to be extended to as many people as possible, but was skeptical of the political feasibility of state insurance in the United States, an attitude which he expressed quite publicly.¹³⁴ His time at the United Hebrew Charities had demonstrated to the social worker that scourges such as tuberculosis and the industrial accidents were all but intractable to the efforts of a single force. Poverty stalked the workingman through causes over which he often had no control, and effective social action needed to be preventive, collaborative, and systematic.¹³⁵ In an article explaining his endorsement of insurance, Frankel recalled his experience at the Charities. “There was the palsied old man who received a few dollars to help him through his miserable and hopeless old age; next came the widow who stood nursing her baby as she stood in line. There were the halt and the lame and the blind and all the dreary flotsam and jetsam of life’s wreckage.”¹³⁶ The experience seeded Frankel’s interest in

¹³³ *Addresses Delivered at the Triennial Conventions and Managers’ Annual Banquets of the Metropolitan Life Insurance Company 1910-1928* 48-49 Quoted in James. *The Metropolitan Life*, 180.

¹³⁴ Lee K. Frankel, “Cooperation and Health Insurance for Consumptives,” *Reprint from the Proceedings of the Second New York State Conference of Charities and Corrections*, November 1901 (Albany: J.B. Lyon Company, 1902). Frankel, *Speeches & Writings*, MLICA.

¹³⁵ This attitude, too, was public knowledge. Newspaper items announcing his appointment to the Metropolitan Life noted Frankel’s conviction that “very much of existing dependency is due to causes over which the individual has no control,” and his approval of insurance as a manner of obviating some of the risk of dependence. “Many Plans for 1909,” *The Insurance Press*, 3 February 1909, 1-2.

¹³⁶ Lee Frankel, “Why I Gave Up Philanthropy for Insurance,” *The American Hebrew*, (March 3, 1922), 450-451. Frankel expressed misgivings about charitable giving almost from the inception of his time at the United Hebrew Charities. See Lee Frankel, “Common Sense Charity,” address delivered before the Philadelphia Section of the Council of Jewish Women, December 12, 1899. MLICA. See also Lee Frankel, “The Uses and Limitations of Material Relief,” *Proceedings of the National Conference of Charities and Correction*, Spring 1901.

social insurance, which he felt could more adequately address the needs of the poor. On his return from Europe, Frankel expressed the point of view that the American alternative – commercial insurers – were not living up to their true potential to aid the affairs of wage-workers, and he proposed the establishment of a philanthropic organization through the Russell Sage Foundation that would meet the needs of industrial workers more efficiently than the commercial firms. It was a view he expressed at a forum on social insurance hosted by the National Civic Federation on December 15, 1908. “In Germany,” he noted, “insurance is no longer a business proposition, but a distinct social program.” Such possibilities should be pursued in the United States. Another of the speakers, Haley Fiske, heard the suggestion with interest.¹³⁷

Company lore maintains that Fiske approached Frankel after the session with a plain-spoken invitation. “I’m for everything you’re for,” he said. “Why don’t you come over to the Metropolitan and help us work it out.”¹³⁸ The story is difficult to substantiate, but formal business correspondence from Fiske to Frankel on December 19 invited the social worker to assume employment with the firm at the rate of \$10,000 per annum, to

¹³⁷ Louis Dublin “In Memorium: Lee Kaufer Frankel, 1867-1931,” 43; Lee Frankel: Folder: Misc. Papers re:LFK Funeral, MLICA; See also James, *The Metropolitan Life*, 182-183, and James Weinstein, *The Corporate Ideal in the Liberal State: 1900-1918* (Beacon Press: Boston, 1968), 50. Weinstein notes that Frederick Hoffman, Louis Brandeis, and A.E. Piorkowski of the Krupp Company in Germany were also in attendance.

¹³⁸ Marquis James recounts this story citing Louis Dublin as his source, and the majority of scholars have utilized the James volume. An alternative version contends that Fiske paid a call that December to the New York City Charities building to defend child insurance to social workers skeptical of the practice, and as he departed from his meeting he encountered Lee Frankel. As they made conversation, Frankel mentioned his most recent plans for the creation of a bureau of social service for his employer, the Russell Sage Foundation, at which point he received his serendipitous invitation. “In Memorium: Lee Kaufer Frankel, 1867-1931,” Lee Frankel: Folder: Misc. Papers re:LFK Funeral, MLICA; Fred Ecker “In Memorium: Lee Kaufer Frankel, 1867-1931,” 21 Lee Frankel: Folder: Misc. Papers re:LFK Funeral, MLICA. See also Oliver Zunz, *Making America Corporate 1870-1920* (Chicago: University of Chicago Press, 1990). 91-94.

pursue “the work we both have at heart.” In language remarkably similar to that which Fisher would put before Association of Life Insurance Presidents two months later, Fiske expressed his company’s desire to “cooperate with persons and associations interested in welfare, social and charitable work” in the hopes of cheapening the cost of insurance. If the Metropolitan could lighten the burdens of the ordinary workingman, their efforts might reduce the expenses surrounding industrial insurance, presumably by lowering the mortality rate.¹³⁹ A meeting ensued between Frankel, Fiske, and Robert De Forest, the head of the Sage Foundation, and the Metropolitan president also invited Frankel to speak at the Metropolitan’s annual convention dinner in January. Both Frankel and De Forest were skeptical about the outcome of this contact, but the meeting or the dinner must have been felicitous, as Frankel accepted an appointment to the company’s Industrial department on January 26, and De Forest – who only that week had lamented Frankel’s choice -- was elected as a company director shortly thereafter.¹⁴⁰ Fiske’s latest initiative in political capitalism was launched.

The scope of Frankel’s career at the Metropolitan was not that of a man co-opted, nor was it the vitae of an intruder. The social worker’s rise through the ranks of the Metropolitan demonstrated a genuine commitment to the firm, a relationship that was transparently reciprocal. In the years following Frankel’s appointment, the social worker

¹³⁹ Haley Fiske to Lee Frankel, 19 December 1908, Box Box 4, Folder: Miscellaneous Correspondence 1908-1926, LFK – Haley Fiske, LFK Collection.

¹⁴⁰ Memo to Metropolitan Staff from John Hegeman, 28 January, 1909, Box 1, Folder: Biographic and Bibliographic Data; LKF collection AJHS. If the company had seduced Frankel by offering a needed collaboration, it enticed De Forest with the same bait. Shortly after joining the board of the company, De Forest declared to a meeting of managers that, “the poor man in this country was better served by an insurance company of this type than by any other new form of organization.” Quoted in James, *The Metropolitan Life*, 184.

and the company president became close friends and collaborators. Warm and charismatic, Frankel had a remarkable capacity to inspire the personal and professional loyalty of those who surrounded him. Within two years of his hire, he received a promotion to Sixth Vice President, and a dozen years later he had become Second Vice President of the firm.¹⁴¹ When Frankel passed away in 1931, the company contributed to a lavish funeral, and even closed its home office for the day so that the staff could attend. If he had ever been considered an outsider to the firm, the taint was long since gone.

Rather than stepping into a company snare, Frankel had demonstrably identified an opportunity for the collaborative efforts for which Fisher and other reformers would shortly come begging. Frankel proved intensely inventive in utilizing company resources, “and bending them to his purposes.” Among his first initiatives was to issue an invitation to charity organization societies, settlement workers, boards of health, anti-tuberculosis organizations, and social agencies of all kinds to call on the use of its agents “in any manner in which its machinery can be availed of.”¹⁴² Arriving at the firm with a vision of service, he turned immediately to the company’s far-flung field force. Remarkably, Frankel succeeded in short order to win over the support and enthusiasm of a corpus of men who had never conceived of themselves beyond the role of businessmen.¹⁴³ “He had

¹⁴¹ Memo from Haley Fiske announcing decision of Board of Directors, 24 December, 1912, Box 4, Folder: Miscellaneous Correspondence 1908-1926, LFK – Haley Fiske, LFK Collection.

¹⁴² “Industrial Insurance” *Proceedings of the National Conference of Charities and Correction*, Buffalo, NY June 9-16 1909. – read on June 11

¹⁴³ Memorial Resolutions by the Board of Directors “In Memorium: Lee Kaufer Frankel, 1867-1931,” 49, Lee Frankel, Folder: Misc. Papers re:LFK Funeral, MLICA.

a great gift of making ordinary people see larger visions,” remarked Louis Dublin.¹⁴⁴

Agents and office employees quickly came to love him, cheering at his speeches and putting on elaborate follies in honor of his birthday and employment anniversaries.¹⁴⁵

The crux of Frankel’s animus was similar to Fisher’s. Stymied by political processes, Frankel sought to harness the machinery of the life insurance firm to further the goals of social reform. “I think perhaps there were times when Dr. Frankel was a little bit irked by state procedures,” noted the director of the New York State Department of Welfare. “He had such a large vision, his vision was so comprehensive, he could see so many things that the State Department should do and the influence it should exert in the lives of so many thousands of human beings that it irked him considerably that these could not be done immediately.”¹⁴⁶ Like Fisher and the welfare workers who approached the insurance presidents at subsequent meetings, Frankel recognized the nimbleness and power of the private sector. It was a recognition that served him well. Within a few months of arriving at the firm, the company inaugurated a “welfare department” dedicated to the health and well-being of its policy holders, with Frankel at its helm. The

¹⁴⁴ Dublin noted that Frankel easily communicated not only his plans but also the machinery necessary for their implementation. See Louis Dublin, “In Memorium: Lee Kaufer Frankel, 1867-1931,” 40, Lee Frankel, Folder: Misc. Papers re:LFK Funeral, MLICA.

¹⁴⁵ Members of the largely female office staff went all-out to celebrate one of Frankel’s anniversaries at the firm when they staged “The Well-Fair Girls in the Scandals of 1923,” a tribute to his work at the firm. Acts including “The Parade of the Bureaus,” “The Land of Unborn Pamphlets,” and “The Refugee from Framingham” satirized the work of the Welfare Bureau, and included cameo roles for company Officers Louis Dublin and Alexander Fleisher. See playbill, Box 1, Folder: Misc Awards and Honors, LFK Collection. See also PW Wilson, “Dr. Lee K. Frankel, Life of the Vice President of the Metropolitan Life Insurance Company and Famous Jewish Leader is Described,” *The Jewish Press*, 2 November, 1928.

¹⁴⁶ Charles H. Johnson, Director NYS Department of Social Welfare, “In Memorium: Lee Kaufer Frankel, 1867-1931,” 34, Lee Frankel, Folder: Misc. Papers re:LFK Funeral, MLICA.

department was unprecedented, and through it Frankel launched the programs that would make Met Life famous for its role in public health.

“Farsighted”

Rittenhouse had not been correct in assuming that *every* firm in the industry would join the movement. “Life conservation” garnered strong rhetorical support from the life insurance presidents, and the majority of presidents spoke approvingly of a national public health campaign. Their material help, however, was less forthcoming, though many adapted the language of conservation and efficiency to their company rhetoric. When pressed to provide material support or to take significant action, many called for further evidence that their involvement would be efficacious. None offered a financial contribution, and only a handful of firms launched initiatives on behalf of public health.

Among those that did, most of the programs were initiated by leaders who, like Frankel, had been brought in from outside the firm to head off social insurance and repair damage inflicted by public embarrassment. President Dunham of the Travelers (whose actuary had supported Fisher in his appeal to the Association of Life Insurance Presidents) had been hired laterally at the age of 65 from a career as a successful practicing attorney, an unusual move within an industry known to cultivate its officers from inside its own ranks. Dunham had a reputation linking him to social reform, and his

support of Fisher demonstrated his position.¹⁴⁷ Rittenhouse, too, had been hired in 1908 by the Provident Savings after a significant tenure as a state insurance commissioner. Wracked by scandal, the Provident had much to recover from, and the presence of a leader of impeccable standing provided a much-needed boost.¹⁴⁸ In the post-Armstrong climate, the firms innovated a wide range of tactics to recapture the public's regard, often beginning with a change in personnel.

Undoubtedly, Haley Fiske's decision to hire Lee Frankel and to initiate the Metropolitan's engagement in public health work served in part to reinstate the firms' social legitimacy, but the involvement of their personnel was more than that. As the rhetoric of resource conservation, physical vitality, and national strength caught on throughout the social discourse of the United States, Met Life became among the most precocious political "breeze-testers." The company's welfare department and its illustrious head succeeded in channeling rather than challenging the calls for social reform and the threat of state-sponsored insurance. In a 1913 report summarizing the condition of the life insurance firms in New York, the state investigator praised the insight and actions of the firm. "Having very promptly recognized what the public may rightfully require from institutions engaged in the Industrial insurance business ... this company waited for no changes in existing law before striking out as a pioneer among insurance companies along the pathway of social service on a huge scale."¹⁴⁹

¹⁴⁷ At a Metropolitan dinner in January, 1910, Frederick Hoffman reported having been seated between Rittenhouse and Dunham, at a table reserved, presumably, for insurance figures with an interest in public health. Frederick Hoffman to John Dryden, 24 January, 1910. Box 1, Volume 1, FLH Collection.

¹⁴⁸ Rittenhouse himself remarked that it was "an unusual thing to transform an insurance commissioner into an insurance president." "Life Agents' Banquet," *The Insurance Press*, 24 February, 1909.

¹⁴⁹ 1913 New York State Insurance Report, quoted in James, *The Metropolitan Life*, 185.

Superintendent Hotchkiss referred to the company's employment of Frankel as "farsighted" and "pioneering." By the mid nineteen teens, public health efforts received so much official commendation that they became a new point of competition among the firms.

Nevertheless, the Metropolitan's foray into public health and in particular the presence of Frankel among its officers continued to trouble certain critics, first and foremost Frederick Hoffman of the Prudential, who persisted in viewing Frankel's employment as a ploy on the part of a competitor. Certain that Frankel had been hired as an act of placation, Hoffman considered the appointment to be an attempt to "relieve a serious situation," but one that was likely to bring harm to the entire industrial branch. When the social worker addressed a gathering of the National Civic Federation in November, 1909, about government insurance in other nations, Hoffman remarked that the speech showed that Frankel "neither fully understood his subject nor its application to the subject matter under consideration."¹⁵⁰ Incompetent or not, however, a person with such views presented a threat in Hoffman's eyes. Though Frankel no longer publicly advocated state-sponsored insurance, Hoffman discerned that the "very obvious conclusion" of his speech was that a state-administered model "should logically replace industrial insurance."¹⁵¹ This was a resolution that Hoffman was unwilling to countenance. He refused as well to endorse the methods of a person who thought this way or the company that supported them.

¹⁵⁰ Frederick Hoffman to John Dryden 24 November, 1909 Box 1 Vol 1, FLH Collection.

¹⁵¹ Frederick Hoffman to John Dryden 24 November, 1909 Box 1 Vol 1, FLH Collection.

Hoffman stood firmly among the insurance personnel who asserted the need for further proof that company involvement would be efficacious.¹⁵² More importantly, however, he desired evidence demonstrating that the support of men such as Frankel for the spread of social insurance was misguided. Such findings could perhaps be used to undermine Frankel's prestige, but more specifically it could be used to build up the business of the Prudential, and to protect the Industrial branch against the intrusion of state-sponsored insurance. Though his relationship to the Metropolitan was adversarial, Hoffman shared the concern of the Metropolitan's vice president that the fight against social insurance was far from over, and that further measures would have to be taken to prevent the practice from becoming law in the United States. In addition to his duties as Prudential Statistician, Hoffman continued to attend conferences on reform, welfare, and the social problems of the industrial worker. In 1896, Hoffman had succeeded in protecting the interests of his firm by publishing a report that influenced wider public thought about African Americans, much to the advantage of the firm. The threat of social insurance presented a wider risk, and one harder to control. The Metropolitan had responded with a strategy of adjustment to the new public ethos, stabilizing a place for itself in the nation's political economy and reinvigorating its image by capturing new social legitimacy for its for-profit business. Meanwhile Hoffman preferred to protect the Prudential's market by challenging the social context. With the permission of the

¹⁵² In a chance encounter with Fisher in November, 1910, Hoffman asserted that the Prudential would not undertake work similar to the Metropolitan's "unless upon a substantial basis of trustworthy facts and experience combined with real evidence of the public necessity, which it did not seem to me, I said, to call for such undertakings at the present time." Frederick Hoffman to John Dryden, 21 November, 1910, Box 1, vol 1, FLH Collection.

Prudential president, he embarked for Europe in the spring of 1909 to conduct a social insurance investigation of his own.

**CHAPTER 6: MORE THAN LIFE INSURANCE: THE METROPOLITAN LIFE
AND THE USES OF WELFARE CAPITALISM**

In the warm months of 1910, Metropolitan Life vice president Haley Fiske traveled from city to city to deliver his triennial address to the agency's field force, informing the staff of 10,000 agents about the newest attitudes and goals of the company. Though the Metropolitan Life had finally achieved the status of being the largest insurance company in the country, Fiske claimed that the firm now understood its wealth in terms of human capital, not dollars. "They call us rich," he told the staff. "But we are rich in policyholders and not in money." And who, he asked the group, "are these seven or eight million individuals who hold weekly premium industrial policies with this Company?" Fiske described the policyholders to his audiences that summer as a force to be honored and protected. They were, he said, "the basis of the political fabric of this country, and the basis of the wealth of this country." Policyholders carried elections by electing legislators, governors, and even the President. They governed and made laws. It was workingmen who extracted coal and metals from the nation's mines, and wood from its forests; and workingmen who created civilization out of "a howling wilderness." "Labor," noted Fiske, "has made the wealth of the country," an attribute that he believed imbued the Metropolitan with increased responsibility to safeguard the welfare of industrial workers. "Should the administration of such a Company sit idle, or should it be up and doing?" he demanded.

Fiske regaled the agents with enthusiasm for the firm's increased social responsibilities. Many of the nation's industrial workers did not have knowledge of the laws of health, he pointed out. "We find among them the ravages of disease, and

particularly of consumption.” But the firm, he assured the agents, had embraced its duty to take care of the sick. It had developed a welfare division under the direction of prominent social worker Lee Frankel, and was building a sanitarium for company employees; it had affiliated with societies for the prevention of tuberculosis; it had distributed three million pamphlets on health to policyholders and other agencies. It had, in short, become a humanitarian institution, dedicated to service. The new duty of the insurance agent, Fiske told his staff, was to bring as many people as possible under the company’s protection. “The home office of this company never sleeps,” Fiske declared. Referring to the beacon at the top of the firm’s home office tower, he said, “I want you to think of this company as the “light that never fails.”¹ The room erupted in applause.

The company’s new social program was not without its detractors. Rivals at other firms called its activities an “advertising gambit” and claimed that it constituted a corruption of life insurance principles, which required absolute prudence in the management of financial resources. The Metropolitan’s program of direct service incurred significant expenses, they noted, and it was not even clear that such activities were legal. The New York insurance superintendent ruled in 1909 that the sanitarium at Mt. McGregor was outside the lawful activities of a life insurance company, because it constituted a real estate purchase unnecessary to the business of the firm. Only by suing for permission in the New York Court of Appeals was the firm allowed to continue its efforts, although the scope of the work was restricted from policyholders to employees.

¹ Nearly everywhere Fiske spoke, the speech received prolonged applause. It was recorded by stenographers on several occasions as Fiske traveled among meetings of the Metropolitan’s underwriters. It appears that he delivered it from memory, updating details and changing aspects of the speech’s organization in front of different audiences. Quotations here have been taken from two transcriptions during the summer of 1910, one in Cleveland and the other in Baltimore. Copies are located in *Haley Fiske: Speeches and Writings*, MLICA.

Even so, the Metropolitan made hay with the ruling, describing the decision as an endorsement and a mandate of the service ideal. “It is not only within the power of the corporation to take care of its sick employees, but it is the duty of the corporation to do so,” declared Fiske, appropriating the ruling as an indicator that welfare work was the key to corporate survival in the political context of the Progressive Era.

Perhaps he was right. Historian James Weinstein’s concept of “corporate liberalism,” (an expansion of Kolko’s “political capitalism”) provides a useful lens through which to consider the acts of the Metropolitan. “Corporate liberalism,” as Weinstein describes it, is the adoption of popular political ideologies by corporate leaders “to gain, and retain, popular support for their entrepreneurial activity.” Numerous businesses during the Progressive Era accomplished this goal by adapting the ideals of the social workers, reformers, and socialists who disparaged corporate methods, often by launching philanthropic initiatives or programs of “welfare work” that delivered services to their employees. Many hired clergymen, social workers, educators, or other professionals to run these programs, a strategy, notes Weinstein, that “appealed to leaders of different social groupings and classes by granting them status and influence as spokesmen for their constituents on the condition only that they defend the framework of the existing social order.”²

Manifestly, the decision to embrace social programs at the Metropolitan Life was a successful expression of this ideology. Fiske hired Dr. Lee Frankel, a respected social worker, to direct the firm’s new Welfare Department and to launch service initiatives that responded directly to the hardships faced by industrial workers. These programs were

² James Weinstein, *The Corporate Ideal in the Liberal State: 1900-1918* (Beacon Press: Boston, 1968), ix-xi.

highly public, and they helped to stabilize and rationalize the existing political economy, and to defray the threats that loomed over the industry. If companies could demonstrate their capacity to mitigate risk by helping people stave off germs and lead longer, healthier lives, they could prevent government involvement in this and other forms of social protection – in particular the provision of social insurance. This display of business efficiency protected the economic interests of the firms from the encroachment of government control. Public health, like insurance, was a commodity that could be bought and sold.³

But to conclude that the Metropolitan's activities were *only* an act of corporate liberalism would be to obscure the complexity with which actors such as Fiske and Frankel navigated between the priorities of business and the urgency of social reform, and may forestall a more nuanced understanding of the ways in which their programs shaped the development of American public health. The Metropolitan's welfare bureau is most remembered for its visiting nurses and for the library of health literature it created and distributed among policyholders, a pair of initiatives that were targeted to the individual and did little to address the wider structure of social injustice that generated the problems of the working class. Historians have noted that as educational tools, these initiatives endorsed “privatized” solutions that relied on technical and engineering

³ In some ways, this was not a corruption of public goals, but a conflation of the optimism of the “new public health” with the power of the commercial market. In 1910, New York Health Commissioner Herman Biggs had made the “purchaseability” of public health the motto of his department, but his goal was for government appropriations and authority powerful enough to tackle the city's health problems, which appeared more tractable than ever before. Biggs' outlook was largely civic; his comment was meant to drum up political will, not cession of the agenda as a financial issue.

approaches to develop remedies.⁴ Scholars have also remarked upon the ways in which the corporate structure and priorities of the company's welfare work compromised the wider goals of the company's non-profit partners, in particular the visiting nurses. Multiple sources have described the tensions that erupted between Frankel and nursing directors answerable to the Metropolitan over issues of cost containment, nursing ideology, and managerial control.⁵ These were, however, only pieces of a larger corpus of work launched by Frankel, who arrived at the Metropolitan with a well-developed vision of social reform. While the booklets instructed policyholders to wash hands and cover food, they also prodded readers to vote for protective labor legislation, and were delivered by agents who were themselves expected to model civic involvement. Frankel apparently recognized that in order to retain his employer's backing, his activities needed to be aligned with the business goals of the Metropolitan Life, but within these parameters he sought to address issues of public health in the structural and cooperative manner consistent with his original ideals.

This chapter will describe some of the activities undertaken by the Metropolitan in pursuit of its identity as a social institution, and explore their wider implications within the Progressive Era movement for social reform and public health. It was true that tuberculosis smote the working class, whose mortality rate for all causes was twice that

⁴ David Rosner & Gerald Markowitz, "The Early Movement for Occupational Safety and Health, 1900-1917" in Numbers and Leavitt, eds, *Sickness and Health in American: Readings in the History of Medicine and Public Health* (Madison: University of Wisconsin Press, 1978), 507-521.

⁵ Karen Buhler-Wilkerson *No Place Like Home: A History of Nursing and Home Care in the United States* (Baltimore: Johns Hopkins University Press, 2001); Elizabeth Toon, *Managing the Conduct of the Individual Life: Public Health Education and American Public Health, 1910 to 1940*, Ph.D. Dissertation, University of Pennsylvania, 1998; Diane Hamilton, *The Metropolitan Life Insurance Company Visiting Nurse Service, 1909-1953* Ph.D. Dissertation, University of Virginia, 1987.

of ordinary policyholders. It was also true that industrial workers were a formidable political force, as demonstrated by persistent labor upheaval and clamor for reform. Both of these features contributed to the decision of the Metropolitan to embrace welfare work, though not entirely for the benevolent reasons that Fiske asserted, and not with the purely humanitarian goals that the vice president claimed. The seven or eight million policyholders “who cast the ballots for the election of Governors, legislators, Presidents and Congressmen” were capable as well of influencing the financial and political future of the Metropolitan life.

Nevertheless, the welfare program that Frankel oversaw was in fact remarkable in reflecting the goals of the wider movement: it recognized and engaged the structural nature of poverty and sickness, targeting multiple sites and generators of distress, from workplace and tenement conditions to municipal sanitation to personal habits. It established lasting cooperation between private, public, and philanthropic bodies and pushed consistently toward federal involvement in public health, just as Irving Fisher and others had suggested. It also made use of the tremendous reach that Fisher and colleagues had asserted was possible for the life insurance industry, whose machinery outstripped the capacities of nearly any other agency in the nation. Between the 1910s and the 1930s, the Metropolitan’s welfare division created and distributed more than three billion pamphlets on health subjects, rivaling only the federal government in variety, volume, and scope.⁶ “Metropolitan’s health education programs were among the most substantial, extensive, and highly regarded of the interwar period,” notes historian Elizabeth Toon.⁷

⁶ This comparison is complicated by the fact that federal actors often helped to distribute Metropolitan health literature. See Toon, *Managing the Conduct of the Individual Life*, 215.

⁷ Toon, *Managing the Conduct of the Individual Life*, 202.

By collaborating with figures in health departments, settlement houses, schools, municipal governments, and more, the company succeeded in creating a model program in public health.⁸ Perhaps the Metropolitan's welfare work activities constituted a cooptation of the era's social work goals, or perhaps they helped to extend them, or perhaps the placement of the firm's financial power behind programs for social change constituted an elaborate mix of both.

Benefactors of Benevolence

The chief benefactor of early twentieth century welfare work was usually business itself. In a period marked by labor discontent of all kinds -- from insobriety to unionization to stoppages to sabotage -- businessmen understood the seriousness of the challenges they faced, on the one hand from discontented workers and on the other from an expansion of government responsibilities for the protection of industrial workers. Feeling wedged between the equally unappealing extremes of trade unionism and welfare statism, employers developed an alternative intended to mitigate the likelihood of either.⁹ It was an attempt to turn amity to power, integrating workers into a corporate structure that offered a degree of welfare, while at the same time preempting the intrusion of

⁸ The creation of model initiatives was an achievement attained by more than one corporation engaged in welfare capitalism. Though directed by company leadership, the planning and implementation of welfare initiatives was frequently accomplished by outside professionals in medicine, education, welfare, and sanitation hired for their expertise. The resulting programs proved to be exemplary, as for instance in the case of the Tennessee Coal, Iron, and Railroad Company. See Marlene Hunt Rikard, *An Experiment in Welfare Capitalism: The Health Care Service of the Tennessee Coal, Iron and Railroad Company* Ph.D. dissertation, The University of Alabama, 1983.

⁹ While welfare statism represented the most serious form of government intrusion, firms utilized corporate capitalism to deflect myriad forms of regulation. Companies including Standard oil of New Jersey, US Steel, and International Harvester became more welfare-oriented after the passage of the Sherman anti-trust Act in 1890. Stuart D. Brandes, *American Welfare Capitalism, 1880-1940*. (Chicago: University of Chicago Press, 1976), 17.

outside forms of control. James Weinstein notes that “from the beginning [welfare work] was entirely a businessman’s project.”¹⁰ Its basic impulse was defensive, intended to demonstrate to workers and the public that the corporate system was legitimate and viable.

Welfare work (referred to as welfare capitalism since the 1930s) promised voluntary benefits to employees in the form of services and comforts that represented “something beyond wages.” Such measures assumed a wide range of forms, from company libraries, to sports teams and gymnasiums, to free or reduced-price lunches.¹¹ They implied a reciprocity and a mutuality that was intended to create a more immediate and direct relationship between employer and employee, one which would ease the tensions between labor and capital and enhance the political and economic stability of business.¹² Employers touted additional benefits to the programs. They increased efficiency in the workplace by improving the health, spirits, and morals of employees. They reduced the turnover of staff by binding individuals more closely to the company. They also attracted higher caliber employees. Taken together,” remarked Gertrude Beeks of the National Civic Federation, “all the separate provisions that have been noted have

¹⁰ Weinstein, *Corporate Ideal in the Liberal State*, 18.

¹¹ In 1919, the US Bureau of Labor Statistics described welfare work as “anything for the comfort and improvement, intellectual or social, of the employees, over and above wages paid, which is not a necessity of the industry, nor required by law.” United States Bureau of Labor Statistics Bulletin 250 (February 1919): 8.

¹² Boston manufacturer and Corporate Liberal Henry Denison delighted in 1910 that labor and industrial leaders in attendance at Civic Federation meetings were “all finding the other fellow wonderfully human and surprisingly like [themselves] in essence.” Denison is quoted in Kim McQuaid, “Henry S. Denison and the ‘Science’ of Industrial Reform, 1900-1950,” *American Journal of Economics and Sociology* 36:1 (January, 1977): 79-98.

the effect of attracting to any establishment a higher and more constant class of labor.”¹³
 More than anything, however, they salved the voices of discontent.¹⁴

When Haley Fiske conducted his triennial tour in 1910, the Metropolitan Life had already proved itself as one of the earliest and most extensive modern employee welfare programs. Launched in 1893 with the construction of a lunch roof for the home office staff, the firm expanded its initiatives to the building of a gymnasium (1894), a staff savings fund (1900), and to scrupulous attention to the details of lighting, ventilation, and hygiene throughout its offices on Madison Square.¹⁵ Over the next decades, the company’s attention to its staff extended to the provision of a free hot lunch to all employees, gym classes for men and women, an athletic association, a reading room, dancing classes, glee clubs, a dispensary, and even a dental clinic. By 1915 the firm offered paid vacations, a seven hour day, a sewing room, classes in stenography and typewriting, and an annual field day for which employees received a half-holiday.¹⁶

¹³ *Conference on Welfare Work*. Held at the Waldorf-Astoria, NYC. March 16, 1904, Under the Auspices of the Welfare Department of the National Civic Federation (New York: Press of Andrew Kellogg Co., 1904).

¹⁴ The historiography of welfare capitalism is vast. This study calls in particular upon the two studies most national in scope, Brandes, *American Welfare Capitalism*, and Andrea Tone, *The Business of Benevolence: Industrial Paternalism in Progressive America* (Ithaca: Cornell University Press, 1997). A national (if cursory) examination is provided by Norman Wood, “Industrial Relations Policies of American Management 1900-1933,” *The Business History Review* 34:4 (Winter, 1960): 403-420. Among the more remarkable case study approaches, see Lizabeth Cohen, *Making a New Deal: Industrial Workers in Chicago, 1919-1939* (New York: Cambridge University Press, 1990), Stephen Meyer III, *The Five Dollar Day: Labor, Management, and Social Control in the Ford Motor Company*, (Albany: State University of New York Press, 1981). The role of the Krupp company, which served as a model to would-be American welfare capitalists, makes Eugene C. McCreary’s article of interest: “Social Welfare and Business: The Krupp Welfare Program, 1860-1914,” *Business History Review* 42:1 (Spring 1968): 24-49.

¹⁵ *The Metropolitan Life Insurance Company: Its History, Its Present Position in the Insurance World, Its Home Office Building, and Its Work Carried on Therein* (New York: The Metropolitan Life Insurance Company, 1908), 33-34.

¹⁶ *The welfare work of the Metropolitan Life Insurance Company: reports for 1914* (New York: Metropolitan Life Insurance Company, 1915). See also Haley Fiske, “Life Insurance Companies and Welfare Work: Work of the Metropolitan,” Address delivered before the Life Underwriters Association of

The feminine composition of the staff seemed to lend appropriateness to the programs. Sixty-four per cent of the clerks in the company's home office were female, with an average age of 27.¹⁷ The low pay that women received (\$9 a week for clerks and \$11 for stenographers) precluded financial independence, and most lived with their families. Because nearly all resigned their positions immediately upon getting married, executives regarded their time with the company as a jejune period of young adulthood, and the extension of a fatherly interest in their well-being was seen as socially appropriate.¹⁸ Welfare policies, however, extended to the men of the company, as well. Algebra classes from the company actuaries established a path to career advancement for clerks, and the firm's baseball, football, handball, and basketball teams provided recreational outlets.¹⁹ Particularly devoted to creating – and publicizing – its welfare initiatives, the firm seemed to establish programs wherever they could be found appropriate. Fiske's triennial addresses to the field staff were themselves a feature of

Canada, August 22, 1919. Haley Fiske, *Speeches and Writings*, MLICA. It is worth noting that these programs were available largely to home office employees, however, and not to agents.

¹⁷ Male clerks received an average of \$22 per week. *The welfare work of the Metropolitan Life Insurance Company: reports for 1914*.

¹⁸ Oliver Zunz, *Making America Corporate, 1870-1920*, (Chicago: University of Chicago Press, 1992), 116-121. In an article on the development of economic welfare programs at General Electric in 1919, company president Gerard Swope noted that the directors of the firm believed that the company's 16,000 women "did not recognize the responsibilities of life and were hoping to get married soon and would leave us." The company's pension and insurance offerings, therefore, were initially targeted only toward men. (The firm's policy underwent a change when 73% of female employees asked to become part of the insurance plan. By 1931 it had been found that "women seem to recognize their responsibilities to their families even earlier and more seriously than the men.") Gerard Swope, "Management Cooperation with Workers for Economic Welfare," *The Annals of the American Academy of Political and Social Science* 154 (1931), 131-137. Andrea Tone notes that some employers reasoned that company welfare work would "transform today's wage earner into tomorrow's better wife and mother." Tone, *Business of Benevolence*, 12.

¹⁹ *Welfare work for employees, conducted by the Metropolitan Life Insurance Company, New York: reports for 1914*.

welfare work, designed to strengthen the relationship with the workers furthest from the home office by making the firm's vice president and de facto leader a more familiar face.

Business leaders who undertook welfare work took a great deal of pride in their activities. The initiatives improved the public image of their firms, and offered proof to directors and executives that they were fulfilling their moral obligations of justice to humanity. For many, welfare work provided an opportunity to fulfill religious ideals. Haley Fiske, who attended church repeatedly on Sundays and numerous times during the week, was deeply religious. Heavily influenced by the social gospel -- which preached the utilization of Christian principles in everyday life, and the obligation to minister to the poor within the realities of industrial society -- the vice president took seriously the duty of stewardship for the less fortunate.²⁰ For Fiske and many like him, welfare work offered opportunity to express genuine humanitarian interests, and to exercise leadership in an ethical and honorable manner.²¹

Few proponents of Welfare Capitalism, of course, interrogated the ways in which the laissez faire economic system or business itself contributed to the existence of social needs.²² Welfare work blended notions of idealism and enlightened self interest in a manner that allowed executives to display sensitivity to social unrest without taking

²⁰ Colleagues remarked frequently on his open-handed nature and genuine concern for human suffering, attributes that complicate and deepen his humanitarian goals for the Metropolitan Life. Helen Fiske Evans "My Father: A Portrait of Haley Fiske," Officers, Directors, & Executives Biographical Files: Fiske, Haley, MLICA. See also *The Intelligencer*, 20:7 (1929). Officers, Directors, & Executives Biographical Files: Fiske, Haley, MLICA. Shortly after his death, the entire issue of this in-house production was developed to the life of Haley Fiske.

²¹ Few historians have validated the veracity of this perspective, but a notable exception is the interpretation of Nevins and Hill, who describe the welfare work of the Ford motor company as a "bright dream. This study by is frequently cited as the most positive historical interpretation of welfare capitalism. Allan Nevins & Frank Earnest Hill, *Ford: Expansion and Challenge: 1914-1933* (New York: Scribner's, 1957).

²² Morrell Heald, *The social Responsibilities of Business: Company and Community, 1900-1960*, (Cleveland: Case Western Reserve University, 1970), 19.

responsibility for the factors that caused it. Southern manufacturers tended to be more forthcoming about the role of their own self interest in the cultivation of a stable, productive workforce than northern executives.²³ Nevertheless, the activities of businessmen north and south exposed entrepreneurs to the social conditions brought on by rapid industrialization, and even the most seasoned capitalists were hard-pressed to ignore such suffering. Though primarily responsible for the practical concerns surrounding their own businesses, many executives genuinely hoped to redress the conditions they saw, and reached for the resources and talents available to them.²⁴ Thus, the corporate leaders who expressed interest in social reform were rarely either paragons of understanding or calculating tycoons.²⁵ Their motives were mixed, and the initiatives they supported tended to reflect a blend of compromise, hope, and pragmatism, whose benefits (and drawbacks) ran in all directions.

Employers turned to the practice in increasing numbers. By 1900, corporations all over the United States had begun to implement welfare programs, and in 1904 the National Civic Federation created its own Employer's Welfare Department to serve as an educational clearinghouse for welfare ideas. Employers within the membership studied ways in which to allow their workers to feel less alienated from the interests of the firm. Employing metaphors of family and reciprocity, they encouraged employees to think of management as a patron and a friend, to whom they could turn for protection and guidance, and even to air their troubles. Properly conducted, welfare work could give

²³ Daniel Nelson and Stuart Campbell, "Taylorism versus Welfare Work in American Industry: H.L. Gantt and the Bancrofts," *Business History Review* 46 (Spring 1972): 1-16.

²⁴ Heald, *The Social Responsibilities of Business*, 1.

²⁵ Heald, *The social Responsibilities of Business*, 2-3. See also Thomas Cochran, "The Legend of the Robber Barons," *The Pennsylvania Magazine of History and Biography* 74:3 (July, 1950), 307-321.

employees an opportunity “to be heard.” Supporters emphasized the philosophy that the measures were good for all parties, and constituted a morally responsible style of management that contained no element of demoralization. “[W]hatever makes the worker more human, more contented, more skilled, is a positive industrial asset in the business and is a large factor in industrial stability,” noted social engineer William Tolman in 1908.²⁶ The Welfare Department of the NCF swelled from 500 members in 1911 to 2500 in 1914, attracting executive after executive who hoped that the remedy for labor radicalism could be achieved, perhaps, by providing a cure for ennui.²⁷

Yet ethics alone were a notoriously poor motivator for business practices, and as Andrea Tone has pointed out, the desire to act in a conscientious manner “does not explain why thousands of businessmen became sentimental all at once.”²⁸ A more likely motivator was the increasingly fractious relationship between capital and labor, whose consequences were expensive and included soldiering, strikes, and slow-downs, as well

²⁶ William Tolman, *Social engineering; a record of things done by American industrialists employing upwards of one and one-half million of people*, (New York: McGraw Publishing Company, 1909), 2.

²⁷ Weinstein, *Corporate Ideal in the Liberal State*, 18-19. By the end of the decade, books, articles, lectures, and conferences had become readily available to all wishing to investigate the utility of welfare work. Economists Richard Ely and John Commons were among the first to report to the press about the boons of welfare capitalism. See Richard Ely, “Industrial Betterment,” *Harper’s Monthly* 105 (June 1902): 39-45 and “An American Industrial Experiment,” *Harper’s Monthly* 105 (September 1902): 548-553. See also John Commons “Welfare Work,” *Harper’s Monthly* 105 (June 1902): 79-81. By mid-decade, organizations such as the American Institute of Social Service began to serve as clearinghouses for information on industrial betterment, and helped to distribute literature such as the quarterly *Social Service*. See as well George Eads, “N.O. Nelson, Practical Cooperator and the Great Work he is Accomplishing for Human Uplift,” *Arena* 36:204 (November 1906), 463-481; Tolman, *Social engineering*. No passing fad, monographs on welfare work and industrial efficiency continued to emerge until the onset of the great depression. Daniel Bloomfield, *Labor Maintenance: A Practical Employees’ Service Work* (New York: he Ronald Press Company, 1920). Lee Frankel and Alexander Fleisher, *The Human Factor in Industry* (New York: MacMillan Company, 1920), P. Sargent Florence, *Economics of Fatigue and Unrest and the Efficiency of Labor in English and American Industry* (New York: Henry Holt and Company, 1924), J. David Houser, *What the Employer Thinks: Executives’ Attitudes Toward Employees* (Cambridge: Harvard University Press, 1927).

²⁸ Tone, *The Business of Benevolence*, 3.

as damage to physical plants and public relations. Attempts to quell labor upheaval ranged from the hiring of guards and strike breakers to the company infiltration of unions through spies, to the activation of actual military units. Between 1875 and 1910, state troops were called out 500 times in response to strikes, a response that did little to resolve the violence experienced by both sides.²⁹ The price tag associated with such conflicts could be enormous. In two years, the Pittsburgh Coal Company spent over \$670,000 on “defense.”³⁰ By contrast, the option of “crushing labor through kindness” offered an inexpensive, socially acceptable, and all-around more efficient approach to worker unrest, and employers turned to it as an enlightened answer to a pressing problem.

At its crux, then, welfare work could be exceptionally anti-unionist, a feature that numerous historians have pointed out. Welfare measure, they note, tended to further the interests of the company far more than the well-being of the workers.³¹ Employers who embraced welfare capitalism often did so in attempt to forestall or supplant the efforts of organizers, often with the initiation of employee representation plans that offered workers an advisory voice concerning their plants’ working conditions. Such plans were said to allow workers a sense of importance in shaping the priorities of the firm, but participation forfeited workers’ option to strike, and employees often found that they could utilize their

²⁹Brandes, *American Welfare Capitalism*, 1-3. With an average of 1470 strikes per year from 1881 to 1906, there were numerous opportunities for bloodshed. See Houser, *What the Employer Thinks*, 5.

³⁰ Brandes, *American Welfare Capitalism*, 3.

³¹ Irving Bernstein, who authored the first serious treatment of welfare capitalism, posited that the central purpose of the practice was to forestall trade unionism. Irving Bernstein, *The Lean Years: A History of the American Worker, 1920-1933* (Baltimore: Penguin Books, 1960, 1966). The view has been echoed by Robert Ozanne, *A Century of Labor-Management Relations at McCormick and International Harvester*, (Madison: University of Wisconsin Press, 1967), Milton Derber, *The American idea of industrial democracy, 1865-1965* (Urbana: University of Illinois Press, 1970), and David Brody, “The Rise and Decline of Welfare Capitalism,” in *Change and Continuity in Twentieth Century America: the 20s*, Bremner, Brody, & Braeman, eds. (Columbus: Ohio State University Press, 1968), 147-178.

advisory power only regarding topics their employers were willing to discuss.³² As an exercise in pacification, employee representation plans and welfare work in general served as a popular means of preserving the social order both inside and outside of the factory.

Haley Fiske felt the threat to the social order quite keenly. Having steered the company through over two decades of social upheaval, including the Massachusetts child insurance hearings and the Armstrong Investigation, he was alive to the power of popular protest. Fiske disliked unions, and was vocal in his skepticism that workingmen could ever be competent to handle affairs of management. “When it comes to real bargaining you cannot beat a workingman,” he remarked dryly in a 1908 speech to the National Civic Federation, explaining that the company never offered policy surrenders in cash, because “it is not right to put temptation in the way of a workingman.”³³

Yet Fiske, like many of his contemporaries, understood that if unions didn’t usher in changes, the government would do so. The push for workmen’s compensation laws, federal safety standards, and limits on maximum work hours reflected growing support in the United States for legislative solutions to the problems of labor. Nearly all businessmen in the early twentieth century maintained animosity toward social welfare and labor legislation, but the hostility of the life insurance industry was particularly fierce. The legislation following the Armstrong proceedings had brought home to insurers the capacity of government to shape the affairs of industry. One particularly odious law stipulated after 1906 that companies could not write more than \$150,000 in new

³² Wood, “Industrial Relations Policies of American Management,” 403-420.

³³ Haley Fiske. “Insurance by Private Companies” Address delivered before the National Civic Federation, Dec 15, 1908. Reprint. Haley Fiske, *Speeches and Writings*, MLICA,

insurance per year. The rule had been intended to halt the “battle for bigness” that underlay so much mismanagement of the firms, but executives surmised that the regulation provided proof that within the political culture of the United States, the insurance business “is not a private business but an affair of the State.”³⁴ One executive claimed that the legislation was so intrusive that it made the business “a branch of the Government.” The spreading example of government insurance in Europe compounded the anxiety of American commercial insurers, particularly in 1911 when Lloyd George’s system became rule of law in England.

“Since the new century opened, the whole world is hurrying as if its time were short and its end near,” remarked Fiske. “Our business has felt this energy both from without and within.”³⁵ New forms of insurance had begun to proliferate, offering compensation for sickness and accident, and even unemployment and old age. New legislation stipulating forms of workmen’s compensation abounded. By 1915, over a dozen states had passed legislation enacting some form of compensation mandatory for employers. “Bills introduced into various legislatures show that the theory of compensation against sickness is gaining ground,” noted Frankel. “Industry is becoming rapidly socialized.”³⁶ It seemed that the economic organization of American life was itself undergoing changes, prompting shifts to which insurers were acutely sensitive.

³⁴ Haley Fiske, “Life Insurance Taxation and Legislation,” Address delivered to the Association of Life Underwriters, February 9, 1909. Haley Fiske, *Speeches and Writings*, MLICA.

³⁵ Haley Fiske, “Life Insurance Companies and Welfare Work,” Address delivered to the Life Underwriters Association of Canada, August 22, 1912. Haley Fiske, *Speeches and Writings*, MLICA.

³⁶ Lee Frankel, “Corporate Welfare Work,” Reprinted from the *Insurance Monitor*, November 1913, Lee Frankel, Folder #7, MLICA. Frankel pointed out that the German insurance laws passed thirty years before had completely ignored the existence of private companies. “It is evident,” he warned, “that the insurance companies were found in a condition of unpreparedness, and that they had not had the social vision to see the light ahead.”

The social climate led Fiske to conclude that it would be well to heed the reformers who solicited the commercial insurance industry, bringing the urgency of the industrial era directly to the doorsteps of the companies. Their suggestions, decided Fiske, could prove prescient. “Officers of a Corporation like this... have got to have their finger on the pulse of the public,” he noted. “It won’t do to conform to what we are required to do. It is our business to go ahead and meet a condition before it is felt... to look ahead to note what is to be required tomorrow, -- never to wait until it has been required.”³⁷ Though untroubled by unions themselves, executives at the Metropolitan understood that if they did not look after the well-being of their own employees, the government might soon do so itself. Moreover, the political demand for state responsibility for the physical well-being of citizens made it likely that the state would soon assume responsibility for the needs of policyholders, a move which could threaten the very foundation of the commercial life insurance industry.

Cognizant of these considerations, Fiske took the unprecedented step of extending welfare measures not only to staff but also to policyholders. For the Metropolitan, the distance between trusteeship and humanitarian aid was short, and easily crossed. By the summer of 1910, Fiske had seamlessly moved from the rhetoric of “conscientious trusteeship” to one of direct public service. As he addressed the gatherings of company agents, he declared the company to be “something greater and grander” than a corporation; it was now a humanitarian institution, “one that is administered for the

³⁷ Haley Fiske, “Address of the President to the Home Office Employees,” Delivered on four occasions between May 21 and May 28, 1914. Haley Fiske, *Speeches and Writings*, MLICA.

benefit of the people, because the people in the real sense, are the Company.”³⁸ The corporation transformed by welfare work was no longer a private, commercial institution dedicated to generating profits. It was instead a humanitarian institution on which society writ large could depend.

Building a Social Institution

The responsibility for converting the Metropolitan Life from an economic institution into a social one fell to Dr. Lee Frankel. A decade of experience as the manager of the United Hebrew Charities had endowed Frankel with an evolved philosophy regarding effective forms of social work. He came to the Metropolitan with a vision for how to implement them through the machinery of the corporate giant, and a wealth of resources with which to do so. His first task at the firm was to establish cooperative relationships with associations and persons interested in welfare, social, and charitable work, an assignment he fulfilled promptly.³⁹ In the early weeks of his employment, Frankel mined his friendships with New York City’s leading social work professionals, exchanging ideas with Lawrence Veiller, director of the Tuberculosis Association, and Lillian Wald, director of the Henry Street Settlement.⁴⁰ Aware of the utility of the social survey, he hired an old acquaintance, Dr. Louis Dublin to serve as a statistician evaluating the company’s welfare work. Frankel had worked with each of these people in the past and shared their familiarity with tenement conditions, as well as

³⁸ Fiske, “Light That Never Fails,” Cleveland, 1910.

³⁹ Memo from Haley Fiske to Lee Frankel, 19 December, 1908. LFK Collection, AJHS .

⁴⁰ Hamilton, *The Metropolitan Life Company Visiting Nurse Service*, 39-41.

their commitment to the institutional values of the settlement house movement.⁴¹ All believed in the necessity of building infrastructure within working class and immigrant neighborhoods to model and mentor social improvement. All endorsed the importance of education, and it was the intimacy of neighborhood teaching and one on one instruction that would serve as the cornerstone of Frankel's welfare work among policyholders.

At the time of his entry to the Metropolitan life, numerous reformers in Frankel's circles had been experimenting with new methods of instruction to replace the lessons provided by traditional "friendly visitors." Lillian Wald's visiting nurses modeled sanitary practices during their medical visits to tenement apartments, a practice which worked well, but Lawrence Veiller determined to expand the work by sending an agent house to house to teach tuberculosis prevention, even where sickness had not yet occurred. Carrying circulars printed with instructions, the agents explained to residents of Little Italy that they should open windows, refrain from spitting, and eat wholesome foods, and telling them as well how to access local clinics, and where such facilities existed. Veiller was optimistic that the "sound advice" of the agent and the attractive Italian scene on the front of the circular and would convey the spirit of friendship. Even so, the project encountered resistance. When agents explained that the poster was "a gift from the Charity Organization Society," some recipients refused to accept it, unwilling to become the subjects of charity. Other families struggled to understand the motives of strangers who would appear unannounced and uninvited in such a way, offering advice and a gift, and agents reported being the subject of ample curiosity. "By the time I get to

⁴¹ Zunz, *Making America Corporate*, 92-93. Arriving as an immigrant as a young child, Dublin had grown up on New York's Lower East Side, and credited the help the Educational Alliance for much of his education. Louis Dublin, *After Eighty Years: The Impact of Life Insurance on the Public Health*, (Gainesville: University of Florida Press, 1966), 21.

the ground floor a mob of children are after me,” recalled one agent. “They now all recognize me as the lady who goes around telling people to open their windows and not to spit on the floor.”⁴² Such impediments failed to trouble Veiller, however, who pronounced the program a great success, and pondered as to how to implement it more widely.

From his position at the Metropolitan, Frankel had access to a near-army of individuals far better suited to such a task, and he pressed them into service immediately. The company’s life insurance agents, he believed, could serve as the front line in educating policyholders about disease prevention and personal and household hygiene. Because they were already regular visitors to working class households, they would not attract the same hostility or bewilderment that other callers provoked, and their presence bore no stigma of either government or charity.⁴³ In addition, company agents already had more knowledge about the lives of the working class families than any social worker possessed. Agents were notified immediately whenever a death occurred, and knew as well about family illnesses and births. On their weekly visits, they became intimately

⁴² To avoid conveying the stigma of charity, agents began to refer to the circular as a “manifest,” a word that they discovered with delight caused the doors of newly arrived Italians to open with prompt deference. “This is something that was very familiar to the Italians, they having frequently received such official promulgations from the government in the old country,” noted Veiller, apparently quite innocent of the autocratic nature of such “promulgations” in turn of the century Italy, and their role in spurring emigration. Agents noted but did not interrogate the outsized welcome that carriers of the “manifests” began to receive, and took at face value their hosts’ vigorous promises of compliance. Nearly all put up the poster while the visitor was in the house to witness it. One agent was touched to see a woman on Mulberry Street make a show of removing an existing picture from its frame and inserting the circular in its stead. Another reported, “A little one about three years old kissed the picture while I was showing it to the mother and cried after me.” Only Sicilians expressed open hostility. See Lawrence Veiller, “A New Idea in Social Work,” *Charities and the Commons* (1908), 563-569.

⁴³ “The relationship between the agent and the policyholder is not one that is based upon sufferance nor condescension. He does not come in the guise of a charity visitor; he has nothing to offer in the way of dole or alms. The relation is a business one primarily.” Lee Frankel. “Industrial Insurance and its Relation to Child Welfare,” Reprinted from 1911 Child Welfare Conference, Lee Frankel, Folder #7, MLICA.

acquainted with the size, social status, financial situations, difficulties, and celebrations of the families from which they collected. From Frankel's perspective, a diligent agent was in a position not only to teach the laws of sanitation and hygiene, but to help unemployed policyholders secure jobs, to advise mothers on how to access medical treatment for their children, and to refer tuberculosis patients to municipal health agencies. "There is no single phase of [social] work which might not satisfactorily and rightfully be undertaken by the agent of the Industrial insurance company," the welfare director declared.⁴⁴

To begin the work, he collaborated with Louis Dublin in drafting a short pamphlet entitled "A War Upon Consumption" for distribution among policyholders.⁴⁵ Well-adapted to its audience, the booklet contained short, stylish prose accessible to readers with little education, and included positive portrayals of working class individuals. The suggestions it offered for inexpensive, "home made" innovations fell within the budgets of industrial policyholders. It was enormously well received, as were the subsequent booklets that the welfare division printed up.⁴⁶ By 1912 the company had produced 25 health publications, many of them translated into languages commonly spoken by policyholders including Yiddish, German, Italian, Russian, and Polish. They ranged over subjects such as "Sanitary Maxims," "The Service of Teeth," "Dirty and Clean Milk,"

⁴⁴ Lee Frankel, "Industrial Insurance," *Proceedings of the National Conference of Charities and Correction*, Buffalo, NY June 9-16 1909.

⁴⁵ Agents received 3.5 million of these booklets for distribution in the first week of August, 1909. "Plans a Sanitarium for Policyholders," *The New York Times*, 28 July, 1909, 6.

⁴⁶ See Elizabeth Toon's comprehensive analysis of the Metropolitan's health publications in Toon, *Managing the Conduct of the Individual Life*, Chapter 4, "Investing in Health," especially pages 210-225.

and “Children’s Eyes.”⁴⁷ Frankel took pains to select appropriate expert authors and to ensure that the booklets were printed in attractive, eye-catching colors. Many were targeted toward children, and their bright covers and colorful animation helped to guarantee an excellent reception.⁴⁸

In late spring, he launched a speaking tour to ensure the interest and cooperation of other promoters of public health. At the annual meeting of the National Conference of Charities and Correction, Frankel announced his plans to a room full of former colleagues. Aware of their skepticism about his role within the commercial firm, he opened his address by describing the positive potential of industrial insurance as a partner to social organizations. “In the last analysis it would probably be shown that the criticism [of industrial insurance] has outweighed the praise,” he admitted, but he assured the audience that the practices of the private companies were evolving, and would soon be free of the “misconduct and mismanagement of a few faithless teachers.” The institution itself, he assured the room, was without “any inherent evil.” In the meantime, the unique machinery of the firms should be utilized, beginning with the deployment of company agents to teach the basic tenets of public health.⁴⁹ The welfare program of the Metropolitan, he seemed to imply, was not an act of cooption, but rather one of cooperation with reformers’ goals. The fact that he felt the need to make such an assertion reflected the potential depth of his contemporaries’ skepticism, yet unlike Fiske,

⁴⁷ For a more complete list see Haley Fiske, “Life Insurance Companies and Welfare Work,” 1912.

⁴⁸ The company soon augmented the publications with a quarterly magazine, *The Metropolitan*, which contained longer articles on health and which had achieved a circulation of 4.5 million by 1913. See Haley Fiske, “Life Insurance as a Social Programme,” *The Insurance Press* 1 January 1913, 15. Located in Box 5, Folder: The Insurance Press (1909-1914) LFK Collection, AJHS.

⁴⁹ Frankel, “Industrial Insurance,” 1909.

Frankel made the statement only occasionally, and at the beginning of his career with the Metropolitan. Either Frankel had little interest in defending his reputation, or his initiatives within the welfare division were sincere enough, and effective enough, that his candor was believed.

What he asked of his audience was confederation. The agents of the company and its resources for publicity and promotion of health reform could be incredibly effective, and he wished to put them at the disposal of the social work community. It was an invitation that Frankel repeated again and again to charity organization societies, settlement workers, boards of health and anti-tuberculosis groups. In November he extended it to the American Public Health Association. "Owing to the fact that we are an Industrial company, we have the special ability to place our agents who visit our policyholders weekly at the disposal of health officers," he stated. "In the name of the company, which I represent, I take this opportunity of extending whatever cooperation may be in our power."⁵⁰ The offer was open-ended, and Frankel reiterated it at intervals, highlighting his willingness to dispatch agents on behalf of any campaign that might improve health conditions, such as securing a cleaner water supply or better hospital facilities, or mounting disease prevention campaigns. In 1914, a series of reminders sent to the health officers of cities with populations of 20,000 that the services of agents could be utilized in this way resulted in 153 clean-up campaigns and a series of initiatives for

⁵⁰ Lee Frankel, Untitled address to the American Public Health Association, 1909. Box 2, Folder: Articles and Speeches on Health and Insurance (1901-1915), LFK Collection, AJHS. When an audience member suggested that insurance agents lacked the qualifications for social service work, Frankel pointed out that ten years earlier there had been no such thing as social work training. "The point I raise," he noted, "is that the agent can be trained to become a social work, and if he is not of the right caliber at the present time, we will get the right kind, whether man or woman." Frankel, "Industrial Insurance," 1909.

clean milk.⁵¹ If the field force was indeed a standing army, it was one over which Frankel sought to share command, and whose applications he wished to diversify.

Frankel was less egalitarian in his dealings with the agents themselves. To inform the members of the field staff of their new duties, Frankel circulated a letter to the field superintendents explaining the Metropolitan's latest goals. Haley Fiske, he informed them, had determined that a reduction in the mortality rate of policyholders would help to lower the cost of industrial insurance, and had set aside \$100,000 for the campaign. Agents would have an opportunity to vastly improve the state of public health, while at the same time making money for themselves. Their new duties would involve the distribution of health literature to the families on their debits and the formation of alliances with charitable and social service agencies in their municipalities.⁵² A new Bureau of Information and Cooperation would soon be created to help.⁵³

The initial reaction of agents to their duties as health promoters is unknown, though it is likely that at the time of the announcement morale among Metropolitan's underwriters was low. Sales of new policies reached a nadir during 1906 and 1907, a sluggishness that probably damaged agent earnings significantly due to the loss of commissions. Moreover, in response to the criticism of the Armstrong Committee that industrial insurance incurred exorbitant administrative costs, Haley Fiske dismissed thirty

⁵¹ Lee Frankel, "Welfare Work for Policyholders," in *The Welfare Work of the Metropolitan Life Insurance Company, Reports for 1914* (New York: Metropolitan Life Insurance Company, 1915), 3.

⁵² Lee Frankel to Metropolitan Superintendents, 15 February 1909, Lee Frankel, correspondence. MLICA. The idea of turning insurance agents into public health messengers became attractive currency almost overnight, causing the editor of the *Insurance Press* to remark, "It must be admitted now that if Mr. Fiske's proposition sounded novel two weeks ago, it does not sound new or strange today." Agents, enthused the writer, should be mobilized as soon as possible. Their impetus "can scarcely be overestimated." "Near View of a World Movement," *The Insurance Press*, 10 February, 1909, 10.

⁵³ This Bureau never materialized. In its place, the company created a Welfare Division, appointing Frankel as its head.

per cent of the company's underwriters. By 1908, Fiske's economies had reduced the operating budget of the Metropolitan by fifteen per cent.⁵⁴ The remaining field force received an increase in wages, but their low spirits elicited a public rebuke from Fiske. "It is not your business to run your Company," he chastised the attendees of a 1909 Underwriters' banquet. "It is not your business to criticize your superiors. It is not your business to say that you could do better than they, even if you think you could."⁵⁵ Fiske expected compliance from his employees, and if the Metropolitan agents disliked their new responsibilities, they were not invited to say so.

In essence, Frankel had reformulated the job identity of the Metropolitan's industrial underwriters from that of salesmen to that of educators, taking as its foundation a philosophy he had absorbed early in his social work career, that education was the best means of social uplift. Like many social reformers of the era, Frankel saw the poor as victims of their environments, and believed that the best form of assistance was education as to how to change that environment. In 1901 he had told a conference of charities workers that there was "no form of assistance we can render to our beneficiaries that is so productive of good results and so lasting in its effects as the educational one. The inculcation of the lessons of patriotism, of civic pride, the knowledge obtained through our public school system, are forms of relief which open up a wider horizon to the poor and make them nobler and better citizens."⁵⁶ It was a philosophy that he brought with him

⁵⁴ Fiske, "Light that Never Fails," Baltimore, 1910.

⁵⁵ Fiske, Untitled address to the Life Underwriters Association of New York, April 16, 1909.

⁵⁶ Lee Frankel, "Unusual Forms of Relief" Address delivered to the National Conference of Charities, 1901, p314-320. Lee Frankel, Folder #7, MLICA.

to the Metropolitan, and which remained central to the programming he created, including his expectations of agents.

Frankel understood agents to be teachers in the broad sense, and education about improved sanitary habits was only one component of his wider plan for public health reform. For the welfare director, it was as important that agents model civic participation as it was that they teach hygiene, and he therefore asked the field staff to take an active interest in civic matters, and to become identified with civic organizations. Agents responded positively to this request. In 1913, he sent a circular to the superintendents inviting them to report on the social and civic activities with which they were connected, and was delighted by the results. Many, he found, were identified with charitable and philanthropic institutions. Many others were members of chambers of commerce and boards of trades, or were officers of committee members of civic bodies.⁵⁷ Frankel was particularly impressed with the activity of one enterprising agent who, discovering that the city in which he lived had no health dispensary, approached the municipality's mayor, health officers, and prominent citizens to inquire about founding one.⁵⁸ As the forward arm of an educational and civic army, the firm's field force was capable of doing tremendous good.

Doing Well by Doing Good

The compliance (and even enthusiasm) of the company sales force with Frankel's goals invites questions as to why a body of men accustomed to low social status and

⁵⁷ Lee Frankel, "Popularizing Health Conservation," A paper read before the American Life Convention, St. Paul, MN, Aug 19, 1913, Lee Frankel, Folder #7, MLICA.

⁵⁸ Lee Frankel, "Conservation by Life Companies," *Insurance World*, 12 August, 1913.

wage exploitation should have embraced the welfare department's agenda so firmly. Some of their willingness probably stemmed from personal appreciation of Frankel himself. Though firm in his requirements and expectations, Frankel cut a charismatic figure among colleagues and staff, and his company addresses provoked ample laughter and applause. In a typical triennial speech to the field force, he quipped about an official who had asked about the company's Ordinary agents. "I told him we didn't have any – that all of our agents were *extraordinary agents*."⁵⁹ The underwriters, like the Metropolitan office staff, developed a powerful liking for Frankel in a short period of time, and demonstrated ready acceptance of his leadership.

They were even more pleased to accept the financial and social benefits that came with the adoption of welfare work, a willingness that suggests that among the lower-level staff, the motives for embracing humanitarian aid bore a greater resemblance to the enlightened self interest that moved the greater body of welfare capitalists. Though Frankel himself may have been dedicated to alleviating the plight of the poor, the agents who carried out the work required incentives that were more financial than ideological. While it is difficult to say whether and how much this difference in disposition impacted the results of the Metropolitan's program, it is clear that the welfare duties assigned to agents offered excellent social and financial rewards.

The role of health promoter generated the social authority that agents had long been lacking, and it improved their earnings by increasing their sales.⁶⁰ The first

⁵⁹ While most companies maintained separate sales staff for industrial and ordinary policies, the Metropolitan possessed a single force of agents who sold both. Lee Frankel, "The Metropolitan Agent," Address delivered at the Triennial Convention, Providence, RI, 1916. Lee Frankel, Folder #7, MLICA.

⁶⁰ Frankel, "Popularizing Health Conservation," 1913.

assignment issued to underwriters under Frankel included the distribution of the newly produced health literature. Agents discovered with delight that the booklets served as excellent door-openers and business-getters, turning underwriters from neighborhood pariahs to persons of knowledge and interest. An agent in Connecticut remarked that the pamphlets attracted inquisitiveness, allowing him to build an easier rapport with would-be clients. “Therefore you do not need to open the conversation; they will do it for you.” One superintendent reported that the focus on health attracted both more and better customers.⁶¹ The new duties also allowed agents to take greater interest and pride in their own work, which in turn prompted a higher level of interaction between themselves and company leaders. “Our agents are constantly writing to us making suggestions for the development of our welfare work among policyholders,” noted Frankel.⁶² Agent turnover decreased considerably, and the lapse rate among policyholders decreased, as well. It seemed that welfare work among policyholders was fulfilling the same goals that employers hoped it would accomplish in factories: it was attracting a “better class of people” to the company, both as employees and as risks.

Many of the new risks were children, or the parents of children reached through welfare work designed to draw newcomers through outreach to the younger generation. It was a tactic of influence that, depending on the benefits conferred (and to whom), might be perceived as either humanitarian or commercial. Among social workers and health reformers, it was well understood that efforts targeted toward children could be more efficient than those directed toward adults. Lacking ingrained habits and social

⁶¹ The superintendent and the agent are quoted in Toon, *Managing the Conduct of the Individual Life*, 240.

⁶² Frankel, “Conservation by Life Companies,” 1913.

prejudices, children were faster adapters of new ideas, customs, and technologies, and were more likely to remain loyal to the new information. As they grew up, they would transmit the information to the next generation, and just as usefully, they might transmit lessons to the current adult generation, as well, by carrying information home and repeating the teachings to otherwise-reluctant parents. Whether or not the adults thus exposed adopted the new practices, they would at least have heard of them and seen them modeled. Efforts to better the lives of children had the additional benefit of attracting social and political approval, which came more slowly to projects directed toward adults and which helped to elevate the status – and fund-raising potential – of the entire operation. Settlement house workers, utilized this knowledge by establishing kindergartens, playgrounds, and children’s clubs, through which the offspring of immigrants could be taught lessons in housekeeping, hygiene, civics, and orderliness, and not incidentally be kept off the streets.

Welfare capitalists launched similar programs for similar reasons, occasionally even hiring the settlement and Sunday School workers who had pioneered the work to continue it under corporate auspices. In 1904, the welfare secretary of the Solvay Process Company remarked that he had “almost abandoned trying to draw in the men ourselves... We think that if we can train the children in the way that they should go, we will improve our workmen. Of course, in many cases, the boys have better positions than their fathers had before them, and I have in mind now one young man who holds a confidential position in our office, whose father started as a laborer and is now a foreman.”⁶³ Between 1912 and 1924 U.S. Steel spent \$22 million on playgrounds, clubs, schools, and gardens

⁶³ Louis Krumbhaar of the Solvay Process Company, Syracuse, NY is quoted in *Conference on Welfare Work*, (New York: Press of Andrew Kellogg Co., 1904), 102-103.

for the children of its employees.⁶⁴ Whether or not they ever worked at the firm, the investments made in such children proved valuable to the companies that undertook them by improving the firms' public image.

The Metropolitan undertook a children's program of its own, and charged its execution, as usual, to the company agents, for whom the program required an enormous amount of energy, but was said to bring tremendous returns, even more so to the agent than to the children involved. In addition to pamphlets such as "Mother Goose" and "A Health Alphabet" designed for the education and edification of children, the company sponsored the Health and Happiness League, a club open to any child between six and fourteen possessing a policy, or whose parents held a policy in the Metropolitan. League leaders instructed youngsters on the rules of hygiene, honest living, and helpfulness in the community, and organized group activities and classes. At a typical organizational meeting in Elizabeth, New Jersey, the agent convened the session in a room that was "filled to overflowing with children of all sizes, some parents, two reporters, 8 or 10 agents and 3 nurses." Estimating that there would be 500 members by the end of the month, he organized the children into groups -- boy hikers, campfire girls, a sewing club, and a home nursing class -- and set up a schedule for their activities. Before leaving the meeting, the children recited the Health Pledge, received a membership certificate and badge, and were given welfare literature to take to their families or to give to neighbors.⁶⁵

⁶⁴ Brandes, *American Welfare Capitalism*, 29.

⁶⁵ Report of Children's Meeting of Health & Happiness League at Elizabeth, NJ, Jan 9, 1914, Box 9 Folder 7: Health and Happiness League 1913-1914, LFK Collection AJHS. Among other promises, the Pledge included a vow not to spit on the floor and not to share a common drinking cup, two chief propagators of tuberculosis. Lee Frankel, "The Influence of Private Life Insurance Companies on Tuberculosis," Reprinted from the 11th International Tuberculosis Conference held in Berlin, Germany, October 22-26, 1913. Lee Frankel, Folder #7, MLICA.

Promising to help eradicate health menaces wherever they lurked, they pledged to become active missionaries for the betterment of community public health.

They also, however, became active missionaries for the Metropolitan, a factor that served as a potent incentive for the agents who organized the club. On a quarterly basis, Health and Happiness Members championed their cause by distributing public health circulars to every home in their neighborhoods. The fliers contained the name and address of the life insurance agent, ostensibly so that interested parties could contact him for copies of health promotion literature, though even the Health and Happiness handbook remarked that the advertising value of this activity “can easily be recognized.” The manual went on to advise would-be mentors that their efforts would probably bring financial returns “ten times over for the expense incurred.” Securing a large enrollment of insured children would pique the interest of those who were not insured by the company, enabling the agent to write new business. Endorsements from agents supported the point. “In three weeks and two days since the organization meeting of the Health and Happiness League chapter on my debit,” testified one underwriter, “I have written 46 Industrial Applications for \$5.66, ... 3 ordinary applications for \$5,000, distributed “The Child” and “Typhoid” publications, did not work very hard, and had a good time. My opinion is that the Health and Happiness League if used properly by agents is the best business getter he has.” The corporate gains in the long term would be valuable, as well. The children of today would grow into adulthood “with an appreciation for what the Metropolitan has done for them,” and someday as parents themselves they would insure their own children with the firm.⁶⁶ The principles pledged by the children of the Health

⁶⁶ Health and Happiness League Handbook for Agents ; Box 9 Folder 7: Health and Happiness League 1913-1914, LFK Collection, AJHS.



Fig. 4. Views showing instances of dirty milk (on the left) and clean milk (on the right). (Five million of these circulars were issued.)

Children distributed fliers like this one to households in their neighborhoods.⁶⁷

⁶⁷ "Views showing instances of dirty milk (on the left) and clean milk (on the right)." *The Modern Hospital* 3:5 (November 1914).

and Happiness League were those of civic pride and public health reform, but the League's greatest value was almost certainly derived by the agents, for whom it served as a superb marketing platform.

Giving the Corporation a Soul

Companies vulnerable to outside scrutiny made use of welfare work for much more than the satisfaction of employees; it was a valuable tool for gaining public approval, the importance of which could be paramount to the continued prominence (or even existence) of the firm. Companies besmirched by scandal or labor discontent had much to gain through a well-orchestrated display of ethical concern and munificence toward employees, as demonstrated by the work of National Cash Register and Standard Oil. Even in the absence of scandal, firms that produced consumer goods could favorably impress potential customers by cultivating a humanitarian public image. Perhaps most importantly, good works could garner support for the position that private reform efforts were superior to state involvement. By providing needed services, firms could integrate themselves into consumers' daily habits, inducing private individuals to accept corporations as institutions central to modern life – perhaps, in some instances, even over the provision of the same service by government.⁶⁸ A broad array of firms engaged such considerations, though it was a political mandate of particular concern for the life insurance industry.

Naturally, the cultivation of public good will required that firms actively broadcast their good deeds, an undertaking that numerous companies tackled with gusto.

⁶⁸ Brandes, *American Welfare Capitalism*, 88; Weinstein, *Corporate Ideal in the Liberal State*, 19.

Companies offered tours of their plants to interested visitors and slide presentations and lectures to those who could not make the trip. They circulated pamphlets and reports enlivened by photos of a convivial workforce, displaying images of employees engaged in leisure activities such as exercising, socializing, and enjoying meals, poses meant to suggest not only well-being but also fun.⁶⁹ The message delivered by such materials was clear: the corporation was not a callous institution run for profit and the enlargement of wealth; it was a social institution with a human face, and perhaps even a soul.

At the Metropolitan, the creation and publicity of a benevolent corporate spirit was a cardinal feature of the welfare division, whose work ultimately promoted not only the improvement of American public health but also the sale of life insurance and, most signally, demonstrated that the insurance firm could perform health and welfare advocacy better than the state, and could be counted on not only to deliver the best and most modern methods. With the success of three separate mandates resting on the work of the division, it is little wonder that Haley Fiske offered the programs so much support. From its inception, the firm's welfare division operated with a budget of over half a million dollars, more than five times the funds allotted to other forms of advertising work in that year, and twice again what the Prudential (in the absence of a welfare division) spent on its own advertising.⁷⁰ The Metropolitan used these moneys to launch an enormously comprehensive campaign of services demonstrating the company to be more "mother" than firm, more indulgent than dictatorial, more instructive than manipulative. The more

⁶⁹ Tone, *The Business of Benevolence*, 99-113.

⁷⁰ The Metropolitan spent a paltry \$93,645 on standard advertising in 1909, while the Prudential expended \$328,790. Frederick Hoffman to John Dryden, 15 March, 1910, Box 1 Vol 1: Letters of the Statistician to the President, 1904-1910, FLH Collection.

effectively the company's programs promoted a warm and human spirit, dedicated to the improvement of health and well-being, the better they fulfilled their role as the firm's most concerted form of publicity.

Paradoxically, it was a reward most easily reaped when the company made no pretense of advertising, though given the nature of activities this was often difficult to do. "The employer, it has been shown, should not pervert welfare work into an advertisement for his business," instructed National Civic Federation secretary Gertrude Beeks. "This impugns his motive and discredits the plan."⁷¹ Beeks warned that when publicity was inevitable, it should be treated in a "dignified manner." Other welfare directors offered similar advice, noting that employees who saw welfare measures described and applauded in print became suspicious of their employer's motives. One welfare secretary counseled: "When it is impossible to keep accounts out of the papers, steer the reporters as best you can. Ask them to omit any mention or any pictures of the managing men."⁷²

Like many promoters of corporate welfare work, personnel at the Metropolitan attempted to follow this advice, with mixed results. The welfare division launched an array of ventures intended to demonstrate in the most charismatic possible way that policyholders, like employees, were "children" of the Metropolitan, and their well-being – and loyalty -- was important. During the summer months, the company invited its field staff to host picnics that would instill a sense of inclusion, fun, and leisure among the firm's policyholders, while incidentally perhaps demonstrating the importance of fresh air and recreation. Agents in St. Louis began in 1911 to run an annual summer field day

⁷¹ *Conference on Welfare Work*, ix.

⁷² Charles Hubbard, "Some Practical Principles of Welfare Work," *Journal of Social Science* 42 (1904): 83-97.

that included games and prizes, sports, and even a small amusement park. The 40,000 policyholders who attended in the summer of 1912 nearly overwhelmed the city's streetcar system. Company officials expressed their greatest pride in the rest station erected for lessons on the care and feeding of infants in the summer months, an important step in the reduction of infant mortality. Staffed by trained nurses and company doctors, the pavilion was "fitted up with refrigerators for the milk bottles, spring water for drinking purposes, and 25 cots with clean linens and mosquito-net coverings." Well-shaded and open to breezes, the rest station attracted the attention of hundreds of mothers, and provided infant care and first aid throughout the day. An ambulance and attendant provided by the local Health Department stood ready in case of more serious emergencies. By 1914, Metropolitan picnics had become rites of summer in nine U.S. cities.⁷³

All the while, Metropolitan personnel attempted to follow the injunction against advertising openly. Company health literature often bore no mention of the firm, except for a small insignia printed on a back cover or page.⁷⁴ At the booths erected at fairs and exhibits, personnel were instructed not to talk about insurance with the visitors. Their forbearance improved both the Metropolitan's reception and its credibility. "Permit me to say that the business men of this city had no idea of the extent that the Metropolitan was working the health question until last week," reported one Missouri superintendent. "There was no one piece of literature distributed to these people which pertained to the subject of life insurance. No one in this booth was allowed to discuss the subject of life

⁷³ *The Welfare Work of the Metropolitan Life Insurance Company: reports for 1914*; Lee Frankel, "Popularizing Health Conservation," 1913.

⁷⁴ Toon, *Managing the Conduct of the Individual Life*, 231.

insurance. We made it a pure health exhibit.”⁷⁵ Frankel naturally found such stories gratifying. “We believe that continued effort along welfare lines will make policyholders realize more thoroughly than they ever did that even corporations have souls,” he remarked to a gathering of agents.⁷⁶

As they were intended to, the entertainments drew appreciation and trust to their sponsor. The picnics, prizes, and infant care provided by the Metropolitan at fairs and on field days helped lend the commercial insurer the lost intimacy of the fraternal. Personal contact filled the void created by bureaucracy, creating a bond intended to erode mistrust and irritation. “I think you will agree with me that the policyholders who have attended these picnics feel a sense of obligation to the Company,” noted Frankel to an audience of agents, “that the tendency to lapsation on their part is distinctly minimized, and that the publicity that these policyholders give to this form of welfare work is distinctly beneficial both to them and to the Company.”⁷⁷ Though presented as a community service, the Metropolitan’s activities conferred ample returns to the company in terms of public opinion and policyholder loyalty.

Critics, however, remained briskly aware of the advertising uses of welfare work, and aired their annoyance over the company’s “open secret.” Frederick Hoffman at the Prudential found the company’s health exhibits to be transparently commercial, and remarked repeatedly that the rival firm’s exhibits struck him “largely in the nature of the

⁷⁵ Frankel, “Popularizing Health Conservation,” 1913.

⁷⁶ Frankel, “Popularizing Health Conservation,” 1913. It was a hope that many welfare secretaries shared. See “Giving the Corporation a Soul,” *Current Literature* 51:4 (October, 1911): 460-462.

⁷⁷ Frankel, “Popularizing Health Conservation,” 1913.

advertisement display.”⁷⁸ “Dr. Dublin is merely repeating the same address at several conferences, followed by a film showing the industrial welfare work of the Metropolitan,” he complained.⁷⁹ Even potential public health allies occasionally hesitated to collaborate with the company due to the implicit advertising nature of the firm’s activities. Negotiations with a prestigious physician to publish a list of his tuberculosis “Hints and Helps” nearly broke down when the doctor refused to allow the company the use of his name “fearing it might look like an advertisement.”⁸⁰ No matter how much concern the company expressed for policyholder health or how simple or elaborate its exhibits were, the Metropolitan remained at base a commercial firm, and onlookers rarely mistook it for a truly humanitarian institution.

Nor did businessmen perform this elision. For reasons of business necessity, those who introduced welfare work usually emphasized its role in reducing production costs and increasing profits, and offered mathematical calculations of the profits returned from the practice. The president of the National Cash Register Company coined the slogan that “it pays,” in the 1890s, which became the justification of choice for welfare capitalists. Welfare provisions received the most support when they were said to be endowed with scientific virtue and managerial purpose. By the early decades of the twentieth century, pro-welfare businessmen regularly pointed to the efficiencies achieved through acts of corporate kindness, especially through the prevention of accidents and the amelioration of

⁷⁸ Frederick Hoffman to Forrest Dryden, 1 October 1912, Box 3, Vol 9, FLH Collection.

⁷⁹ Hoffman added that during one conference in Detroit he had observed people leaving the lecture hall when the film was shown, “on account of the excessive laudatory self-advertising indulged in.” Frederick Hoffman to Forrest Dryden, 2 October, 1917, Box 6, Vol 21, FLH Collection.

⁸⁰ See Dr. Charles Minor to Lee Frankel, 12 February 1914; Also Augustus Knight to Charles Minor, 6 August 1914 in Box 8, Folder 7 “Tuberculosis Pamphlets, 1909, 1914-1916”; LFK Collection, AJHS.

labor discontent.⁸¹ Improved working conditions were a paying proposition. Morally attractive as welfare work may have been, it did not supplant the importance of financial gain, and the preponderance of executives who embraced welfare capitalism freely broadcasted its financial merits, whether or not those gains conflicted with the mandate not to advertise.⁸²

In spite of their potential to taint the company's "soul," executives at the Metropolitan freely adopted financial rationales, utilizing the adage "health work pays" as a ready justification for the work. Haley Fiske seasoned his speeches with the slogan, and company statistician Louis Dublin reinforced it with a steady supply of inspiring figures to demonstrate the savings delivered by welfare programs. In 1920, Dublin reported that Metropolitan policyholders had undergone a decrease in mortality that was 12% greater than that of the Registration Area. That is, the health gains of Metropolitan policyholders were 12% higher than those of the average citizen of the United States, at least insofar as the data were available. Some diseases, such as typhoid and tuberculosis, had fallen three times faster among policyholders than they had among the general population. Dublin estimated that the reductions in mortality saved the company \$3.5 million per year.⁸³ With the passage of time, the good news continued to mount. In 1928 Dublin calculated that the activities of the Metropolitan had increased the average lifespan of the industrial policyholder 8.4 years, against 4.7 years for the general

⁸¹ Nelson and Campbell, "Taylorism versus Welfare Work," 1972. See also Brandes, *American Welfare Capitalism*, 6.

⁸² Nelson and Campbell, "Taylorism versus Welfare Work," 1972.

⁸³ Haley Fiske, "Life Insurance Investments – What, where and Why," *Proceedings of the Association of Life Insurance Presidents*, Dec 9, 1920. See also Louis Dublin, *A 40 Year Campaign Against Tuberculosis: the contribution of the Metropolitan Life Insurance Company* (New York: Metropolitan Life Insurance Company, 1952).

population. “We calculate that there has been a total savings of 278,395 lives during this interval, above and beyond what would have been expected to occur from the improvement in mortality which has prevailed in the general population,” he noted. “Furthermore, this saving of life is equivalent to a saving to the Company of \$64 million in death claims between 1911 and 1926.”⁸⁴ That the savings could be calculated not only in dollars and cents but in policyholder lives vastly increased their appeal, and the speeches and publications of company officers reported them prolifically.

The Uses of Industrial Citizenship

Despite the welfare division’s mercenary uses, its director, Lee Frankel, retained a remarkably independent vision of the programs’ role in the greater movement for public health, a vision for which Haley Fiske allowed an unusual amount of freedom, and which ultimately set the work of the Metropolitan apart from those of any other company, extending if not transcending the motives of most early-century welfare work. In addition to the library of welfare literature, agents carried news from door to door about local health referendums and pending sanitary laws. The information was not merely advisory, but rather was part of a civic agenda built into the company’s welfare work from its very inception, and is not apparent among the goals or activities of other firms. If Fiske expected the welfare division to win public approval for the Metropolitan and bolster the stability of the existing political economy, Frankel expected it to promote civic action on behalf of public health, and endowed the work with a political and structural focus which

⁸⁴ Memo by Louis Dublin 28 March, 1928 Box 12, Louis I. Dublin papers. 1906-1968. Located in: Modern Manuscripts Collection, History of Medicine Division, National Library of Medicine, Bethesda, MD.; MS C 316.

gave the program a different shape – and a different legacy – than the initiatives of other firms.

In contrast to the Fiske's profit-oriented declamations, Frankel never leant support to the idea that the Metropolitan's welfare measures had by themselves achieved a reduction in the mortality rate and a subsequent savings to the company. Though he congratulated the work of the welfare department, he repeatedly reminded insurance men that the industry was but one constituent in a wider undertaking. "It should be noted here that the remarkable improvement in mortality which has taken place can only to a very slight extent be laid to the door of insurance companies," he told a crowded hall in 1917.⁸⁵ Adequate public health required the maintenance of civic sanitation, and the work of the bacteriologists, physicians, chemists, physicists, engineers, health inspectors, architects, and others who kept the water and milk supplies pure, who disposed of sewage, who ensured proper housing, and who created vaccines and anti-toxins for the population.⁸⁶ The strides that had been made were beyond the capacity of a single industry or firm, and regardless of his statements' impact on the image of his employer,

⁸⁵ Lee Frankel, "Medical Insurance and Health Conservation," Paper read before the Medical Section of the National Fraternal Congress of America at Philadelphia, Pa, August 1918. Box 2, Folder: Articles and Speeches on Health and Insurance (1916-1919), AJHS. Frankel delivered variations of this speech repeatedly to insurance audiences. See also Lee Frankel, "Life Insurance and the Public Health," *The Economic World* (April 12, 1919): 525-526. Paper read at the meeting of the American Life Convention, March 28, 1919.)

⁸⁶ In various writings, Frankel pointed out that the firms had simply not been engaged in the work for long, and more to the point, that the causes of declining mortality were too diverse to be reflected by any single set of company statistics. Improvements in the water and milk supply, in health administration, and in the recognition and control of infectious diseases had all contributed to the decline. So had factory legislation, tenement house legislation, and the rising standard of living. Frankel, "Popularizing Health Conservation," 1913; Lee Frankel, "Science and the Public Health," *AJPH* 5:4 (1914): 281-289. Lee Frankel, "Conservation of Life by Life Insurance Companies," *The Annals of the American Academy of Political and Social Science* (March, 1917); Frankel, "Medical Insurance and Health Conservation," 1918.

Frankel never credited the Metropolitan – or any company – for a single-handed reduction in the mortality rate.

Frankel urged his audiences instead to express their gratitude to local and state health officers, and to federal service employees, an admonition that reinforced the basic structure he had created within the welfare division itself.⁸⁷ Though many of its efforts redounded to the benefit of the corporation, the activities of the Metropolitan's welfare division were based on a central platform of political engagement. As early as 1909, when the city of Chicago considered the construction of a municipal sanitarium, Frankel dispatched agents with hundreds of thousands of ballots for distribution at the homes of policyholders, accompanied by person to person explanations of the legislation as they traveled door to door. When Cleveland considered a similar measure in 1910, Frankel activated the underwriters again.⁸⁸ The canvassing work continued throughout Frankel's tenure with the company, rallying considerable interest to the political cause of public health.

Frankel made clear, in fact, that an overarching goal of the health promotion work was to inculcate a personal interest in health legislation among policyholders, as well as a desire to vote for it.⁸⁹ "Through the activities of the intelligent agent," he wrote, "...it

⁸⁷ Redirecting credit from the insurance industry to the public health infrastructure constituted a daring piece of rhetoric for a man who received a salary from a firm, but it was also a good way to strengthen relationships with the company's allies, and it does not appear to have generated friction within the Metropolitan.

⁸⁸ Both measures passed by a wide margin and company executives received letters from public officials asserting that the work of the Metropolitan had made a substantial impact. See Fiske, "Life Insurance as a Social Programme," 1913, 15. Also see Frankel, "Conservation by Life Companies," 1913, and Lee K. Frankel, "Health Activity by an Insurance Company: It's Work in Ohio," *Ohio State Medical Journal*, August 1914.

⁸⁹ Although Frankel believed firmly in the importance of personal hygiene and the individual's capacity to "cultivate the acme of physical condition" by eating and drinking moderately, exercising, and avoiding overwork, he noted that few industrial workers had access to or control over the types of immoderation

should be possible to educate policyholders along health lines and to make the latter an important influence in developing a public sentiment which eventually will result in needed legislation.”⁹⁰ His goals in this respect were perfectly aligned with those of Irving Fisher, and unsurprisingly many of the welfare department’s first political initiatives targeted either tuberculosis or the creation of a federal department of health. In late 1910, Frankel steered the company to back the Owen Bill, which called for the formation of a federal department of health. The welfare department devoted an entire issue of *The Metropolitan*, the policyholder magazine, to articles endorsing the bill, and the agents were instructed to use the literature to show policyholders how desirable it would be “for their personal good to advocate such a department.”⁹¹ Although the bill failed to pass, the company continued to endorse the creation of a national health agency, for instance by authoring a 1912 pamphlet entitled “The Guardian Angel,” which described the ongoing need for a federal department of health. Like Fisher, Frankel never ceased to push for centralized public health administration, a goal more prominent and enduring among public health reformers than any other.

Though rarely as overt as “the Guardian Angel,” numerous pamphlets contained information that Frankel hoped would arouse political action among policyholders.

Previous historians have described the Metropolitan’s booklets as apolitical teaching

likely to produce ill health. Wealthier policyholders in the ordinary branch had far more to blame on personal habits than industrial policyholders did. Lee Frankel, “Popularizing Health Conservation,” 1913. See also Frankel, “Science and the Public Health,” 1914.

⁹⁰ Frankel, “Conservation by Life Companies,” 1913. For examples of booklets backing state action, see “Why Have Playgrounds” and “Dirty and Clean Milk,” both of which pointed out the need for municipal support for health measures.

⁹¹ Members of congress reported being deluged with letters from policyholders indicating support for a federal health bureau. Frankel, “Popularizing Health Conservation,” 1913; Fiske, “Life Insurance Companies and Welfare Work,” 1912.

tools that were designed to skirt the lines of controversy.⁹² In many instances this was true, but Frankel took a more confrontational position in regards to immediate hazards of the lived environment, such as tenement and workplace conditions, and alternately monitored and created opportunities to promote housing reform. Beginning in the nineteen tens he pushed the Metropolitan to create low-interest housing programs for workingmen. A pilot effort modeled on a system in force in Belgium and Germany was launched in Brooklyn in 1911, and remained a cause that Frankel espoused throughout his career.⁹³ Unable for the most part to create new housing, however, the welfare director focused ample energy on using Metropolitan's resources to advocate and enforce laws governing the improvement of existing housing stock. When St. Louis passed a new tenement house ordinance in 1913, Frankel directed the Metropolitan agents to distribute a circular to policyholders, "calling attention of tenants to their rights under law." After circulating 100,000 copies of the flier, which included instructions on how to lodge a complaint, agents conducted a follow-up survey to see whether the landlords of

⁹² Toon, *Managing the Conduct of the Individual Life*, 231-234. Letters to the company from irritated interest groups and policyholders reflected the dangers of issuing advice for or against any particular practice. A line of guidance to reduce one's consumption of meat as part of a healthy diet triggered a months-long correspondence with the Institute of Meat Packers. Notations in the popular pamphlet, "The Child," that expectant mothers ought to call a doctor instead of a midwife provoked numerous indignant letters from midwives, who threatened to lapse their policies and even to launch a boycott against the company. See Charles Shafer to Lee Frankel, 1 Oct 1912; also Alexander Fliesher to Charles Shafer, 16 December 1912; and Letter to Met Life Officers from Anna Buhleier, President of the New York Midwives Society, 26 February, 1913; and lastly William Strait, Agent, Philly to Lee Frankel 12 Oct 1914, Box 8 Folder 4 "The Child" 1912-1914 LFK Collection, AJHS.

⁹³ Fiske, "Life Insurance as a Social Programme," 1913; Lee Frankel, "Conservation of Life by Life Insurance Companies," *The Annals of the American Academy of Political and Social Science* (March, 1917).

New Tenement House Law

**To the POLICY-HOLDERS of the
Metropolitan Life Insurance Company
in ST. LOUIS**

DO YOU KNOW? that a new law to provide MORE HEALTHY CONDITIONS in tenement houses in St. Louis went into effect September 5, 1913?

A tenement house is any house occupied by two or more families, who live separately and do their cooking in the kitchen. The stove, chimneys, water pipes and drains, which are not under personal control of the tenant.

DO YOU KNOW? that the new law gives all tenants the following **RIGHTS?**

RIGHT I is the right to ask that a sink with running water should be placed on every floor of every tenement.

The sink should be in the common hallway if possible, or within reach of all tenants on the floor.

RIGHT II is the right to have all common halls and stairways lighted from sunset to sunrise throughout the year.

If the halls are dark, the lights must be kept burning during the day as well.

RIGHT III is the right to ask the owner to keep all parts of the house in good repair.

He must keep all parts used by the tenant in common clean and free from rubbish, dirt, etc. Tenants are required to keep their own rooms clean and free from dirt, refuse, etc.

RIGHT IV is the right to ask the owner that no part of a tenement house shall be used for the storage of coal, fuel, vegetables, but only for the ordinary purposes in life or health.

RIGHT V is the right to ask the owner of all tenements housing eight families or more (except those in which the owner himself lives) to employ someone to act as janitor, who shall live there and be responsible for enforcing the law.

RIGHT VI is the right to ask the owner that no cellar shall be used for living purposes.

A cellar is any part that has below the ground level, a basement more than half above. Basements can be used for all purposes except those listed. If not lighted by windows, and if no means are provided for ventilation.

DUTY OF THE TENANT—The tenant must not take in so many lodgers as to overcrowd the rooms.

If you live in the same house with one or more other families and you are not obtaining everything that you have the right to ask under the law, speak to your landlord at once. If the improvements are not made in a reasonable time, either tell the policeman on your beat or write the facts to the Health Department, City Hall. If ever here, nothing is done, tell the Metropolitan Agent who calls on you, and he will take the matter up with the city officials.

The New Law Gives You the Above Rights. See That You Get Them.

1913

DID YOU GET THIS CIRCULAR ?

Was it necessary to complain to the landlord or the Health Department because you were not getting your rights under the laws?

What improvements have been made in your tenement in the last 12 months?

Were these changes made because you complained?

(SEE OTHER SIDE)

June 27, 1914

TENEMENT HOUSE REPORT.

To Our Policy-holders:

St. Louis is trying to enforce a law to make all tenement houses clean and healthy. You can help get the law enforced in your own tenement house by carefully answering the questions below. Most of the questions you can answer by saying "Yes" or "No." Please answer each question carefully. Where you do not know the answer, put a cross (X). Please sign your name and hand this to our Agent the next time he calls at your home.

METROPOLITAN LIFE INSURANCE COMPANY.

Tenement house at No. Street

Is the tenement constructed of brick or of wood? How many stories high?

Is the ground floor used for stores or other business purposes?

How many families live in the house? Do any families live in the cellar?

Is any part of the building used for storing fruit, rags or any other materials?

Is there a tap with running water on each floor? Is there a sink under the tap?

Are the halls lighted at night? Are the lights kept burning all night?

Are any of the halls very dark during the daytime? If so, on which floor?

Does a roof cover any inside courts or air-shafts?

Does the owner live in the building? Does a janitor or caretaker live there?

Please tell us on the next few lines what you think are bad conditions in the tenement house you live in.

.....

.....

.....

Date Filled out by (Sign your name here) (SEE OTHER SIDE)

N730

Front and back of the follow-up survey circulated in St. Louis to assess the impact of the tenement law.⁹⁴

⁹⁴ "New Tenement House Law," Box 5, Folder: St. Louis College Club, 1913-1914, LFK Collection, AJHS

policyholders had been responsive to the law's new requirements.⁹⁵ Impressed by the results, health officers in four other cities including Boston and Buffalo launched similar campaigns.⁹⁶

Firm in his assertion that the chief causes of high mortality stemmed from the environment of industrial policyholders, Frankel insisted as well on drawing attention to the role of the workplace in breaking down health. "Long hours of work, hazardous industries, overstrain, combined with insufficient recreation and amusement, unquestionably sap the vitality of men and make them die earlier than they should," he observed.⁹⁷ In pamphlets dealing with industrial hygiene such as "The Health of the Factory Worker," and others that spoke more generally about "Fatigue," Frankel directed authors to include statistics about occupational mortality and warnings about the dangers of poor ventilation, dust, and overstrain. "It is desirable," he noted, that industrial policyholders "be made acquainted with the conditions existing in establishments in which they work, so that they may guard themselves against disease, and what is of more importance, that they may become a power to have necessary reforms introduced into many factories, mills, etc."⁹⁸ Workers, he seemed to hope, would one day no longer be

⁹⁵ With over 407,000 industrial policyholders in St. Louis, Frankel estimated that the campaign might be able to reach a majority of the city's working class population. Whether or not this was an overstatement, the project met with success. An associate noted that the St. Louis Health Department had received hundred of complaints about tenement houses throughout the city, "and I judge that a large number of those can be credited to your circulars." Roger Baldwin, St. Louis Club Secretary, to Lee Frankel, 7 Jan 1914, Box 5, Folder: St. Louis College Club, 1913-1914, LFK Collection, AJHS. See also Frankel, "Health Activity by an Insurance Company: It's Work in Ohio," 1914, and Lee Frankel, "An Insurance Company Seeking to Improve Individual and Public Health," *The Modern Hospital* 3:5 (November, 1914.)

⁹⁶ Frankel, "Welfare Work for Policyholders," 1915.

⁹⁷ Frankel, "Popularizing Health Conservation," 1913.

⁹⁸ Unpublished manuscript. Box 4, Folder: LFK's Report to Company on European Trip 1910, LFK Collection, AJHS.

“creatures of their environment,” but would be able to take a hand in shaping the conditions in which they lived.

If the purpose of welfare capitalism, however, was to smooth the relationship between labor and capital so as to keep industrial workers from rising up, then Frankel’s promotion of political action seems not only counterintuitive but counterproductive, raising questions about why Fiske should have countenanced his work with the firm. One scholar suggests that Frankel intended to spark only peaceable interest in reform among policyholders.⁹⁹ A more likely explanation is the resemblance that his civic orientation took to forms of welfare capitalism that inculcated assimilation and “industrial citizenship.”

Nativist Americans had long associated class conflict with the disruptive influence of foreign agitators; such concerns became sharper in the crowded factories of the Progressive Era. For many, labor upheaval and “un-American” activities went hand in hand, particularly among the least assimilated and most impoverished immigrants – Slavs, Italians, and Jews – who since the 1880s had seemed to live as a class apart. Such ethnic groups constituted a visible majority of urban industrial workers and alternately seemed to endanger American institutions and threaten to dominate them.¹⁰⁰

The sheer number of immigrants who arrived to fuel the industrial economy awakened nervousness among many citizens and employers. One businessman in 1904 wrote anxiously about the problem “of absorbing into a democracy millions of aliens...

⁹⁹ Toon, *Managing the Conduct of the Individual Life*, 227-228. Frankel’s pragmatic approach to political change helps to bear this suggestion out. The social work favored reform over radicalism and compromise over brinkmanship, a sure component of his attractiveness to business leaders such as Fiske.

¹⁰⁰ John Higham, *Strangers in the Land: Patterns of American Nativism, 1860-1925*, New Brunswick: Rutgers University Press, 1955), 27-31.

unacquainted with our institutions and the spirit in which they were founded.” Though he praised the assimilation work conducted in American schools, he noted that too many children made an early departure from school to the workplace, truncating their civic and economic education. Such children contributed to the large pool of immigrants who required further training in the working of democratic institutions, without which, he advised, they could scarcely be expected “to realize their duties and responsibilities as citizens,” or to “fulfill their duties to the family and to the state.”¹⁰¹ To help Americanize the nearly ten million non-English speaking immigrants estimated to reside in the United States, large employers across the country initiated language classes, citizenship instruction, and assistance with filing naturalization papers. Manuals on welfare work included chapters on the importance of acculturation, stating that Americanization would help to “humanize” workers.

Numerous welfare secretaries believed that lessons in civic participation tempered unruly workers by giving them a stake in an orderly society.¹⁰² Classes in the responsibilities of citizenship could Americanize the immigrant class, defraying a “foreign menace” which managers feared would quicken on the factory floor. One welfare handbook recommended that employers adopt a program of “industrial Americanization,” which, it explained, would “bring the immigrant to a better understanding of industry and to make clear his privileges, rights, and obligations in the

¹⁰¹ Hubbard, “Some Practical Principles of Welfare Work,” 1904.

¹⁰² See Bloomfield. *Labor Maintenance*, 148. “A program of Americanization properly begins with instruction in the English language, but that is not enough. The rights and duties of citizenship should be taught. Moreover, everyone whether naturalized or not, has certain rights or privileges under our government that should be taught together with their corresponding obligations.” See also chapters 9-11 on Americanization.

community – particularly in regard to his work.”¹⁰³ Even the preparation and consumption of American foods could speed the process of assimilation, introducing the immigrant to a higher standard of living – for which factory discipline and wages would seem a reasonable price.¹⁰⁴

At the Metropolitan, assimilation assumed a high priority in the welfare department and throughout the company overall, as it influenced not only the habits of health but also the habits of commercial consumption. The purchase of life insurance was a commercial practice unfamiliar to many arriving immigrants, who were accustomed to turning to friendly societies and fraternal organizations for protection against financial risk. To attract this segment of the market, industrial insurers worked to model commercial policies as an attractive – and necessary – feature of American commercial life, one that could confer as much American status on an immigrant as a modern suit of clothes or a new hat.¹⁰⁵ For this they turned to agents, hiring foreign-born personnel to work among people of their own ethnicity so as to model the Americanizing potential of the market economy. Oliver Zunz has pointed out that foreign-born agents presented a “complex image” in the neighborhoods they worked. As salaried employees of a wealthy corporation, they represented a new ethnic middle class. They were, Zunz notes, “intermediaries and assimilators.”¹⁰⁶ Their visits to immigrant households sent a powerful message that to

¹⁰³ Bloomfield, *Labor Maintenance*, 121-134.

¹⁰⁴ Brandes points out that many employers hoped that an “American” standard of living would ease the drinking habits of immigrants, and also help to banish the housekeeping methods better suited to peasant villages than company towns, such as storing coal in the bathtub and mopping floors by dumping bucketsful of water onto floorboards. Brandes, *American Welfare Capitalism*, 12.

¹⁰⁵ Approximately half of the Metropolitan’s industrial clientele were foreign born or of foreign parentage. Toon, *Managing the Conduct of the Individual Life*, 236.

¹⁰⁶ Zunz, *Making America Corporate*, 98-99.

live like an American one should plan to die like an American, through the purchase of a policy of life insurance. The strategy was as pragmatic as it was time-worn; it alleviated mistrust and lifted language barriers, while opening a tremendous audience to industrial insurers.

Assimilation also served as one of several dimensions in which the commercial priorities of the company and the humanitarian ideals of the welfare division overlapped, providing a point of compromise through which Frankel was able to launch his social programs. Sanitary habits that had been of little consequence in sparsely populated rural regions could be disastrous in crowded cities -- and urban landscapes in any case contained hazards unknown to many new arrivals.¹⁰⁷ Milk and water supplies, for instance, were often contaminated in ways undreamed of by rural immigrants, who thought little of adding water to the baby's milk.¹⁰⁸ Teaching newcomers to revise such practices, however, could involve countering long-trusted wisdoms, and required ample persuasion. The two thirds of industrial agents who were themselves foreign born were instrumental in this process. They provided credible role models, and demonstrated both the "American way" of living and the "American way" of avoiding germs, often to a

¹⁰⁷ The discrepancy had convinced mid-century sanitarians such as Lemmuel Shattuck that immigrants bore special responsibility for bringing disease to otherwise healthy American stock. Disregard for the disposal of human waste, attempts to keep animals such as chickens, goats, and geese in crowded city slums, and irregular contact with bathing facilities had long magnified the frequency of disease in immigrant enclaves. At the beginning of the twentieth century such behaviors attracted the vitriol and contempt of native-born urbanites who "knew better."

¹⁰⁸ This practice condemned many urban infants to death when water-borne diseases prompted fatal diarrhea, or "summer complaint." Cow's milk could be equally deadly, having been exposed at numerous points between dairy and tenement to bacteria, spoilage, and adulterants such as chalk added by merchants to give milk a thicker, whiter appearance. See Richard Meckel, *Save the Babies: American Public Health Reform and the Prevention of Infant Mortality, 1850-1929*, (Ann Arbor: University of Michigan Press, 1998); also Lisa Guthrie Straus, *Disease in Milk, the Remedy Pasteurization: the Life and Work of Nathan Straus* (New York: E.P. Dutton & Company, 1913)

population that looked to them directly as the nearest guides and mentors. If the company had appropriated their value to open a market for commercial insurance, then Frankel appropriated it, as well, by leveraging their power as role models to teach the tenets of public health, and to demonstrate American civic pride.

As war approached, fears of political disloyalty brought American anxieties to new heights, and even employers reliant on immigrant labor expressed hostility toward recent arrivals, whom they feared might turn out to be “Bolsheviks” intent on seizing property and sparking revolution. Haley Fiske’s own oratory shifted in tandem with these preoccupations, and with the passage of the nineteen teens he increasingly elided his distaste for unions with the menace of foreign revolutionaries. Disparaging industrial workers on New York’s East Side (said to be a hotbed of bolshevism), he stated that the group “knew little of American Institutions,” but that their prejudices caused them to believe “that they have been oppressed, and that they have been oppressed by capital.” They themselves were Capitalists, insisted Fiske, because the money they paid for their insurance had been invested in the infrastructure of the United States. Fiske suggested that such deluded souls should visit the Plaza Hotel, “where according to their notions, the idle rich dine.” There they should congratulate the wealthy for paying the interest on the building’s mortgage, which was owned by the policyholders of the Metropolitan Life.¹⁰⁹ “I have shown that American workingmen are the property-owners!” announced Fiske. “They are really the bourgeois upon which Sovietism makes war! Let Socialism

¹⁰⁹ Haley Fiske, “Life Insurance as a Public Institution; What it has done and What it Can Do” Address before the Annual Convention of the Canadian Dominion Life Underwriters Association at Ottawa, August 19, 1920. Reprint. Haley Fiske: Speeches and Writings, MLICA. See also Haley Fiske, “Life Insurance Investments – What, Where, and Why?” *Proceedings of the Association of Life Insurance Presidents*, Dec 20, 1920.

stay in Russia!”¹¹⁰ Dubbing the programs of the Metropolitan the “new socialism,” he insisted on the strategy’s superiority to the political movements of the working class.¹¹¹

Not all insurance Presidents were so pugnacious, but as war threatened, the rhetoric of executives across the industry shifted from guardianship of the body politic to themes patriotism, preparedness, and nation-building -- motifs that included the assimilation of immigrants. These discussions dovetailed with those of other businessmen desirous of contributing to the war effort. Fishing for mechanisms by which to demonstrate a service ideal, entrepreneurs found a new and patriotic mantle of welfare capitalism. Businesses, pointed out adherents, could thrive only as the nation did. The vision of the businessman therefore ought to include assistance toward less affluent fellow-citizens, whose betterment attended the advancement of the country.¹¹²

The increased sense of nationalism persisted well after the end of the war, and found expression at the Metropolitan through the company’s support of the Smith-Bankhead Bill, a piece of legislation promoting instruction in spoken and written English. The firm’s endorsement of the bill provides a telling example of the way in which the goals of Frankel and Fiske overlapped, even when their supporting ideologies were widely spaced. From his position within the welfare division, Frankel determined to use the bill as a tool to benefit public health. The inability of new arrivals to understand instructions, he noted, constituted a known factor contributing to the horrific accident

¹¹⁰ Haley Fiske, Untitled speech to field managers’ convention, January 10, 1923. Haley Fiske: Speeches and Writings, MLICA.

¹¹¹ Haley Fiske, “Life Insurance as a Basis of Social Economy,” *The Scientific Monthly* Vol 4:4 (April 1917): 316-324.

¹¹² For illustration, see address by the chief executive officer of Wyllys-Overland Motor Company: John N. Willys, “American Business Initiative in relation to National Progress” *Proceedings of the Association of Life Insurance Presidents*, 1916, p88.

rate. Men who could not interpret warnings were more likely to be caught in explosions or gears, a tragedy that was described as often in investigative reports and welfare manuals as it was in the articles of muckrakers.¹¹³ To Vice President Fiske, the bill provided other benefits. Its assimilationist goals promised to reduce the threat of the foreign agitators and socialists who increasingly haunted his rhetoric. It also held open the possibility of enhancing the earning power of the firm's immigrant customers, which could in turn increase the company's revenue. Fiske forwarded a memo from the office of the Secretary of the Interior to all of the Metropolitan's superintendents, in which the Secretary estimated that illiterate and non-English speaking workers "brought within reach of the printed word" would earn at least \$5 more per week.¹¹⁴ For the clients of an industrial insurance firm this was no small sum, and could dramatically increase a family's standard of living – including its capacity to purchase insurance.

In joint support of the bill, Fiske and Frankel addressed a flier to the company superintendents asking them to lobby their congressional representatives, as well as to recruit the support of their agency staff in promoting its passage. "So long as nearly ten per cent of the population of the US is illiterate, or unable to understand the English language, it will be impossible to carry on an adequate campaign for the protection of the health of the community. An illiterate and uneducated person transmits disease through his very ignorance," they wrote. "He is, furthermore, the tool of designing exploiters and

¹¹³ See "Slaughter by Accident," *The Outlook* 78 (Oct 8, 1904): 359-360 for muckraking example. Daniel Bloomfield's 1920 welfare handbook *Labor Maintenance* decried the thousands of dollars lost each year through accidents caused by the inability of foreign-born workers to understand direction.

¹¹⁴ Herbert Kaufman to Lee Frankel, 26 February, 1919 Box 15 Folder: Smith-Bankhead Americanization Bill, LFK Collection, AJHS.

others who make for disorder and anarchy.”¹¹⁵ Frankel and Fiske wired telegrams to state health commissioners asking for their personal assistance in influencing necessary officials. They sent further correspondence to the field superintendents, who replied with reassurances that they were tackling the problem. “Every member of this Staff, agency and clerical force have addressed Senator Spencer demanding the passage of the Smith-Bankhead Americanization Bill,” reported the superintendent of the company’s office in St. Louis.¹¹⁶ Whether either the motives of Frankel or the concerns of Fiske contained real promise was never discovered. The bill died, though not without every attempt by the Metropolitan to keep it alive.

Visiting Nurses: the Soul of the Metropolitan

Few allies of the Metropolitan’s welfare division proved to be better political or health promotion advocates than visiting nurses, whose power in reaching policyholders, teaching hygiene, promoting health measures, and serving as symbols of the New Public Health was unparalleled. Shortly after he formulated his plans for the field staff in 1909, Lee Frankel’s friend and associate Lillian Wald expanded on his vision by proposing that the company utilize the services of the Henry Street Settlement’s visiting nurses, who could provide accurate reporting, direction, and treatment in households where illness appeared.¹¹⁷ The suggestion proved to be invaluable. The Metropolitan introduced their

¹¹⁵ Haley Fiske & Lee Frankel to Superintendents 13 Feb 1919. See also Herbert Kaufman, Special Assistant to Secretary of the Interior to Lee Frankel 26 Feb 1919 and Lee Frankel to GH Sumner, Commissioner of State Board of Health, Iowa 28 February 1919; all located in Box 15 Folder: Smith-Bankhead Americanization Bill, LFK Collection, AJHS.

¹¹⁶ T.A. Lynn to Halye Fiske, 3 March, 1919, Box 15 Folder: Smith-Bankhead Americanization Bill, LFK Collection, AJHS.

¹¹⁷ Hamilton, *The Metropolitan Life Insurance Company Visiting Nurse Service*, 46.

services in New York City on a trial basis in June, 1909, and by year's end had contracting with visiting nurses in six other American cities. In 1910, the company made nursing services available in 213 cities, and the following year it announced plans to extend the program across the entire nation. By 1914, nurses contracted with the Metropolitan visited patients in 1800 cities, covering an estimated 90% of the company's industrial policyholders, a saturation that continued to deepen for another decade and a half.¹¹⁸

The visiting nurses met the combined goals of Frankel and Fiske more effectively than any other program or innovation. The authority and competence they carried as teachers made them ideal vehicles for public health knowledge. The trust and respect they garnered from policyholders offered them untoward influence as role models and Americanizers, and their popularity in townships and cities made them – and the Metropolitan -- welcome wherever their services were established. They inspired appreciation for the company and political enthusiasm for the cause of public health. They were also among the most effective business-getters the company had yet employed. Though cautious about the initiative at first, within a handful of years Haley Fiske had joined Lee Frankel in his nearly unbounded enthusiasm for all that the nurses were able to accomplish.

The premise of the nursing service was simple. When agents visited the policyholders on their debits, they notified the company if they observed sickness

¹¹⁸ To prevent duplication, the company contracted with existing visiting nurse services wherever such organizations were already established. In cities with large populations, the Metropolitan assembled a nursing staff of its own. Buhler-Wilkerson, *No Place Like Home*, 148; Hamilton, *The Metropolitan Life Insurance Company Visiting Nurse Service*, 59-63. Frankel, "Welfare Work for Policyholders," 1915.

requiring bedside care among policyholders. The company, in turn, dispatched a nurse. Alternatively, the family could summon help directly by sending a postcard or having a relative come to the company office. When nurses arrived to tend the ill, they ministered to the patient, tidied the sickroom, and educated the family about the disease and its care, including lessons on cooking, cleaning, and fresh air. They also arranged for physicians to see the patients, and collected demographic data for their own records and for a report to the Metropolitan. For these services the Metropolitan paid the nurses fifty cents per visit, the sum calculated by staff at the Henry Street to best compensate the average cost of care.¹¹⁹

At the inception of the service, some policyholders demonstrated reluctance to accept the ministrations of nurses, fearing that the cost of the visit would be subtracted from their insurance claims. Though agents reassured them that this was not the case, policyholders doubted their honesty, believing the offer to be too good to be true. In the early months of the service, the company received numerous postcards and phone calls from policyholders in fine health, who were simply curious to find out whether a nurse would come when summoned.¹²⁰ As their fears abated, the nurses found themselves much in demand, as Frankel hoped they would be.

The director of the welfare division understood the power of medical personnel to open doors that were otherwise closed to social workers. Since the late nineteenth century, charity workers had struggled to interest physicians in campaigns for poverty alleviation and social reform, pointing out the credibility they carried in front of official

¹¹⁹ Buhler-Wilkerson, *No Place Like Home*, 148.

¹²⁰ Hamilton, *The Metropolitan Life Insurance Company Visiting Nurse Service*, 55.

audiences such as legislatures. “When we speak loudly of the need of open air schools, and medical school inspection, and play grounds, we are not always believed,” confided social worker Frederick Almy to an audience of medical men. “You can say the same thing with authority.”¹²¹ In addition, physicians and nurses received an unrivaled welcome in the homes of the poor, where they were often admitted even when lady bountifuls and friendly visitors were not. “A nurse has opportunities that come to no other friendly visitor,” remarked on settlement nurse in 1905. “The self-respecting poor will allow her to know and help because of the friendly relation.”¹²² Consistent with settlement house philosophy, they were familiar faces in the neighborhood, already known, respected, and trusted by the population they sought to assist. The visiting nurse learns, remarked one settlement house staff member, “as a friendly neighbor learns that small Mary is at home from school because her only frock is at the pawnshop, that the babies are in bed because the last shovel of coal has been burned.”¹²³ They were also thought to be more familiar with the customs of immigrant households, a feature said to enable them to more easily persuade their charges to a change of habit.¹²⁴

Visiting nurses would thus be able to serve as uncanny emissaries for the company. The strong interpersonal skills required for successful nursing placed the nurse

¹²¹ Frederic Almy, “The Inter-Relation of National Organizations Working in the Interest of Health” *American Journal of Public Health* 1:1 (1911): 21-27.

¹²² Harriet M. Johnson, “The Relation of Visiting Nurses to Public Philanthropies,” *The American Journal of Nursing*, 5:8 (May 1905), 492-495.

¹²³ Johnson, “The Relation of Visiting Nurses to Public Philanthropies,” 1905.

¹²⁴ “With a knowledge of the background, habits, and superstitions of the workers in their homelands and a clear insight into the essentials of wholesome American family life, the visiting nurse is, according to the statements of many employers and others in a position to know, the most efficient single agent in the making of American citizens and in the promotion of mutual understanding in industrial relations.” Florence Swift Wright, *Industrial Nursing: For Industrial, Public Health, and Pupil Nurses, and for Employers of Labor*,” (New York: The MacMillan Company, 1920), 71-2.

in a closer relationship to her patients than doctors, who the poor often experienced as brusque, and offered some exemption from clients' suspicions that as an outsider she planned to exploit them.¹²⁵ A competent nurse paid attention to the environment and personhood of her patients, not merely the pathologies that needed treatment, and in so doing acquired an excellent opportunity for teaching. A fundamental piece of her effectiveness centered on the curiosity provoked among persons otherwise uninterested in matters of health and hygiene as they watched the nurse perform her tasks. With her "feminine touches" of patience and tact, patients came to feel that the nurse's deeds were genuine acts of concern. "In this way a bond of friendship is established between the company and its policyholders," remarked Frankel, "a bond which we hope will be lasting and permanent, if any effort on our part can make it so."¹²⁶ The work of visiting nurses improved the company image and increased policyholder loyalty. More than any other branch of the staff, she was capable of administering the friendship and nurture promoted by the metaphor of the corporate "family."¹²⁷ In a 1928 article in the insurance journal, *The Intelligencer*, Fiske referred to the nurses as the "soul" of the Metropolitan Life.¹²⁸

¹²⁵ Nurses regularly testified that a charismatic personality served as the key to entrance to the home. "If she shows a kind, warm-hearted interest in the family and can show that it is with a well-intentioned mission that she comes, she is not only received the first time but, on every future visit, is welcome." Adelia Steel, "Neighborhood Nursing," *American Journal of Nursing*, 10:5 (February 1910): 340-342.

¹²⁶ Frankel, "Popularizing Health Conservation," 1913.

¹²⁷ The role of the visiting nurse in fact resembled that of the corporate employee welfare manager, both in activity and in disposition. Like a welfare secretary, a visiting nurse must possess high levels of tact, executive talent, and common sense. She must also have patience – enough to endure what could be a very slow realization of the best laid plans – and must be familiar with the local jealousies and sometimes with racial prejudices" of her charges. Each of these attributes was enumerated as a necessity by attendees of the NCF's first conference on welfare work in 1904. *Conference on Welfare Work*, vii.

¹²⁸ Fiske is quoted in Hamilton, *The Metropolitan Life Insurance Company Visiting Nurse Service*, 118.

It was an animus that received frequent recognition. Letters poured into the home office from policyholders and social work personnel sending thanks and warm regards for the visiting nurses. And pleased executives at the Metropolitan shared the missives as evidence of a job well done.¹²⁹ Haley Fiske made a habit of including anecdotes about life-saving care and excerpts from the grateful letters of policyholders in his public addresses, impressing the audiences with the power and efficiency of the company's social program.

The old man doesn't get up in the morning. He is feverish, groaning, throws his arms about, tosses the bedclothes, upsets the pillows and is miserable; and the wage earner stands there puzzled. "What can I do? I cannot leave the old man; he is sick; and then I cannot stay because I must earn my bread for him and for me. What shall I do?" And then his eye falls on the mantel and he sees the card and he fills it out; in comes the trained nurse of the Metropolitan; her cool hand passes over the fevered brow; her deft fingers arrange the clothing; she says the comforting words; she gives the soothing draught, she sees if there is anything serious the matter so that the man can call for his Doctor. She leaves comfort where there was misery.¹³⁰

For Frankel, the letters helped to demonstrate the value of a service that he disliked promoting through quantitative measures. His sentiment that progress in public health resulted from *interdependent*, not individual, initiatives, was loyal to his wider vision but made the use of statistics problematic. As a result, he tended to express the utility of visiting nurses in qualitative and philosophical terms, informing observers that nurses' work was "part of an educational propaganda" and that its general success would become

¹²⁹ Many of these letters were written in the labored hand of policyholders with few resources and little education, and provided especially poignant thanks. Many others arrived from physicians, social workers, and others. Frankel, "Welfare Work for Policyholders," 1915.

¹³⁰ Transcript of Address of the Vice President to the Home Office Employees, delivered on four occasions between May 21 and May 28, 1914. See also Haley Fiske, "A True Picture of the Company: Its History, Aims and Present Position," Address presented to the agency field force as a sequel to the Triennial Address, 1910. This speech contained over a half hour of moving anecdotes about successful nursing care. Haley Fiske, *Speeches and Writings*, MLICA.

evident “in the long run.”¹³¹ The addition of personal stories helped to bring human pathos and urgency to descriptions that might otherwise be milquetoast and unconvincing. For business audiences that absolutely required hard data, Frankel forwarded the service’s records to the statistical department for analysis by Louis Dublin. In nearly every other context, he abided by descriptive means to illustrate the efficacy of the visiting nurses.

Only in one respect did Frankel regularly utilize a numerical means of calculating the achievements of the nursing staff, and that was the issue of cost containment. Like most of his initiatives, Frankel paid careful attention to the capacity of the nursing service to serve as a demonstration project. Though its immediate success enhanced the reputation of the Metropolitan, Frankel’s higher goal for the program was that it serve as a model for other bodies – preferably municipalities or even state and federal agencies – to adopt nursing programs of their own.¹³² For this to occur, Metropolitan’s nursing program needed to remain as inexpensive as possible. “Municipal visiting nurse service will probably be limited in its extension unless the cost can be kept within bounds,” Frankel brooded.¹³³ If the expenditure exceeded fifty cents per visit, Frankel doubted that it could ever be extended to a larger audience within the working classes. With this in mind, he struggled to keep the Metropolitan’s outlay for the nursing program to an absolute minimum, a consideration that antagonized many of the company’s nursing

¹³¹ Frankel, “Industrial Insurance and its Relation to Child Welfare,” 1911.

¹³² This hope was shared by numerous nursing leaders. One 1920 handbook on Industrial nursing expressed hope that the performance of company visiting nurses would create a demand for similar services among the general population. Wright, *Industrial Nursing*, 72.

¹³³ Lee Frankel, “Visiting Nursing from a Business Organization’s Standpoint,” Reprint of speech read at the meeting of the National Organization for Public Health Nursing, Atlantic City, June 1913. Lee Frankel, Folder #7, MLICA.

managers, but did succeed in containing costs.¹³⁴ Between 1913 and 1914, the bill for the Metropolitan's service increased only around \$3,000, though the number of patients cared for and visits made continued to mount.¹³⁵ Though reluctant to brandish statistics claiming reduced mortality and associated savings, Frankel pushed to at least demonstrate that, if properly managed, nursing expenditures could remain within the budget of any interested association.

Louis Dublin, whose job it was to present data showing the financial advantages of the program, provided the optimistic figures that Frankel avoided. In 1920, the statistician estimated that nursing visits had averted \$18 million in death claims.¹³⁶ A decade later he observed that the decline in mortality among Metropolitan policyholders was twice that of the general population, and asserted in the company's statistical bulletin that the positive results were "clearly a measure of the effectiveness of the efforts of the company in health education, the nursing of the sick, and the other measures which have been instituted."¹³⁷ His impressive figures were frequently repeated by those who supported the program, though not all observers were credulous. In 1933, the director of the Jewish Family Welfare Association of Boston, Maurice Taylor, pointed out that the death rate of Metropolitan policyholders was in fact higher than that of the clients of the

¹³⁴ Buhler-Wilkerson interprets the cost-containment pressures exerted on the nurses by Frankel as part of a power struggle over management questions and professional authority. While in some instances this was likely the case, Frankel's ambition to scale up the nursing service by keeping it financially accessible should not be overlooked. See Buhler-Wilkerson, *No Place Like Home*, 146-164.

¹³⁵ The service cost approximately \$525,488.71 in 1913, and \$527,861.64 in 1914. Lee Frankel, "Welfare Work for Policyholders," in *The Welfare Work of the Metropolitan Life Insurance Company, Reports for 1914* (New York: Metropolitan Life Insurance Company, 1915), 3; 7.

¹³⁶ Hamilton, *The Metropolitan Life Insurance Company Visiting Nurse Service*, 63.

¹³⁷ March 1929 statistical bulletin is quoted in Buhler-Wilkerson, *No Place Like Home*, 161.

Prudential, which did not offer visiting nurses.¹³⁸ Taylor was a proponent of visiting nursing, and offered assurances that the results of the service could not be measured in the aggregate.¹³⁹ His conclusions, in the end, were similar to Frankel's, and folded the gains of the nursing service into the interdependent mix of initiatives to improve American public health.

Whether or not nurses reduced the mortality rate, their availability could – and did – reduce the policyholder lapse rate, and it dramatically increased the company's flow of new business. From an Armstrong-era high of over 50%, the lapse rate of industrial policyholders at the Metropolitan dropped to 28% by 1920, an unheard-of success in that branch of the business.¹⁴⁰ The Metropolitan officially prohibited agents from using the nursing service as an advertising device, but the economic realities of industrial life and the importance of care made the provision an obvious temptation for working class patrons, and had a visible impact on sales.¹⁴¹ A handful of fraternal orders provided physician or nursing services to members, but “lodge doctors” offered notoriously shabby care and lacked the polish and reliability of Metropolitan nurses. The offer of care was

¹³⁸ This may have been the result of a higher policyholder rejection rate on the part of the Prudential. The Metropolitan, for instance, continued to insure African Americans even after Hoffman's publication of *Race Traits and Tendencies of the American Negro*, which the Prudential used in order to vindicate its exclusionary practice. Hoffman's tract was egregiously flawed, but the high mortality rates were a distressing reality. Nevertheless, by 1915, policies on African Americans constituted 13% of the Metropolitan's new business, suggesting that the company not only insured but actively solicited business in black communities.

¹³⁹ In 1928, the death rate of the Metropolitan was 883.6 per 100,000, while that of the Prudential stood at 869 per 100,000. For more on Taylor's critique, see Buhler-Wilkerson, *No Place Like Home*, 163.

¹⁴⁰ Buhler-Wilkerson, *No Place Like Home*, 162.

¹⁴¹ Buhler-Wilkerson, *No Place Like Home*, 161.

such a clear sales incentive that agents whose territory did not yet include nursing services agitated to receive them.¹⁴²

Though less than keen to have their services co-opted as an inducement to sales, nursing managers recognized an array of incentives of their own in forming an alliance with the Metropolitan. The affiliation with the Metropolitan provided a steady revenue stream to a service that often functioned on shoestring budgets of donations and small remittances from paying patients. It also lent scientific credibility and professional prestige to a young and female-dominated vocation, which was, as Lillian Wald pointed out in 1909, “fully recognized by comparatively few in the community in [its] distinctive professional capacity.”¹⁴³ Most centrally, however, the aspirations of the Henry Street Settlement and of visiting nurses in general were in fundamental alignment with the social work goals and methodologies that Frankel brought to the Metropolitan.

Nurses shared in prioritizing prevention as a goal for the helping professions, and agreed on the importance of bringing health messages directly to those who could benefit most yet were hardest to reach. Lillian Wald observed that the vast majority of the Henry Street Settlement’s clientele were untouched by ordinary channels of education. “They have very little experience with the printed word, are not responsive to lecture appeal. Many of them are tenement dwellers, or inhabitants of remote rural sections, uneducated and still clinging to old-world traditions. To them, the health message must be brought

¹⁴² Hamilton, *The Metropolitan Life Insurance Company Visiting Nurse Service*, 55; A large proportion of Metropolitan policyholders fell into what is today referred to as the middle class “donut hole” in health care economics. Unable to afford the cost of regular private nurses, but ineligible for “charity care” due to the presence of a regular income, they found themselves unable to access care at all without the threat of bankruptcy. See Frankel, “Visiting Nursing from a Business Organization’s Standpoint,” 1913.

¹⁴³ Lillian Wald “The District Nurses’ Contribution to the Reduction of Infant Mortality” *Bulletin of the American Academy of Medicine* Vol 11 (4), August 1910 Speech read at 3rd mid-year meeting of the American Academy of Medicine, New Haven, Nov 12, 1909.

directly.”¹⁴⁴ Like Frankel, however, visiting nurses also understood that the biggest challenges to health were structural, and required more than individual ministrations and useful advice. The problems of the poor, one nurse lamented, were seldom self-made, and could not be remedied by those who cheerfully believed “that with a few lessons about germs, boiled water and sterilized milk the dwellings of poverty can be transformed under the nurse’s hand into happy little bowers of thrift and neatness.”¹⁴⁵ To be truly efficient, nurses needed to be knowledgeable about the legal codes governing housing standards, school access, labor laws, and any other element that could be used to improve a patient’s quality of life. “The nurse shares with other social workers the opportunity for cooperation in the direct work of remedying existing conditions by the enforcement of present laws, and in forming public opinion to demand better and more effective legislation,” remarked one nurse in 1905. “We have no right to confine our work to technical lines.”¹⁴⁶ Frankel shared this sentiment robustly, and cautioned against recruiting nurses as mercenaries or inadvertent allies in a cause they did not share. A nurse for the Metropolitan, he enumerated, must have force of character and excellent training, but most importantly, “she should have social vision.”¹⁴⁷ In order to be truly effective, a Metropolitan nurse should not merely participate in the company’s social work goals, she must see and share them, as well.

¹⁴⁴ Lillian Wald, *The Public Health Nurse in Action*, (New York: MacMillan Company, 1941), xii.

¹⁴⁵ “As the Nurse Sees It,” *Charities and the Commons*, 16:1 (April 7, 1906): 10.

¹⁴⁶ Johnson, “The Relation of Visiting Nurses to Public Philanthropies,” 1905. In 1914, Edna Foley published a bibliography of social welfare sources in a popular nursing magazine because she was so often asked “to furnish lists of books helpful to the public health nurse, struggling with knotty problems in a somewhat isolated situation.” Edna Foley, “Department of Visiting Nursing and Social Welfare,” *The American Journal of Nursing*, 14:8 (May, 1914), 642-646.

¹⁴⁷ Undated writing, est 1914, Box 4, Folder: Miscellaneous Correspondence 1908-1926, LFK – Haley Fiske

Competition from the Prudential

Not all quarters appreciated the policyholder welfare work of the Metropolitan. The Armstrong investigations had left some insurance personnel with an abiding sense that the best path for the life insurance industry was the sale of reliable life insurance policies – and nothing else. Chief among the company’s critics was the statistician of its principal rival, the Prudential. Highly conservative in his approach to the business, Frederick Hoffman recoiled from the work of the Metropolitan, insisting that the provision of social programs diluted the purity of the insurance ideal. “In its final analysis, Industrial insurance is no more and no less than a contractual relationship,” he insisted, “and a broadening social purpose must be kept within reasonable limits. It seems little short of absurd to attempt, on the part of a business corporation, to reproduce the fraternal and social relations of a friendly society or a lodge.” Insurance institutions, he insisted, existed for the payment of claims and the execution of contractual obligations, not the creation of social programs. The activities of the Metropolitan constituted a misuse of welfare work, “inimical to the development of a sound business administration.”¹⁴⁸ The Prudential – which was committed “to a traditional policy of radical conservatism,” -- should not become involved.

But the welfare work of the Metropolitan cast a long shadow, and the Prudential soon found itself confronted with a formidable competitor and a changing set of public expectations regarding the responsibilities of an industrial insurer. The Metropolitan’s efforts on behalf of public health generated influence among New York’s social

¹⁴⁸ Frederick Hoffman to Forrest Dryden, 16 April, 1916, Box 5, Book 20A; See also Frederick Hoffman to Forrest Dryden, 13 November, 1915, Box 4, Book 17, FLH Collection.

powerbrokers, including its politicians, and won approval from wide segments of the general public.¹⁴⁹ Its activities attracted enough popularity that they were quickly becoming normative, and clients and onlookers made assumptions that the Prudential would adopt similar practices. By the beginning of 1913, the expectation was unmistakable; welfare work had become so accepted as a feature of life insurance that personnel at the Prudential found themselves questioned for *not* engaging it.¹⁵⁰ To successfully compete with the Metropolitan, the Prudential would have to take a hand in ameliorating disease and social conditions.

Frederick Hoffman took it upon himself to suggest alterations to Prudential's public policy. As the head of the statistical department, Frederick Hoffman was not, strictly speaking, one of the firm's chief executives or decision-makers, but he had gained the ear of the company's president early in his career, and when John Dryden passed away he became a chief advisor to his son and successor, Forrest Dryden. Noting the increase in popularity (and sales) enjoyed by the Metropolitan, Hoffman warned that the company would need to mount a vigorous response. "The very aggressive position of the Metropolitan," he urged Dryden, "suggests on our part unceasing vigilance and increased activity in public health matters, so that the enviable position which we have gained by nearly twenty years of effort, shall not be lost by the clever advertising methods of that

¹⁴⁹ Lee Frankel had a decades-old friendship with Nathan Straus, Jr., who in 1920 won election to New York State Senate. Straus requested Frankel's help during his campaign for office, and received warm congratulations from his old friend upon being elected. See Lee Frankel to Nathan Strauss Jr, 16 October, 1920, Box 3, Folder SR-SZ, LFK Collection, AJHS. Hoffman noted that Frankel's compatriot, Lillian Wald, was "practically the confidential adviser of Governor Sulzer in matters of labor legislation," an intimacy he clearly envied. Frederick Hoffman to Forrest Dryden, 2 January, 1913, box 3, Vol 13, FLH Collection.

¹⁵⁰ Frederick Hoffman to Forrest Dryden, 20 February, 1913, Box 3, Vol 13, FLH Collection.

company.”¹⁵¹ But formulating an appropriate competitive identity for the Prudential was no simple task. Hoffman rejected life conservation work as too risky (as its short-term benefits were too difficult to quantify), and frowned as well upon the Metropolitan’s style of lobbying for public health legislation, as he believed that the low odds of successfully pushing public health statutes through to law did not justify the expense.¹⁵² Hoffman also felt that such work constituted a significant conflict of interest for a commercial firm, an opinion that resonated with one of the chief points of rancor from the Armstrong hearings: the use of policyholder funds for campaign contributions.¹⁵³ “However worthy the object may seem, it is contrary to our democratic form of government for a corporation, even though a life insurance company, to exert itself actively in behalf of a particular measure, with regard to which decided and well-founded differences of opinion may prevail,” he cautioned.¹⁵⁴ To outfit the Prudential with a “welfare” initiative of its own, Hoffman turned to new applications of an older marketing tool: the prestige and authority of science. An emphasis on science would distinguish the Prudential as a disinterested authority, free of the commercial motives that plagued the Metropolitan.

¹⁵¹ Frederick Hoffman to Forrest Dryden, 17 June, 1914, Box 4, Book 15: Letters to the President 1914, FLH Collection.

¹⁵² Like Frankel, Hoffman rejected the idea that gains derived from any single public health initiative could be demonstrated by aggregate statistical figures, but for Hoffman the uncertainty provided a reason to avoid direct service altogether. Frederick Hoffman to Forrest Dyrden, 16 January, 1913, Box 3, Volume 13; see also Frederick Hoffman to Forrest Dryden, 15 December, 1915, Box 4, Book 17, FLH Collection.

¹⁵³ Frederick Hoffman to Forrest Dyrden, 26 September, 1914, Box 4, Book 15: Letters to the President, 1914, FLH Collection. Condemnation during the Armstrong hearings ran high. Newspapers accused the firms of posing “a danger to republicanism,” and asserting a “commercial Feudalism” that sought to “establish a government of corporate wealth operating under a cloak of democracy.” See BO Flower, “Great Insurance Companies as the Fountainheads of Political and Commercial Corruption,” *The Arena* 34:192 (November 1905) 514.

¹⁵⁴ On a final conservative note, he added that public health appropriations could conceivably cause an increase in the tax rate, which could be interpreted by some as corporate interference in local affairs. Frederick Hoffman to Forrest Dyrden, 10 April, 1916, Box 5, Book 20A – Letters o the Statistician to The President During 1916, FLH Collection.

Perhaps not coincidentally, it would also propel Hoffman's own research and career into the central identity of the firm.

An insurer of the laboring class, the Prudential housed a data set unavailable to most American researchers. Its records covered the mortality experience of hundreds of thousands of industrial workers, and were capable of yielding valuable insights into trends and correlating factors for numerous diseases, particularly those that affected the laboring class. Hoffman, who served as the head of the company's statistical department, had been building up a prestigious scientific reputation for himself through frequent publications and presentations that interpreted the company's statistical experience.¹⁵⁵ Augmenting the data available to him through the Prudential with investigative trips of his own, for instance, he became one of the first Americans to document the statistical prevalence and scope of the nation's industrial disease crisis. Among his earliest findings, the statistician noted that the staggering rate of lung disease found among metal miners, grinders, polishers, and other workers in the "dusty trades" was not solely the result of tuberculosis, but was also caused by exposure to the dust itself. The workers' ailments were separate from the bacterial illness but just as destructive.¹⁵⁶ Predating the interest of most public health researchers in workplace conditions, Hoffman's findings presented

¹⁵⁵ Daniel Bouk notes that Hoffman was "ahead of the curve" in utilizing industry data as a tool for public health. For more on Hoffman's investigations, see Bouk, *The Science of Difference*, 251-259.

¹⁵⁶ See David Rosner & Gerald Markowitz, *Deadly Dust: Silicosis and the Politics of Occupational Disease in Twentieth Century America*, (Princeton: Princeton University Press, 1991), 24-30. Also Frederick L. Hoffman, "The Mortality from Consumption in the Dusty Trades," (Washington: Government Printing Office, 1908).

scientific evidence of the need for reform of industrial hygiene, attracting accolades from scientists and scientific organizations, as well as from social reformers.¹⁵⁷

Hoffman prodded the chief executive of the Prudential to utilize the firm's growing reputation for scientific inquiry as a tool with which to enhance its public standing – or at least to challenge the Metropolitan. In a report entitled “The Scientific and Welfare Work of the Prudential,” he articulated a policy – and a history – for the Prudential by using its role as a provider of scientific information to establish the firm as a chief contributor to American public health. Where the Metropolitan had chosen direct service, he claimed, the Prudential had distinguished itself for its “strictly scientific attention” to social conditions, health, and disease. Citing the firm's participation in conferences and expositions as evidence, Hoffman declared that the Prudential “was the first life insurance company to undertake in a systematic manner the nation-wide, and even world-wide, agitation of the more pressing problems of preventive medicine.”¹⁵⁸

In lieu of a welfare division promoting hygiene and sanitation, Hoffman recommended the creation of a Division of Public Health and Medical Research that, under the management of the company's Medical Director, would maintain responsibility for all medical matters affecting the company, its policyholders, and the general public.

¹⁵⁷ Hoffman himself, however, was no social agitator, and in setting a welfare policy for the Prudential he consistently steered the company away from Metropolitan's “policy of drift,” by which he referred to its direct service components and its structural approach to social reform. Uninterested in plumbing the differences between capital and labor, Hoffman endorsed measures for improved safety standards and better records-keeping. The Prudential could offer sturdy support for such work by making contributions along statistical lines, conducting careful analyses of injury incidence and drawing attention to points in the production process with an elevated rate of accidents. *Relief*, Hoffman declared was not a right; *prevention*, on the other hand, was a duty. Frederick L. Hoffman, “Accidents and Industrial Diseases,” *Publications of the American Statistical Association* 11:88 (December, 1909): 567-603. See also Bouk 252.

¹⁵⁸ Frederick Hoffman to Forrest Dryden, 17 November, 1913, Box 3, Vol 13, FLH Collection. Hoffman played down the fact that his rival, the Metropolitan, also took an active part in conferences and expositions.

The competitive challenge presented by the Metropolitan was intense, and despite Hoffman's misgivings about social action, numerous features of the proposed division were similar to those of its rival's welfare branch. Its personnel would be responsible for carrying on an "active propaganda for improvement in local health conditions," particularly with regard to preventable diseases and accidental death, and they would cooperate with public health authorities throughout the country.¹⁵⁹ But Hoffman placed particular emphasis on *original* scientific research, which he claimed that the Metropolitan did not conduct. He suggested that the company become involved in investigations of local sanitary conditions and medical and bacteriological inquiries into the underlying causes and conditions of disease.¹⁶⁰ Such research, Hoffman proposed, would differentiate the company from its rival, and would make a contribution to science and progress that would be far more lasting than the semi-philanthropic work of the Metropolitan.

The division never materialized -- ultimately, perhaps, because it was not needed. The high-profile work of the statistical department, and Hoffman's own mounting fame as a research scientist had already set the firm apart as a leader in scientific and educational work, and Hoffman had quite successfully converted his own career into a distinctive feature of the Prudential itself. Well-regarded since the 1896 publication of

¹⁵⁹ The Prudential mimicked its opponent in other ways, as well. The company introduced a health column to its quarterly magazine, *The Prudential*, as well as one-page health leaflets for distribution with each new policy. It also introduced a series of leaflets that closely resembled three of the Metropolitans most popular booklets. The Prudential's publications, "Care of Children During the Summer," "Consumption: Suggestions for its Prevention," and "Flies: A Plague of Plagues" bore a close resemblance to Frankel's pamphlets, "The Child," "A War Upon Consumption," and "Just Flies." These publications are mentioned in Hoffman's report, "The Scientific and Welfare Work of the Prudential," submitted to Forrest Dryden 17 November, 1913 Box 3, Vol 13, FLH Collection.

¹⁶⁰ Hoffman was particularly interested in researching the physiological systems that caused the greatest mortality among life insurance policyholders, including the circulatory, urinary, and respiratory systems. Frederick Hoffman to Forrest Dryden, 19 September, 1913, Box 3, Vol 13, FLH Collection.

Race Traits and Tendencies of the American Negro, by 1910 Hoffman's scholarship on mortality trends had begun to draw crowds of interested listeners. He received regular invitations to present before scientific, university, and public health audiences, and busied his assistants sending reprints of his work to those who requested them. In 1911, Tulane University offered him an honorary LL.D.¹⁶¹ Hoffman, who professed a fidelity to "the straight treatment of topics of practical importance," had succeeded in building a reputation for himself as a man of science, and suggested this avenue as a potent source for the Prudential's corporate identity. "I cannot conceive of any better way than this to bring the Company before the public as a scientific welfare institution," Hoffman suggested to President Dryden. Contributing statistical research to the knowledge base of public health, Hoffman believed, would serve to capture the political breezes while still preserving the Prudential's conservative approach. To compete with the Metropolitan the company need not become a social institution; it could instead become a scientific one.¹⁶²

Forrest Dryden approved the plan, allowing his statistician to advertise the statistical department – and therefore the company -- as a clearinghouse for statistical and sociological information. The tactic yielded remarkable success. Much of Hoffman's initial work in this capacity involved circulating reprints of his own articles, though his growing skill as a researcher and the benefits of the Prudential's vast resources had help to make his investigations truly groundbreaking. In 1912, for instance, Hoffman engaged the statistical department in a collaborative analysis of the medical records of Johns Hopkins Hospital, a project that constituted the first thorough study of the experience

¹⁶¹John Dryden to Lee Frankel, May 10, 1911, Box 26, Misc. Letters to FLH 1900-1929, FLH Collection.

¹⁶²Frederick Hoffman to Forrest Dryden, 15 July, 1913, Box 3, Vol 13, FLH Collection.

data of an American medical institution. It received positive reviews in the medical and scientific press, and Hoffman speculated that it had established a model for statistical work by other institutions, which would ultimately help to improve the state of American statistics. “[I]t may be said,” he boasted, “that few important changes are made by the Government, the states and municipalities, which have not, in some way, the benefit of our office’s advice.”¹⁶³ The claim was bold, but it contained an element of truth. Few personnel outside of the life insurance industry were as well trained in statistical analysis, and few outside of the Prudential engaged in collaborations across institutional lines.¹⁶⁴ At the time of the Johns Hopkins collaboration, the statistical department at the Prudential was indeed alone on the cutting edge, and it set new standards and a robust example for other institutions in the handling of data.¹⁶⁵

The statistical department’s excellent stewardship of data and its growing research authority attracted a steady flow of data queries from outside bodies, further promoting the firm’s identity as a scientific institution.¹⁶⁶ By mid-decade, the company had become

¹⁶³ With the help of the Prudential’s statistical staff, hospital personnel embarked on a study of 4500 autopsy records to determine the accuracy of the clinical diagnosis, and to record facts about normal and abnormal anatomy. Frederick Hoffman, “Annual Report of the Statistician’s Department for 1913,” Box 4, Vol 13A, FLH Collection.

¹⁶⁴ Hoffman’s closest counterpart, Dr. Louis Dublin of the Metropolitan, had only begun work with the firm in 1909, and his initial projects served mainly to back the activities of the company’s welfare division. Only in 1911 did the Metropolitan develop a dedicated statistical department, and while it would eventually contribute lasting and decisive studies, in 1912 it had only begun to operate.

¹⁶⁵ During the same period, Hoffman received high regard for a comprehensive study on the prevalence of cancer. An expanded version of the project brought attention and cooperation from more than fifty foreign governments, a hundred municipalities, and several large hospitals. The published study brought together an enormous amount of information on behalf of the medical profession. It demonstrated an unmistakable rise in the cancer rate, and it also manifested a rise in the scientific prestige of the Prudential. Frederick Hoffman, “Annual Report of the Statistician’s Department for 1913,” Box 4, Vol 13A; Also Frederick Hoffman to Forrest Dryden, 18 November, 1913, Box 3, Vol 13; also Frederick Hoffman to Forrest Dryden, 11 July, 1913, Box 13, Vol 13, FLH Collection.

¹⁶⁶ Hoffman, who had all but free reign within the company’s statistical branch, generated studies on a profusion of topics, including mortality in the western hemisphere, American public health, insurance

well known to American federal, state and municipal governments, and to scientific institutions throughout the world, many of which submitted their own statistical experience to the company's growing database. The burgeoning library expanded the firm's research capacities, as well as its prestige. In time, Hoffman declared that the firm's national and international network had become so thorough "that nothing of real importance, or even remotely affecting our interest, fails to reach our library within a reasonable period of time."¹⁶⁷ "In a general way," he noted, "we are called upon to an increasing extent to render advice and assistance to public health departments, scientific organizations, healthy-promoting agencies, students, and individuals interested in the scientific aspects of insurance, mortality, etc."¹⁶⁸ In early 1916, the statistician coined a new title for the research and data monitoring activities with which the company was aggrandizing itself: scientific welfare work.¹⁶⁹

The Prudential, however, was not alone in the field. Hoffman's studies had provided the firm with cutting edge research work that set new and exacting statistical standards, but by early in the decade the Metropolitan was already conducting research of its own. Launched in 1911 to provide backing for the company's welfare work, the Metropolitan Statistical Department advanced in the middle teens to conducting sickness surveys and health demonstration projects, and by late in the decade had taken up

history, tropical medicine, and crime statistics. The requests for reprints were so regular and so diverse that the statistician requested that the company print extra editions as a form of "public health work."

¹⁶⁷ Frederick Hoffman, "Annual Report of the Statistician's Department for 1913," Box 4, Vol 13A, FLH Collection.

¹⁶⁸ Frederick Hoffman, "Annual Report of the Statistician's Department for 1915," Box 4, Vol 13A, FLH Collection.

¹⁶⁹ Frederick Hoffman to Forrest Dryden, 11 January, 1916, Box 5, Book 20A, FLH Collection.

scientific research in a purer form not unlike the Prudential's. The initial surveys – of cities including Rochester, Pittsburgh, Kansas City, Trenton, Boston, and the neighborhood of Chelsea in New York City – involved the use of company agents to collect data on elements such as disability and unemployment. In Rochester, for instance members of the field force contacted 7,638 families (34,490 people), a sample constituting 14% of the total population. The company compared these findings to those of Trenton and Boston, hoping that an estimate of the total cost of sickness and disability within various communities would shed light on improved measures for alleviation.¹⁷⁰

The Framingham Health Demonstration, begun in December, 1916, was even more ambitious, and sought to create a model health community out of the entire town of Framingham, Massachusetts. Enlisting the help of local health authorities, clubs, churches, voluntary associations, and extensive participation from the Metropolitan's own field staff, nurses, and medical personnel, the firm established a census of the town's health status and launched an intense campaign of publicity, health interventions, and medical assistance with the goal of reducing the mortality rate from tuberculosis. The project, which succeeded in lowering the death rate at twice the rate of control communities, and in increasing the per capita spending for health programs from forty cents to \$2.40, became a model for such work all over the nation.¹⁷¹

¹⁷⁰ Lee Frankel and Louis Dublin, "Community Sickness Survey, Rochester NY, September 1915." Reprint no. 326 from the Public Health Reports, February 25, 1916 (Washington: Government Printing Office, 1916). See also "A Health Census of Chelsea Neighborhood," (New York: Metropolitan Life Insurance Company, 1917).

¹⁷¹ Marquis James, *The Metropolitan Life: A study in Business Growth*, (New York: The Viking Press, 1947), 214-219. When the Metropolitan ceased its operations in the town in 1923, the United States Federal Public Health Service assumed responsibility for the study. Framingham continues as a site of research and investigation to the present day.

From his post at the Prudential, Hoffman followed the rise of the Metropolitan's statistical work with a mix of caution, admiration, and alarm. Dismissing the firm's early research as without originality or value, he nevertheless noted that the statistical department had been granted wide latitude and a considerable budget. With a staff of 63, the Metropolitan's department boasted more than twice the personnel of Hoffman's own research division, and, he remarked warily, it seemed to be "gaining ground" on the Prudential.¹⁷² Having contributed the data from its sickness surveys to the Public Health Service, the Metropolitan's rise in prestige was significant and real; even Hoffman made use of its figures.¹⁷³ "It is a foregone conclusion," he noted at the eve of the Framingham study, "that the company will establish for itself in this field a claim to priority of real value in support of its contention that it is rendering a substantial service to the public at large."¹⁷⁴ By the summer of 1917, the forecast had become real. Although the Prudential had been the first, Hoffman noted, it was no longer alone in its scientific field. Hoffman urged his employer to strengthen the firm's competitive response. [We] must further improve our own methods of scientific research and welfare work," he advised, "so as not to fall behind but to lead in the future in directions obviously legitimate to our interests, as we have in the past."¹⁷⁵ One possibility for out-distancing the Metropolitan could involve the implementation of an advisory medical service for Prudential policyholders,

¹⁷² Frederick Hoffman to Forrest Dryden, 17 June, 1914, Box 4, Book 15: Letters to the President, 1914, FLH Collection.

¹⁷³ Hoffman even offered personal kudos to Dublin for rendering a "national service of far-reaching importance... in this rather new field of statistical inquiry." Frederick Hoffman to Forrest Dryden, 21 May 1917, Box 6, Vol 21, FLH Collection.

¹⁷⁴ Frederick Hoffman to Forrest Dryden, 16 December, 1916, Box 5, FLH Collection.

¹⁷⁵ Frederick Hoffman to Forrest Dryden, 20 June 1917, Box 6, Vol 21, FLH Collection.

consisting of local infirmaries staffed with a physician and a trained nurse. Hoffman felt sure that such a resource would prove more valuable than the visiting nurse service.¹⁷⁶ Aetna instituted exactly such a plan in 1918, but the Prudential never acted on the suggestion.¹⁷⁷ Hoffman's attention became divided, as other, more pressing considerations intervened.

The guiding spirit behind Hoffman's interest in corporate welfare work had been that of competition. The Metropolitan's policyholder welfare work had given the firm a tremendous competitive edge, and Hoffman -- who saw himself as a man of business as well as a man of science -- struggled to boost the Prudential's supremacy. By mid-decade, the Metropolitan had been so successful in its primary goal of reformulating the relationship between risk and life insurance that policyholders had come to expect "responsible" firms to mitigate not only the financial hazards of modern life, but the physical hazards, as well. No firm that hoped to remain profitable could afford to sit this development out, and Hoffman had counseled his company's executives to stay off the sidelines.

But the same social and political atmosphere that had led the Metropolitan to assume its own policy of welfare work continued to evolve in the American political economy. The inequalities and inefficiencies of industrial labor, continued to fuel a crisis in industrial labor, and in addition to calling for social justice and an end to wage cruelty, reformers continued to point to individual well-being as an asset to the state itself. The ongoing success of European programs of social insurance offset a rising popularity for

¹⁷⁶ Frederick Hoffman to Forrest Dryden, 26 February, 1917, Box 6, Vol 21; And Frederick Hoffman to Forrest Dryden, 20 June, 1917, Box 6, Vol 21, FLH Collection.

¹⁷⁷ Frederick Hoffman to Forrest Dryden 18 June, 1918, Box 6, Vol 22, FLH Collection.

health and accident insurance within the United States, as Americans struggled to innovate acceptable ways to manage risk. The Metropolitan's health and welfare programs had successfully introduced the concept of service provision through commercial insurers, but it had not silenced the national debate about social insurance. The tide of reform was high, and to some in the private life insurance industry it still seemed possible – even likely – that it would wash over the companies' welfare work if allowed to continue unopposed.

Hoffman, who made a practice of monitoring social and political developments of interest to the life insurance industry, had remained active on committees devoted to social insurance investigation, and abreast of the national debate. In the mid-nineteen teens, developments in the political arena began to reclaim his attention. Even while he continued to comment on the competition posed by the Metropolitan, and to suggest ways in which to meet it, he became increasingly alarmed over the nation's political atmosphere, which he felt was becoming dangerously radical. After attending a social insurance congress in January, 1914, he sent a disquieted letter to President Dryden proclaiming that that agitation for social insurance was assuming "serious proportions." "I feel strongly that I should give as much time as possible to these matters," he fussed, "and if necessary, discontinue my efforts in connection with other and less pressing public activities." Hoffman meant what he said. He immediately tendered resignations to the Committee of Dusty Trades, the Committee on Industrial Hygiene, and the Committee of Fifteen on Public Health Activities, re-prioritizing the direct fight against social insurance over the "less pressing activities" of accruing social esteem through the promotion of public health. Hoffman urged Dryden to make changes, as well, pushing

him to create an office committee to consider social insurance in detail, and to be ready, if necessary, to alter the company's entire policy of business in order to conform to the "changed order of things." After many years of monitoring the progress of social insurance, Hoffman suddenly believed the changes to be imminent, and while he continued to make suggestions he put less and less energy into promoting the Prudential's welfare capacities. The policyholder service bureau would not become a reality, but a direct, vitriolic, and ultimately successful fight against the introduction of American social insurance was in the immediate offing.

EPILOGUE

When Frederick Hoffman travelled to Europe in the spring of 1909 to investigate social insurance, he initially liked what he saw. The program appeared to have done everything the Kaiser and others had hoped. The interests of capital and labor had been harmonized, the welfare and security of the German working class had been improved, and the suffering wrought by industrial distress had been vastly alleviated.¹ “There is no dissenting opinion,” he reported home in May, “even on the part of life insurance managers, that Government insurance has resulted in far-reaching reforms, that it has been of vast benefit to the people and to the nation at large, and that it has come to stay.”² He concluded as well that the state-based provisions were hardly *insurance* at all, and would pose no threat to private firms. Instead, Hoffman observed, they constituted merely a form of poor relief with which commercial insurance could easily compete. “I am fully convinced that government insurance (so-called) is *not* opposed to our interests,” he declared.³ Hoffman was so sure of his own findings that he submitted them nearly verbatim to a public report on social insurance. “[A]ll with whom I have discussed the subject are but of one mind,” he wrote – “that the effect on the whole, has been decidedly for good.”⁴

A week later, the Prudential statistician reversed his position. “The fact remains that it is a system of social betterment in the *name* of insurance,” he warned, “which is unquestionably a serious menace to insurance based upon the theory of contract and equitable contractual relations

¹ Frederick Hoffman to John Dryden, 22 May, 1909, Box 2, Vol 6, FLH Collection.

² Frederick Hoffman to John Dryden, 21 May, 1909, Box 2, Vol 6, FLH Collection.

³ Emphasis original. Frederick Hoffman to John Dryden, 10 June, 1909, Box 2, Vol 6, FLH Collection.

⁴ Frederick Hoffman, *Report of the Commission on Old Age Pensions, Annuities, and Insurance, 1910*. Quoted in John Lapp, “The Findings of Official Health Insurance Commissions” *The American Labor Legislation Review* 10:1 (March 1920): 27-40.

between the parties concerned.” He stated that the European method was to distribute subsidized life and burial insurance policies, and that private firms would fare badly where it thrived. “Industrial insurance,” he noted, “as we understand and practice it, has only a small chance of success [against social insurance].”⁵ Hoffman never again spoke well of state-based insurance, and by 1913 he had come to devote a substantial proportion of his energies to denouncing the practice, ‘lest it become law in the United States. Hoffman, in fact, waged a full-fledged attack on the idea, which he conducted through the printing presses of the Prudential, through scientific and trade journals, from lecterns, and through covert organizations such as the New York League for Americanism (a front organization operated by insurance companies to oppose health insurance proposals). It was an offensive that contributed much to the defeat of the first concerted attempt to pass socialized insurance in the United States, which occurred between 1916 and 1919 through the auspices of the American Association for Labor Legislation, and it predicted a political struggle that would recur in the United States approximately every fifteen years through the present writing.

Scholars of American attempts to pass government health insurance have described the nineteen teens as the time that Americans were “almost persuaded” to vote such legislation into law. Between 1910 and 1914, the American social climate was on the whole favorably disposed toward social insurance, and legislative reform seemed to many to be a part of the nation’s inevitable social progress. In 1912, when the AALL convened a committee “to study conditions impartially, to investigate the operation of existing systems of insurance, to prepare for needed legislation, and to stimulate intelligent discussion,” the group determined that compulsory health

⁵ Frederick Hoffman to John Dryden, 18 June, 1909, Box 2, Vol 6, FLH Collection.

insurance for wage workers constituted “the next great step in social legislation.”⁶ The all-out campaign launched by the committee in support of state-level health insurance bills initially had the support of the American Medical Association, organized labor in many states, and all three political parties. The European example received favorable reports from those who investigated it, particularly as it was practiced in England, and a 1916 state-by-state attempt to push model insurance bill seemed to its sponsors to have been largely successful. Though no legislation was passed, state medical societies allowed the measure to develop unopposed, and hopes remained high that state-administered insurance would soon become a reality in the United States.⁷

Less than a year later, the success of the campaign turned. The position of medical societies soured. The outbreak of World War I unleashed a tide of anti-German feeling among Americans that quickly turned to nativist hysteria turned to all things “Kraut,” including so-called German insurance. The timing coincided with action on the part of the AALL to introduce a new model bills in New York, Massachusetts, and Illinois that received a bitter response from physicians and a series of anti-insurance resolutions. When an anti-German witch hunt began in 1918 within the ranks of the AMA, it helped to solidify medical opinion against state-based insurance. Americans began to refer to compulsory coverage as the “Prussianization of America,” and even the federal government turned against the practice, mobilizing -- among other initiatives -- the Creel Committee on Public Information, whose mission to “mobilize

⁶ Quoted in Theda Skocpol, *Protecting Soldiers and Mothers: the Political Origins of Social Policy in the United States*, (Belknap: Cambridge, MA, 1992), 198.

⁷ Ronald Numbers, *Almost Persuaded: American Physicians and Compulsory Health Insurance, 1912-1920* (Baltimore: Johns Hopkins University Press, 1978), 50.

hatred against the enemy” included opposition to social insurance.⁸ By 1920, the movement in favor of a state-based system had been soundly defeated.

Behind many of these activities sat the power of manufacturers and large insurers and, most specifically, the work of Frederick Hoffman. As self-appointed advisor to the chief executive of the Prudential, Hoffman’s watchful eye on the progress of insurance legislation became an active hand by 1913, and, reporting faithfully on all of his endeavors to the company head, he maintained a presence in most theaters of the debate. From that year through 1916, he served on the AALL’s Committee on Social Insurance, a position from which he challenged the main tenets of the model bill, especially its inclusion of a \$50 burial provision and the Committee’s decision to exclude commercial insurers as carriers. When the bill was introduced in three states containing these clauses, Hoffman resigned from the Committee in disgust, continuing his opposition from other platforms. At conferences on social insurance he attacked the model bill as “actuarially unsound, politically unwise, and economically unnecessary,” and in articles he claimed that the committee members had conducted a biased inquiry full of “reckless utterances,” “broad allegations,” and “fatuous reliance on foreign experience.”⁹ As a paid spokesman for the Creel Committee, it was Hoffman who framed social insurance as an autocratic invention of the Kaiser, a position he modified in 1919 and 1920 to re-describe the system as a Bolshevik threat and a menace to democracy.¹⁰ Hoffman also maintained an active

⁸ Numbers, *Almost Persuaded*, 75-78.

⁹ Hoffman, “Discussion on Sickness (Health) Benefits and Social Insurance,” *Proceedings of the Conference on Social Insurance*, Dec 1916), 624. “Facts and Fallacies of Compulsory Insurance” ” Read before American Association for the Advancement of Science, Dec 28, 1916 & the National Civic Federation, Jan 22, 1917 Reprinted, (Newark: the Prudential Press, 1917).

¹⁰ Frederick L. Hoffman, “Facts and Fallacies of Compulsory Health Insurance,” 1917. At the conclusion of the war, when confronted by members of the medical profession about the over exuberance and unlikely veracity of his most anti-German statements, Hoffman replied that ill-intentioned Germans had, in effect, placed him under a trance. “I

presence in the New York League for Americanism and the Insurance Economic Institution, a pair of front organizations supported largely by industry whose purpose was to suppress the movement for national health insurance without drawing attention to the commercial firms. In sum, a striking quantity of the material published in opposition to social insurance during the late nineteen teens can be traced back to Frederick Hoffman, whose work was instrumental in the opposition mounted by commercial firms.

Though only a handful of histories of the nation's first attempt to pass national health insurance discuss the role that private industry in its defeat, it is difficult to improve on the account provided by Beatrix Hoffman in 2001. Hoffman observes that, like the practice established in Europe, the compulsory system proposed by the AALL targeted low-income workers, who were the primary purchasers of industrial policies. Insurance firms with industrial departments recognized the substantial threat this posed to their economic well-being but, as Hoffman notes, public opposition based on economic grounds would have appeared to be too brazenly in insurers' self-interest to attract popular sympathy. The firms needed to keep their resistance discreet, and find alternative methods to erode support for the legislation that did not draw attention to their financial stake in the debate. On these grounds, Hoffman notes, commercial insurers engaged a multifaceted campaign that included the appearance of public cooperation through membership on social insurance committees, covert attempts to frustrate it such as membership in the IES and the NYLA, and a strategy of involvement with medical and public health campaigns across the United States that would remove the occasion for state-

have never attempted to disguise the fact that social insurance was of considerable material benefit to the German people at that particular period, but I was limited in my opportunities and possibly under the influence of the German mind and German thought. The moral consequences of social insurance had not, at that time, been forced upon my mind." See "Discussion on Papers of Lapp and Hoffman," *The Pennsylvania Medical Journal* 22 (March 14, 1919): 676-777.

sponsored insurance.¹¹ “The movement for compulsory health insurance,” notes Hoffman, “became a catalyst for insurance industry involvement in health protection.”¹² If industry could efficiently meet the growing demand for medical and public health provision, it could preclude activity by the state.

On this basis, the welfare work program of the Metropolitan received enduring support from company executives, and competitors such as the Prudential soon launched efforts of their own. By the late teens, Aetna and John Hancock (also industrial firms) had initiated nursing services and welfare programs, as well. As public interest in social insurance became more pronounced, the firms stepped up their health protection efforts to include disability benefits (Aetna, 1916, Equitable 1917) and, at the Metropolitan in 1921, health insurance.¹³ Not only did these actions help to diffuse calls for state coverage, they established the private firms in a new and lucrative market. Manufacturers, who condemned the idea of being forced to pay more for the maintenance of their workforce, encouraged these innovations, often by buying into the newly available group insurance policies offered by the firms. Hoffman notes that the combination of these efforts granted employers and private insurers a long-lasting victory: “private health plans today are still voluntary on the part of the employer, not a right of workers guaranteed by the state.” They are also still the domain of the private sector.¹⁴

¹¹ See also Jill Quadagno. *One Nation, Uninsured: Why the US Has no National Health Insurance*. (New York: Oxford University Press, 2005), 19-20; and “Report and Protest to the Governor, the Legislature, and the People of the State of New York. Danger Confronting Popular Government. The Daly Lobby and Propaganda and the so-called New York League for Americanism.” *The American Labor Legislation Review*, 10:1 (March 1920): 81-104.

¹² Beatrix Hoffman, *The Wages of Sickness: The Politics of Health Insurance in Progressive America*, (Chapel Hill: University of North Carolina Press: 2001), 112.

¹³ Prudential followed suit in 1925. Hoffman, *The Wages of Sickness*, 112.

¹⁴ Hoffman, *The Wages of Sickness*, 105-106.

It was in this context that the methodological and ideological transfer between the insurance industry and the emerging public health movement took place. The details of the AALL's attempt to pass social insurance and the fight by the insurance industry to crush the legislation are fascinating, and despite Hoffman's excellent telling, much more research remains to be done. What is significant to this study, however, is not the ultimate defeat of the measure in late 1919, but the events and concerns that informed the collaboration between insurers and health promoters that facilitated the conquest.

Schooled in the ways of political capitalism, and simultaneously motivated and hampered by their damaged public image, insurance companies maintained a public position of concerned and decorous skepticism, while conducting substantial efforts beneath the popular radar. Repeated visits to Europe by emissaries from the Metropolitan and the Prudential kept the largest firms abreast of the practice's impact on the Continent, and close alliances with reformers and social scientists at home informed them of its potential for passage within the United States. When the companies mobilized their new image as institutions of public health and protectors of national strength, they proved to be formidable opponents to the passage of the legislation. The web of oratory, for instance, woven by Metropolitan vice president Haley Fiske, projected a vision of an American political economy in which commercial insurance had served to build the nation, unify the people, and above all safeguard the national vitality. Like the preponderance of ideology adopted and deployed by the life insurance industry, it was remarkably effective. It dealt the death blow to the American movement for social insurance – at least for the time being.

For American public health, the story may be one of short-term gain (in the form of nurses and health promotion) accompanied by long-term loss (the failure of health insurance to

become law during one of its most likely political moments), however it is complicated by the impact of the ideology of some of its internal players, an aspect worthy of much greater study. The social workers who helped to design and promote the insurance firms' welfare work brought with them a decidedly structural approach to reform, which they believed required multiple sites of intervention and the cooperation of heterogeneous actors. This was not a goal that they readily abandoned, in spite of its disharmony with the "privatizing" philosophy of the commercial insurance industry. Lee Frankel, for instance, remained focused throughout his career at the Metropolitan's welfare division on promoting a *national* model of public health. In the absence of a federal health body, he mobilized the welfare division to agitate for needed legislation, including the formation of an omnibus health agency. The health demonstration projects launched through the division were calculated to inspire interest from government institutions in assuming responsibility for disease prevention and health research. For over half a century, what centralized health administration existed in the United States was heavily influenced by methods incubated in the Metropolitan's welfare division, which sent two presidents to the American Public Health Association (Lee Frankel and Louis Dublin), and which fostered a central Public Health Database until 1932. Only in 1953 did the nation create a federal agency, establishing a cabinet-level Department of Health, Education, and Welfare. The impact of the social workers who operated in alliance with the life insurance industry through that time was highly complex, and remains to be examined.

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