a matter of policy to refuse a discharge would penalize the bankrupt and prevent him from starting afresh from his business misfortunes. It is true that one of the avowed purposes of the Bankruptcy Act is to discharge the indebtedness of the honest debtor so that he will be permitted to start afresh in his economic pursuits.[15] Courts have held that the Act is to be sensibly construed in favor of the honest bankrupt and his release.[16] However, it is submitted that the result reached by the Circuit Court in the principal case is the only tenable interpretation under the Bankruptcy Act, wholly apart from matters of policy.

CONFLICT OF LAWS

WORKMEN'S COMPENSATION

An employee of an Illinois Corporation, hired in Illinois, was injured in the course of his employment in Wisconsin. The employee received a Workmen's Compensation award from his employer under the Illinois statute. This award contained a specific provision that no rights were to be affected which the employee might have under the Workmen's Compensation Act of Wisconsin. Then the employee applied for compensation under the Wisconsin Act. The Wisconsin Supreme Court[1] under the authority of *Magnolia Petroleum Co. v Hunt*[2] set aside the Wisconsin order allowing compensation, finding that under the full faith and credit clause[3] of the Federal Constitution that the Wisconsin proceedings were barred by the Illinois awad. On certiorari to the Supreme Court the Wisconsin judgment was reversed; since the Illinois award was not intended to be conclusive of the employee's rights in Wisconsin, the Wisconsin award was not barred by the Illinois award. *Industrial Commission of Wisconsin v. McCartin*, 330 U.S. 622 (1947).

The requirement of the Constitution for one state to

15. H. R. Rep. No. 1409, 75th Cong., 1st Sess. 3 (1937).
16. Williams v. U.S. Fidelity Co., 236 U.S. 549 (1915).
1. 248 Wis. 570, 22 N.W.2d 522 (1946).
2. 320 U.S. 430, 150 A.L.R. 413 (1943).
3. U.S. Const. Art. IV, §1: "Full Faith and Credit shall be given in each state to the Public Acts, Records, and Judicial Proceedings of every State. And the Congress may by general Laws prescribe the Manner in which such Acts, Records and Proceedings shall be proved, and Effect thereof."

give the same faith and credit to judicial proceedings and statutes as would be given in the state where rendered has been a rigid limitation upon the state courts' refusing to recognize judgments or statutes of sister states.[4] Few exceptions to the mandate of the Constitution have been allowed.[5] In Workmen's Compensation cases where the interests of two states are involved (the state where the injury occurred and the state of the employment contract and residence of the injured worker) either state has been allowed to apply its own Workmen's Compensation Act as of the first instance, giving no effect to the statute of the other state.[6] However, the Supreme Court had held in *Magnolia Petroleum Co. v. Hunt*[7] that once one of the states had allowed an award under its own laws the second state was precluded from allowing an additional award because it must give full faith and credit to the award of the first state. The situation in the *Magnolia* case was essentially the same as that presented in the principal case. However there was no provision in the Texas award in the *Magnolia* case, as in the Illinois award in the

4. Milliken v. Meyer, 311 U.S. 462 (1940); Roche v. McDonald, 275 U.S. 452 (1927); Fall v. Eastin, 215 U.S. 15 (1909); Fauntleroy v. Lum, 210 U.S. 230 (1908). In both the Magnolia and McCartin cases, an award by a state board is considered to be a judicial proceeding.

5. The exceptions have been developed under these circumstances: (a) Lack of jurisdiction of rendering court, Williams v. North Carolina, 325 U.S. 226 (1945); Pink v. A.A.A. Highway Express, 314 U.S. 201 (1940). (b) Penal Laws, Wisconsin v. Pelican Ins. Co., 127 U.S. 265 (1887). (c) Denial of use of courts, Anglo-American Provision Co. v. Davis Co., 191 U.S. 373 (1903). See Stone, J., dissenting in Yarborough v. Yarborough, 290 U.S. 202, 216 (1933).

6. Pacific Mutual Ins. Co. v. Industrial Commission, 306 U.S. 493 (1939); Alaska Packers Co. v. Industrial Commission, 294 U.S. 532 (1935).

7. 320 U.S. 430 (1943). In this case, Hunt, a Louisiana resident employed in Louisiana by defendant Oil Co. was injured while at work for the Co. in Texas. The Texas Workmen's Compensation made an award to him under the Texas statute. After his return home to Louisiana, Hunt learned that the Lonisiana statute gave a greater compensation than Texas and filed a claim against the employer in Louisiana. The Supreme Court held in reversing the Louisiana court which had allowed compensation that under the full faith and credit requirement the measure of credit was that given by Texas to the award in Texas.

State courts have generally followed the precedent of the Magnolia case: Butler v. Lee Bros. Trucking Contractors, 206 Ark. 885, 178 S.W.2d 58 (1944); People v. Chicago Lloyds, 391 Ill. 500, 63 N.E.2d 484 (1945); Mizrahi's Case, 71 N.E.2d, 383 (Mass. 1947); Overcash v. Yellow Transit Co., 352 Mo. 1002, 180 S.W.2d, 683 (1944); but cf. Loudenslager v. Gorum, 195 S.W.2d 500 (Mo. 1946).

principal case, to the effect that settlement was being made only of the employee's rights existing in the state granting the award.[8] According to the opinion in the principal case the first award in the *Magnolia* case was "made explicitly in lieu of any other recovery for the injury to the employee, precluding even a recovery under the laws of another state."[9] It is doubtful whether the *Magnolia* case actually embraced such a finding.[10] The difference in the effects given to the awards in the two cases is indeed tenuous, considering the wording of the statutes in the two cases.[11] It was this difference in the effect of the awards, however, that the Court seized upon to secure a different result in the principal case. Wisconsin need give the Illinois award no more credit than Illinois would, and the Illinois award had expressly stated it was not settling any rights under the Wisconsin Act.

The result in the *Magnolia* case has been criticized since the time of its decision. The party seeking relief was an injured workman, a member of a necessitous class. Such a class in many fields has received special treatment.[12] Also, the state where the workman was injured has a special interest in seeing that the workman is adequately provided for.

8. "This settlement does not affect any rights that applicant may have under the Workmen's Compensation Act of the state of Wisconsin." 330 U.S. 622, 629.

9. 330 U.S. 622, 626.

10. 320 U.S. 430, 440: "But whether the Texas award purported also to adjudicate the rights and duties of the parties under the Louisiana law or to control persons and courts in Louisiana is irrelevant to our present inquiry. . . . The significant question in this case is whether the full faith and credit clause has deprived Louisiana of the power to deny that the Texas award has the same binding effect on the parties in Louisiana as it has in Texas."

11. The Illinois statute seems to say nothing one way or the other about being exclusive as to all rights. Ill. Ann. Stat. (Smith-Hurd, 1927) c.48 §143: "No common law or statutory right to recover damage for injury or death sustained by an employee while engaged in the line of his duty as such employee, other than the compensation herein provided, shall be available to any employee who is covered by the provision of this act." The Court in the principal case presumed the statute to mean only Illinois rights and this presumption was enhanced by the provision in the Illinois award that no rights under the Wisconsin statute were affected.

The Texas statute approximates the Illinois statute. Texas Stat., Rev. Civ. (Vernon, 1936) Art. 8306, §3: "The employees . . . shall have no right of action against their employer . . . for damages for personal injuries . . . but such employees . . . shall look for compensation solely to the association, as the same is hereinafter provided for."

12. Cheatham, "Res Judicata and the Full Faith and Credit Clause—Magnolia Petroleum Co. v. Hunt" 44 Col. L. Rev. 330, 343 (1944).

There should be a relaxation of the full faith and credit clause when a state has a strong special interest which cannot be passed upon by another state.[13] In addition, there is a distinction between transitory tort actions and Workmen's Compensation proceedings so far as full faith and credit is concerned.[14] Awards of Workmen's Compensation are rendered by administrative boards. These boards cannot apply the statute of another state as can a court apply the tort law of another state in a tort case where these is an extra-state element. A further criticism is that the employer is given an opportunity to take advantage of the injured employee. The employer is likely to be better informed than the employee on the various state statutes and may urge an early award in the state which will grant the lowest amount of compensation.[15]

The dominant objective of the full faith and credit clause is to secure uniformity once there has been final adjudication of a person's rights; on the other hand, Workmen's Compensation is only partial indemnification for the loss sustained by an injured employee. Therefore a decision must be made as to which shall have greater weight, the "unifying force"[16] of the principal that a judgment shall have the same credit in all states as it has in the state where rendered; or the view that "uniformity is not the highest value in the law of Workmen's Compensation"[17] and each state has an economic interest in determining the support needed for its injured citizens.[18] It would be socially desirable to permit an em-

13. Id. at 344. This special interest is analogous to the interest a state has in the support of a minor child. See Stone, J., dissenting in Yarborough v. Yarborough, 290 U.S. 202, 216 (1933).

14. Cheatham, supra n.12, at 344; Freund, "Chief Justice Stone and the Conflict of Laws" 59 Harv. L. Rev. 1210, 1229 (1946). The majority in the Magnolia case treated the case the same as when any tort claimant seeks to disregard a judgment and sue in another state under a more favorable law.

15. Cheatham, supra n.12, at 345.

16. Stone, C.J., Magnolia Petroleum Co. v. Hunt, 320 U.S. 430, 439 (1943).

17. Black, J., dissenting in Magnolia Petroleum Co. v. Hunt, 320 U.S. 430, 459 (1943).

18. Restatement "Conflict of Laws" (1934) §403 adopts the latter view: "Award already had under the Workmen's Compensation Act of another state will not bar a proceeding under an applicable act, but the amount paid on a prior award will be credited on the second award." See Dwan, "Workmen's Compensation and Conflict of Laws" 20 Minn. L. Rev. 19 (1935); 2 Beale, "The Conflict of Laws" (1935) §403.1; Dodd, "Administration of Workmen's

ployee to recover the maximum amount possible under any applicable acts. The principal case reflects the Court's tendency to recognize the unique status of Workmen's Compensation and to relax the rigidity of the requirement of full faith and credit in that field.[19]

The result in the principal case should be a warning to employees in the future who are injured in a situation where two states have an interest. The employees should see that an award by one state includes a specific provision that the award does not purport to settle any rights the employee may have under the statute of the other state. Even if a specific provision is not included, however, the Court seems disposed toward interpreting the scope of a state Workmen's Compensation award as settling rights under that state alone so that a second state may grant an award under its own statute without violating the full faith and credit clause. In a case where it is found, however, that the first state's award was meant to be conclusive of all rights everywhere, in view of the forceful policy considerations for treating Workmen's Compensation apart from other fields, the Court may allow both awards to stand anyway. The Court might say, as Chief Justice Stone did in the Magnolia case,[20] that for a state proceeding to be conclusive of all rights everywhere would be giving unconstitutional and extraterritorial effect to that state's proceedings.

Compensation" (1936) 819, 820; Freund's "Chief Justice Stone and the Conflict of Laws" 59 Harv. L. Rev. 1210 (1946).

Dramatic illustration of the conflicting principals is afforded by two cases. Rounsaville v. Central R.R., 87 N.J.L. 371, 94 Atl. 392 (1915): "Recovery of compensation in two states is no more illegal and not necessarily more unjust than recovery upon two policies of accident or life insurance." (dicta); and Hughey v. Ware, 34 N.M. 29, 276 Pac. 27 (1929). In speaking of the Rounsaville case, the New Mexico Court said: "The analogy is false. Public policy has not concerned itself with the amount of accident insurance one may carry at his own expense. It (public policy) is concerned with the amount of compensation because the cost there is passed on to the consuming public."

19. The McCartin case could be regarded as holding only that a court may specifically limit its judgment so that it will not be res judicata as to certain matters, since the Court emphasized the provision of the Illinois award that the rights of the employee under the Wisconsin statutes were not affected, and paid little attention to the Illinois statute. See Dutton, "Characterization, Res Judicata and the Lawyer's Clause," 22 Ind. L. J. 201, 216, n.51. However, it is believed the Court did not intend such a narrow interpretation to be given to its holding.

20. 320 U.S. 430, 440. "For Texas is without power to give extraterritorial effect to its laws."