

INCREASE IN VETERANS' COMPENSATION

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON FINANCE UNITED STATES SENATE

SEVENTY-EIGHTH CONGRESS

SECOND SESSION

ON

H. R. 3356 and H. R. 3377

BILLS TO INCREASE THE RATE OF PENSION FOR WORLD WAR VETERANS FROM \$40 TO \$50 PER MONTH, TO \$60 PER MONTH IN CERTAIN SPECIFIED CASES, AND FOR OTHER PURPOSES; ALSO TO INCREASE THE SERVICE-CONNECTED DISABILITY RATES OF COMPENSATION OR PENSION PAYABLE TO VETERANS OF WORLD WAR I AND WORLD WAR II AND VETERANS ENTITLED TO WARTIME RATES BASED ON SERVICE ON OR AFTER SEPTEMBER 16, 1940, FOR SERVICE-CONNECTED DISABILITIES, AND TO INCREASE THE RATES FOR WIDOWS AND CHILDREN UNDER PUBLIC LAW 484, SEVENTY-THIRD CONGRESS, AS AMENDED, AND TO INCLUDE WIDOWS AND CHILDREN OF WORLD WAR II VETERANS FOR BENEFITS UNDER THE LATTER ACT

APRIL 21 AND 22, 1944

Printed for the use of the Committee on Finance



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1944

COMMITTEE ON FINANCE

WALTER F. GEORGE, Georgia, *Chairman*

DAVID I. WALSH, Massachusetts	ROBERT M. LA FOLLETTE, JR., Wisconsin
ALBEN W. BARKLEY, Kentucky	ARTHUR H. VANDENBERG, Michigan
TOM CONNALLY, Texas	JAMES J. DAVIS, Pennsylvania
JOSIAH W. BAILEY, North Carolina	JOHN A. DANAHER, Connecticut
BENNETT CHAMP CLARK, Missouri	ROBERT A. TAFT, Ohio
HARRY FLOOD BYRD, Virginia	JOHN THOMAS, Idaho
PETER G. GERRY, Rhode Island	HUGH A. BUTLER, Nebraska
JOSEPH F. GUFFEY, Pennsylvania	EUGENE D. MILLIKIN, Colorado
EDWIN C. JOHNSON, Colorado	OWEN BREWSTER, Maine
GEORGE L. RADCLIFFE, Maryland	
SCOTT W. LUCAS, Illinois	

CHRISTIE B. KENNEDY, *Clerk*

SUBCOMMITTEE ON VETERANS' LEGISLATION

BENNETT CHAMP CLARK, Missouri, *Chairman*

WALTER F. GEORGE, Georgia	ROBERT M. LA FOLLETTE, JR., Wisconsin
DAVID I. WALSH, Massachusetts	JOHN A. DANAHER, Connecticut
TOM CONNALLY, Texas	EUGENE D. MILLIKIN, Colorado
SCOTT W. LUCAS, Illinois	

CONTENTS

Statement of—	Page
Hines, Brig. Gen. Frank T., Administrator, Veterans' Administration...	13
Ketchum, Omar B., director, national service bureau, and national legislative representative, Veterans of Foreign Wars of the United States.....	9
Kraabel, T. O., national director, rehabilitation committee, the American Legion.....	7
Monahan, James L., national commander, Disabled American Veterans.....	6
Rice, Millard W., national service director, Disabled American Veterans.....	2
Wolverton, D. R., national educational director, Regular Veterans Association.....	10
Statements, letters, briefs, etc., submitted for the record:.....	
H. R. 3356.....	2
H. R. 3377.....	1
Hines, Brig. Gen. Frank T.....	13
Report and analysis of H. R. 3356 contained in letter addressed to Senator George on December 6, 1943.....	13
Study made of increased cost of living, presented in hearings before the Committee on World War Veterans' Legislation, House of Representatives, May 13 and 14, 1943.....	18
Report made to Committee on Finance in letter dated December 29, 1943.....	30
Tables entitled "Estimated Number of Living World War Veterans at the Beginning of Each Calendar Year, by Age Group".....	33
Kraabel, T. O., supplemental statement.....	7

INCREASE IN VETERANS' COMPENSATION

FRIDAY, APRIL 21, 1944

UNITED STATES SENATE,
SUBCOMMITTEE ON VETERANS' LEGISLATION,
OF THE COMMITTEE ON FINANCE
Washington, D. C.

The subcommittee met, pursuant to notice, at 10:30 a. m., in room 312, Senate Office Building, Senator Bennett Champ Clark (chairman) presiding.

Present: Senators Clark (chairman) and Millikin.

Senator CLARK. The committee will come to order.

This bill, S. 1508 [indicating], was introduced by myself at the request of the Veterans' Administration. We have heretofore had hearings on it. The amendment simply makes clear the effective date of the bill. There is no objection to it on the part of anybody.

Are there any representatives of the veterans' organizations here today that care to say anything about that bill? It has already been taken up in hearings heretofore.

Is there any objection to reporting that, Senator?

Senator MILLIKIN. No.

Senator CLARK. That may be reported directly to the Senate, under the authority given the subcommittee.

S. 1329 was introduced by Senator George at the request of the Veterans' Association and has to do with the supplying of artificial limbs. That has already been considered in hearings held heretofore. I think there is no objection by the veterans' organizations. The matter is simply routine.

We will report these two directly to the Senate.

Senator CLARK. We will take up now H. R. 3377 and H. R. 3356. They are so closely connected in subject matter that the two may be considered together.

(H. R. 3377 and H. R. 3356 are as follows:)

[H. R. 3377, 78th Cong., 1st sess.]

AN ACT To increase the rate of pension for World War veterans from \$40 to \$60 per month, to \$60 per month in certain specified cases, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That paragraph I (f), part III, Veterans Regulation Numbered 1 (a), as amended, is hereby amended to read:

"I (f) The amount of pension payable under terms of part III shall be \$50 monthly, except that where such veterans shall have been rated permanent and total and in receipt of pension for a continuous period of ten years or reach the age of sixty-five years, the amount of pension shall be \$60 monthly: *Provided*, That—"

The provisions of this Act shall apply to veterans of both World War I and World War II.

Passed the House of Representatives November 17, 1943.

Attest:

SOUTH TRIMBLE, Clerk.

[H. R. 3350, 78th Cong., 1st sess.]

AN ACT To increase the service-connected disability rates of compensation or pension payable to veterans of World War I and World War II and veterans entitled to wartime rates based on service on or after September 16, 1940, for service-connected disabilities, and to increase the rates for widows and children under Public Law 484, Seventy-third Congress, as amended, and to include widows and children of World War II veterans for benefits under the latter Act

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the monthly rates of compensation or pension payable to veterans of World War I and World War II, including veterans entitled to wartime rates under Public, 359, Seventy-seventh Congress, December 19, 1941, for service on or after September 16, 1940, for service-incurred disability, not including the special awards and allowances fixed by law, which are payable under any laws or regulations administered by the Veterans' Administration are hereby increased by 15 per centum.

SEC. 2. That the monthly rates of compensation payable to widows and children under authority of Public Law Numbered 484, Seventy-third Congress, June 28, 1934, as amended, shall be as follows: Widow but no child, \$35; widow and one child, \$45 (with \$5 for each additional child); no widow but one child, \$18; no widow but two children, \$27 (equally divided); no widow but three children, \$36 (equally divided) with \$4 for each additional child (the total amount to be equally divided).

SEC. 3. The increases provided by this Act shall be effective from the first day of the first month following the passage of this Act.

SEC. 4. The benefits of Public Law Numbered 484, Seventy-third Congress, June 28, 1934, as amended, are hereby extended to widows and children of persons who served during the period of the present war, as defined in existing law, subject to the administrative, definitive, and regulatory provisions of Public, Numbered 484, as amended: *Provided*, That the definition of "widow" shall be that contained in section 6 of Public Law Numbered 144, Seventy-eighth Congress, July 13, 1943.

Passed the House of Representatives November 16, 1943.

Attest:

SOUTH TRIMBLE, *Clerk.*

Senator CLARK. Mr. Rice, do you wish to make a statement about this matter?

Mr. RICE. Yes, sir; I do, Mr. Chairman.

Senator CLARK. You may proceed.

STATEMENT OF MILLARD W. RICE, NATIONAL SERVICE DIRECTOR, DISABLED AMERICAN VETERANS

Mr. RICE. Mr. Chairman and gentlemen of the committee.

I will take up first H. R. 3377.

The purpose is plainly stated in the title; to increase the rate of pension for World War veterans from \$40 to \$50 per month and to increase it to \$60 per month where a man has been rated permanently and totally disabled for a period of 10 years or has reached the age of 65.

Our organization at its last national convention expressed itself in resolution form that this pension should be increased for all permanently and totally disabled war veterans from \$40 to \$60, the same as was then provided for Spanish-American War veterans. Since that time, may I call your attention to the fact that the Congress has increased the benefits to veterans of the Spanish-American War to \$75.

We believe that Congress would be justified in increasing the total and permanent benefits at least to \$60 a month for any man who is totally and permanently disabled, regardless of age or how long rated, because he is just as badly in need of it whether 40 years of age or 65 years of age if he is actually totally and permanently disabled.

Therefore, we recommend and urge that the sum of \$50 be changed to \$60 and that the language "except that where such veterans shall have been rated permanent and total and in receipt of pension for a continuous period of ten years or reach the age of sixty-five years, the amount of pension shall be \$60 monthly" be deleted from the bill.

I would then be highly in favor of the enactment of the bill.

Senator MILLIKIN. Starting where?

Mr. RICE. Line 6, with the word "except."

Senator MILLIKIN. That is, delete from there to the end of the paragraph?

Mr. RICE. Not to the end, to the word "monthly," including the word "monthly." The word "Provided," must be left in.

Senator MILLIKIN. Yes.

Mr. RICE. The reason for putting in the \$60 was just putting the foot in the door, as it were, toward getting \$60 for all of them, but there doesn't appear to be any logical reason back of it.

We change the first \$50 to \$60, in the title, and eliminate the words "\$60 per month in certain specified cases, and for other purposes." Eliminate that line and change the sum \$50, where it first appears, to \$60.

As a matter of fact, there would be ample justification for going to \$75 per month, because veterans of all wars who receive pensions on the basis of non-service-connected disabilities ought to get the same amount; but as far as we are concerned, we only went on record for \$60 and that is all I can plead on.

Senator MILLIKIN. How would this compare with the rate paid Spanish-American War veterans?

Mr. RICE. This would give the rate that was in effect prior to the time that Congress raised their rate from \$60 to \$75.

Senator MILLIKIN. How about those over 65 years of age?

Mr. RICE. There is a provision for Spanish-American War veterans that the age of 65 shall be regarded as permanent and total disability. We have not gone on record on that because we believe that the pension is only warranted if he is permanently and totally disabled. But if Congress wants to put that in, we have no objection to it.

But that figure was projected into the future at one time by the Veterans' Administration to show that if it were granted merely on the basis of age, the total sum would reach about \$2,000,000 a year.

Senator CLARK. What would you say to the Veterans' Administration claim that this would amount to an increase in pensions up and down the line of about 50 percent?

Mr. RICE. That doesn't bother me any.

Senator CLARK. I understand, but it might bother somebody else.

Mr. RICE. That would be true, that would be literally true, but \$60 a month is an entirely inadequate sum with which to maintain even a bare existence for a man who is permanently and totally disabled and unemployed. Those men must be actually unemployed, according to the interpretation of the Veterans' Administration. It is really too little as is.

Now, H. R. 3356, we believe that a much more scientific method of providing for an increase in accordance with the cost of living ought to be adopted by Congress. We are happy that the committee seems disposed to give favorable consideration to this bill because certainly

some increase in compensation based upon cost of living is warranted at this time, but we believe that a more scientific method would be to provide for a 10-percent increase in all compensation and pension for all service-connected disability for each 10 percent increase in the cost of living and to go either up or down in accordance with whether the cost of living goes up or down, as compared with the basic figure of 1940, but provided it should not go down more than the basis provided for in existing law. It couldn't go below \$100 a month for service-connected. Such a provision was embodied in H. R. 1111, which is not before the committee, but we think it is a more scientific approach.

Senator CLARK. What was H. R. 1111?

Mr. RICE. That bill was drafted by the legislative counsel of the Veterans' Administration. It could not work administratively very easily because of its provisions.

Senator CLARK. It was drafted by the Veterans' Administration?

Mr. RICE. Yes. So, it is technically perfect.

However, if the committee feels disposed to go along the line that has already been adopted by the House as sort of a compromise measure of giving 15 percent increase, then we desire to call attention to the fact that there ought to be some amendments to the bill as is, in order to simplify it because if the bill were to be enacted as is, it would be administratively very difficult to handle.

It will necessitate a review of every claim folder to determine which claim would be entitled to the 15 percent. That would be necessitated by reason of the dates specified and would also be necessitated by reason of the fact that the 15 percent increase would not include special awards and allowances.

I call attention to the fact also that it would not, apparently, include increases in the allowances paid to vocational trainees. We believe that if there is to be a 15-percent increase on the basis of the increase in the cost of living, it ought to be equally applicable as to all who receive benefits on the basis of a service-connected disability, either for the disability or on the basis of that disability.

That could be accomplished by deleting the language as follows in line 4: "of World War I and World War II, including veterans entitled to wartime rates under Public, 359, Seventy-seventh Congress, December 19, 1941, for service on or after September 16, 1940,".

Senator MILLIKIN. That is the end of the deletion?

Mr. RICE. Yes. Delete that.

Then, also change the word "incurred" to the word "connected", just to make sure we intend to cover the service-aggravated cases as well as the service-incurred cases.

Senator MILLIKIN. That is following the deletion?

Mr. RICE. Yes. Just change the word "incurred" to "connected," because that is the language ordinarily used by the Veterans' Administration.

Then delete the language: "not including the special awards and allowances fixed by law,".

The same result could be effected if you just delete the word "not", but it would simplify it to delete all that language.

Then, in lieu thereof insert the words: "or while undergoing courses of vocational training under the provisions of Public 16 approved March 24, 1943", so that the section would read as follows:

That the monthly rates of compensation or pension payable to veterans for service-connected disability or while undergoing courses of vocational training under the provisions of Public 16 approved March 24, 1943, which are payable under any laws or regulations administered by the Veterans' Administration are hereby increased by 15 per centum.

I call your attention to the fact that if these amendments were made, then it would be possible for the Veterans' Administration to immediately grant a 15-percent increase to every service-connected case including those in vocational training by just giving an order to the disbursing office to give that 15 percent increase. If you retain the language as is, it appears to me that you will have to look over every single case folder, and I call your attention to the fact that the Veterans' Administration is now pretty well overloaded with current pending claims.

Senator MILLIKIN. How many beneficiaries are there?

Mr. RICE. There are 340,000 service-connected cases of veterans of World War I. There are about 80,000 or 90,000 service-connected cases of veterans of World War II. That figure is increasing so fast that I am inaccurate about it. There are probably 2,000 service-connected cases of the Spanish-American War; and there are about 30,000 service-connected so-called peacetime veterans.

I call your attention to the provision in here concerning Public, 359 and to the dates in there. It is a very complicated thing because Public, 359 applies as to any individual who incurred a disability as the result of extra-hazardous duties. They get wartime rates. Under the provisions some of them would get the 15 percent on their wartime rates, and some would not. It would necessitate, it seems to me, a careful review of the code sheet, at least, of every single claim—a very complicated thing.

Now, an increase is warranted on the basis of an increase in the cost of living, and we certainly believe it is, then it ought to be warranted as to every single service-connected case, including the increase on his statutory award. Then, it would be a very simple thing administratively to put it into effect.

I do state that we believe that the more acceptable way would be according to the provisions of H. R. 1111, which is much more scientific.

Senator MILLIKIN. What is the annual cost of the disability benefits?

Mr. RICE. I would just have to make a broad estimate. Maybe one of the other comrades here might be able to give that.

Senator MILLIKIN. Roughly, how much of an increase is involved?

Mr. RICE. In the 15 percent?

Senator MILLIKIN. Yes.

Mr. RICE. It was estimated in the report, and for me to try to estimate it would be rather precarious, and I would rather not.

Senator MILLIKIN. All right.

Mr. RICE. Now, I also call attention to the fact that there is another method by which to provide an increase in the compensation and pen-

sion payments of disabled veterans more nearly to meet their needs, and that would be to adopt the formula as involved in the bill introduced by Senator Clark, namely, S. 1773, which would provide the same dependency allowances as the disabled veterans in Canada receive for their dependency allowance, namely, \$25 per month for the wife, \$15 for the first child, \$10 for the second, and \$10 for each additional child.

Such dependency allowances are paid by nearly every Allied country to its disabled veterans. We provide no such dependency allowance for ours, and there is a very crying need for it, because the man who comes out of service would have to reduce his standard of living by half if he has dependents.

That is another method that might be used. I don't care to discuss it.

Section 2 would provide certain increases for the widows and orphans of veterans of World War I who at the time of death were suffering with service-connected disabilities.

The amounts of increase are not adequate to take care of the increase in the cost of living. Our organization went on record to the effect that the amount of pension payable to widows should be increased to \$50 per month.

Senator MILLIKIN. A widow but no child?

Mr. RICE. Yes; with the same allowance for children as they now have.

It is noteworthy, I believe, to compare the situation with other countries. I had occasion to visit the New Zealand Legation the other day and found that they give exactly the same amount for each child without regard to number.

Our laws, with a limit as to the amount that may be paid for dependents, I think are in effect imposing a birth control, as it were, upon veterans, by limiting it to the amount that has been paid. That really ought to be eliminated.

We are heartily in favor of the application of the same principles involved in Public Law No. 484 as to widows and orphans of veterans of World War II. I promised that I was not going to take up much time on this matter.

I would like at this time, Mr. Chairman, to present, briefly, the national commander of our organization, who happens to be in town at this present time, Mr. James L. Monahan, who is a wounded veteran of the Thirty-third Division. Mr. Monahan.

Senator MILLIKIN. Before you go, will you give us clean copies of the way you think this bill should be amended?

Mr. RICE. I shall be delighted to.

Senator CLARK. Have a seat, Mr. Monahan.

STATEMENT OF JAMES L. MONAHAN, NATIONAL COMMANDER, DISABLED AMERICAN VETERANS

Mr. MONAHAN. Mr. Chairman, I want to thank your committee for the opportunity of appearing before you this morning.

In my travels around the country in my official capacity, I find that the greatest concern of the civilians as well as the veterans is what is going to be done for the disabled man. There are some other bills that I think are worthy of consideration at this time but the greatest

apprehension seems to be for the disabled man—what is going to be done for him.

I want to assure you that we are very grateful that you are considering this type of legislation at this time.

Thank you.

Senator CLARK. We are glad to have you, Mr. Monahan.

Mr. Sullivan.

Mr. SULLIVAN (Francis M. Sullivan, executive director, national legislative committee). Senator Clark, I would appreciate it if the subcommittee would hear Mr. Kraabel briefly on the two measures.

Senator CLARK. Mr. Kraabel.

STATEMENT OF T. O. KRAABEL, NATIONAL DIRECTOR, REHABILITATION COMMITTEE, THE AMERICAN LEGION

Mr. KRAABEL. Senator Clark, Senator Millikin, gentlemen:

The American Legion appreciates this opportunity of again endorsing H. R. 3356 and H. R. 3377. They substantially meet the mandates of our organization. We have given careful study to the economic situation and matters that touch upon the lives of disabled veterans.

I have detailed the observations of the organization in a statement which I will leave with the reporter. We are interested in getting the bills reported promptly and as they are.

Senator CLARK. You support the bills as they passed the House?

Mr. KRAABEL. That is right.

Thank you.

(Supplementary statement furnished by Mr. Kraabel is as follows:)

SUPPLEMENTAL STATEMENT BY T. O. KRAABEL, NATIONAL DIRECTOR REHABILITATION COMMITTEE, THE AMERICAN LEGION, ON H. R. 3356 AND H. R. 3377 AT HEARINGS BEFORE THE VETERANS' SUBCOMMITTEE OF THE SENATE FINANCE COMMITTEE

The American Legion in sponsoring and supporting H. R. 3356 and H. R. 3377 is seeking a reasonable and modest adjustment in the base pay of disability and death compensation for World War veterans and for widows and dependent children under Public Law 484, Seventy-third Congress, as amended. It will be noted that these bills make no reference to the dependents of World War veterans who died or die in service, or who pass away from diseases or injuries incurred in or aggravated by service. The reason for this is that section 14 of Public Law 144, Seventy-eighth Congress, which was approved July 13, 1943, sets up adjusted rates for the widows and children in this group. These adjustments average about 20 percent of the rates in effect up to that date. The rates for parents were not included, but should be in any future adjustment.

Section 1 of H. R. 3356 provides that the monthly rates of compensation or pension payable to veterans of World War I and World War II, including those entitled to wartime rates under Public Law No. 359, Seventy-seventh Congress, December 19, 1941, for service on or after September 16, 1940, for service-incurred disabilities shall be increased by 15 percent. The special awards and allowances fixed by law are not included. The base pay for permanent and total disability was set by Congress on December 24, 1919, at \$100 per month. Partial disabilities call for proportionate amounts, e. g., 10-percent disability, \$10; 20-percent disability, \$20; and so on up the scale. This base pay has been in effect for the past quarter of a century. By the terms of the proposal before the committee the base pay will be set at \$115 per month for permanent and total disability, with proportionate amounts for partial disabilities according to the percentage evaluated.

The American Legion conducted sincere studies of what would be the best formula to propose to Congress in advocating this adjustment. It was recognized that the totally or highly disabled beneficiaries rely on their monthly compensa-

tion payments for a substantial part if not all of their income with which to meet their daily living needs. Certainly for them the adjustment should be definite and as generous as possible. Consideration was given to the proposition that beneficiaries with minor disablements and in receipt of compensation amounts of \$10, \$20, and \$30 per month invariably have another income and would not benefit greatly by the 15 percent increase in their awards. However, when it came to deciding at which point the suggested increases should be made it was determined that equity and fairness called for a horizontal adjustment of the whole scale. It may be true that one in receipt of \$10 for a 10 percent disability will not have much benefit from an additional \$1.50. However, the computation of compensation payment being what it is we feel that whatever adjustment is granted by Congress should affect the base pay or rate for total and partial disabilities in proportion.

Section 2 of H. R. 3356 provides an adjustment in the compensation payable to widows and children of veterans who did not die from their service-incurred disabilities, but who had such disabilities in a measurable degree at the time of their passing. This group of beneficiaries is usually referred to as the widows and children under Public Law 484, Seventy-third Congress, as amended. An important amendment to that act was Public Law 198, Seventy-sixth Congress, July 19, 1939. Therein the current scale of pay is set forth as follows:

Widow but no child.....	\$30
Widow with 1 child (with \$4 for each additional child).....	38
No widow but 1 child.....	15
No widow but 2 children (equally divided).....	22
No widow but 3 children (equally divided) (with \$3 for each additional child, total amount to be equally divided).....	30

Instead of applying a percentage adjustment to this compensation structure the Legion advocated certain definite amounts as follows:

Widow but no child.....	\$35
Widow and 1 child (with \$5 for each additional child).....	45
No widow but 1 child.....	18
No widow but 2 children (equally divided).....	27
No widow but 3 children (equally divided) (with \$4 for each additional child, total amount to be equally divided).....	36

We feel that this adjustment although it averages more than the 15 percent set forth in section 1 is fully justified in view of the very small amounts and the class of beneficiaries receiving them.

At this point I desire to call to the attention of the committee members the fact that for over 10 years the American Legion has been striving for a widows' and orphans' pension to be payable without claimant showing that the veteran involved had a service-connected disability. The widows and orphans of veterans of wars prior to World War I have this benefit. The nearest World War I widows have come to it is through Public Laws 484 and 198, which require the showing that the veteran had a service-incurred disablement of measurable degree at the time of his death. It has been estimated that there are hundreds and possibly thousands of World War I ex-servicemen who have gone to their graves without being successful in proving to the Government that they had some damage to mind or body attributable to their war service. After their passing their surviving widows and children have had the virtually impossible task of establishing these claims. Accordingly they do not come in for the payments under Public Law 484 and its amendments. The attention of Congress is again called to pending proposals which will recognize these widows and orphans, and accord them a modest pension in keeping with the Government's policy in behalf of widows and orphans of prior wars.

H. R. 3377 proposes to increase the pension payable to permanently and totally disabled non-service-connected veterans of World War I from \$40 per month to \$50 per month. This is a specific increase which meets the terms of an American Legion mandate on the subject. It will be recalled that the original payments to World War I veterans for non-service-incurred disablements started on July 3, 1930, as disability allowance. The amount payable for the permanent and total incapacity under that law was \$40 per month. By the terms of Public Law 2, Seventy-third Congress, this amount was reduced to \$30 per month, effective July 1, 1933. The amounts for partial disabilities in non-service-connected cases were rescinded. The \$30 rate for total disability continued for nearly 10 years, when on June 10, 1942, Congress enacted Public Law 601 granting an increase to \$40 per

month. This is the rate currently in effect. The thought expressed by the Veterans' Administration at the time of this last increase might bear repeating at this time:

"* * * giving consideration to the increased cost of living, the fact that those men are permanently and totally disabled, and bearing in mind that this bill does not enlarge the group of eligibles for the pension involved, approval of the measure by the President is recommended."

The adjustment sought by this bill is justifiable and goes to a group of beneficiaries permanently and totally incapacitated and unable in most instances to supplement this pension income by outside activity. A great many of these men have worthy claims for service-connected-disability compensation but are unable to establish them because certain items of evidence and proof of service incurrence have been lost, destroyed, or otherwise not procurable.

In concluding this brief outline in support of these bills the American Legion desires that its advocacy of these measures rest upon the following broad principles:

1. That the scale of pay which the Government of the United States observes in awarding pensions and compensations to its ex-service people and their dependents has never been too great in view of the average standard of living which has progressively been elevated from the very birth of the Nation up to the present time.

2. That when such development of the standard of living and economic conditions justified, the history of pension legislation in this country will reveal adequate precedents to substantiate the adjustments now sought.

3. That these adjustments are modest and reasonable in the light of all present-day facts and circumstances, which are acutely felt by those of the Nation's defenders who have been deprived of their full capacity to pursue gainful occupations, and must of necessity rely upon monthly awards for which their service-incurred disabilities and their wartime service in the country's behalf qualify them.

Senator CLARK. Mr. Ketchum, have you any observations to make on these two bills?

STATEMENT OF OMAR B. KETCHUM, DIRECTOR, NATIONAL SERVICE BUREAU, AND NATIONAL LEGISLATIVE REPRESENTATIVE, VETERANS OF FOREIGN WARS OF THE UNITED STATES

Mr. KETCHUM. Mr. Chairman and Senator Millikin.

I didn't intend to speak on these two measures, because, as the chairman knows and as the other members of this committee know, the Veterans of Foreign Wars are heartily in accord with the purposes and objectives of H. R. 3356 and H. R. 3377.

I was hopeful this morning that no testimony would be necessary that the bills would be endorsed in their present form and could be reported out by the committee.

I have listened with interest to the testimony of the fine representative of the Disabled American Veterans and agree that there are some changes which, of course, could bring additional benefits to veterans. I don't think there has ever been a piece of legislation passed by the Congress but what if it was held long enough and amended enough it possibly could be improved.

On the other hand, there is a great demand for this legislation at the earliest possible moment. It has been carefully considered. It has been adopted by the House. It is now before this committee. I am fearful that if you begin amending the bill, even though it might be desirable to give increased benefits to many, it is going to further delay the passage of this important legislation.

I travel about this country a great deal and one thing that is thrown in my face constantly is: "What are you fellows doing about the needed increases for those who have served in the past and who are now

attempting to live, with this increase in the cost of living, on small allowances allowed? The important thing for you fellows to do down there is to get those two bills through the Congress and quit stalling around about it."

I am fearful that if we continue to amend them now, even though that may be desirable, that it will bring about added delay. If it goes back to the House again it may be weeks before anything can be done.

It certainly would be desirable to give each one of these permanent and total part III boys \$60 a month. We don't object to the increase, but the only thing we are fearful of is that if this committee starts to rewrite these bills we will be delayed again on legislation that is needed now.

The thing I hear more about over the country than anything is in regard to these people who are being forced to live on these small amounts, without any Little Steel formula being applied to them, and I think it is highly important that this legislation be reported out and approved by the Senate.

I want the record clear that I have no objection to strengthening and increasing the amounts payable to veterans, but most certainly, if it is going to involve considerable more delay, I want to see the bills go on through. We can then later on try to get some strengthening of those bills or some additional increase. But I think we ought to do this at the earliest possible moment.

That is all I have to say, Mr. Chairman.

Senator CLARK. Does anybody else wish to be heard?

Mr. WOLVERTON. Yes, Mr. Chairman. D. R. Wolverton.

Senator CLARK. Come forward and have a seat, Mr. Wolverton.

STATEMENT OF D. R. WOLVERTON, NATIONAL EDUCATIONAL DIRECTOR, REGULAR VETERANS ASSOCIATION

Mr. WOLVERTON. Mr. Chairman and members of the committee, it is a pleasure to appear before this committee, and I want to say that the Regular Veterans Association heartily concurs with the Disabled American Veterans' resolutions and their amendments to H. R. 3377.

In regard to H. R. 3356, the Regular Veterans Association, which has members in the active service during the present war, is in favor of an increase in the rate of compensation or pension by 15 per centum as provided in section 1 of H. R. 3356. However, I wish to invite your attention to a manifest injustice which would result from the enactment of section 1 in its present form. Under the existing law, the rates of pension for service-connected disability, based upon service other than during a period of war, have been established by the Congress, with the approval of the President, at 75 per cent of the war service-connected rates. Section 1 of H. R. 3356 would increase the war service-connected rates by 15 per cent, and by failing to increase uniformly the rates for service-connected disabilities, Regular Establishments would establish a 40 per cent differential between the wartime service-connected rates and the Regular Establishment service-connected rates in lieu of the present differential of 25 percent.!

I urge upon the committee that simple justice requires that the 15-percent increase in the rates for service-connected disability should be uniformly applied to all service-connected disability cases in order that no injustice may result.

I sincerely urge the consideration of your committee of the proposed amendment and am hopeful that favorable action will be taken thereon, as I am certain, from the past record of your committee, that it is your desire in acting upon pending legislation to avoid manifest injustice in the case of any service-connected disabled.

I want to make it clear that this proposal is requesting no more and no less from the standpoint of increase in the rates than would be granted war service connected cases under section 1 of the bill; i. e., 15 per centum.

For your information and guidance, the amendment proposed by this organization will have the effect of correcting another apparent injustice which would result from section 1 of H. R. 3356 in its present form. Regular veterans disabled before September 16, 1940, under extrahazardous conditions and under conditions simulating war are, at the present time, in receipt of war-service-connected rates under the act referred to in section 1 of the bill, Public, 359, Seventy-seventh Congress, December 19, 1941, but notwithstanding the fact they are receiving wartime-service-connected rates, they would receive no increase under section 1. As heretofore explained it is the opinion of this organization that all service-connected disability rates should be increased 15 per centum in order to retain the present relationship of rates. It is trusted that your committee will concur in this opinion. However, should the committee's action be limited to increases of the wartime-service-connected rates, it would be necessary for this organization to request that the language appearing in lines 1 and 2, page 2 of the bill "for service on or after September 16, 1940" be deleted from the bill.

I trust that your committee will act favorably upon the proposed amendment which would apply the increase to all service-connected disability cases as suggested by the attached proposed amendment to H. R. 3356.

Senator CLARK. Do you have a clean copy to hand in of the proposed amendment?

Mr. WOLVERTON. I will; yes, sir.

Senator MILLIKIN. Do you go along with the suggestion that has been made that those taking vocational training should also be brought in specifically?

Mr. WOLVERTON. Yes, sir, we agree with that.

Thank you very much.

Senator CLARK. Is there anyone else who desires to be heard this morning?

General Hines has notified the committee that it was impossible for him to be here because of appearance before the Rankin committee of the House in executive session, but he desires to be heard in opposition to these bills.

The committee will recess until 10:30 tomorrow morning.

(Whereupon, at 11:15, a recess was taken until 10:30 a. m., Saturday, April 22, 1944.)

INCREASE IN VETERANS' COMPENSATION

SATURDAY, APRIL 22, 1944

UNITED STATES SENATE,
SUBCOMMITTEE ON VETERANS' LEGISLATION,
OF THE COMMITTEE ON FINANCE,
Washington, D. C.

The subcommittee met, pursuant to adjournment, at 10:30 a. m. in room 312, Senate Office Building, Senator Eugene D. Millikin (acting chairman) presiding.

Present: Senators Millikin (acting chairman) and Clark (later).
Senator MILLIKIN. The committee will come to order.
General Hines is with us this morning.

STATEMENT OF BRIG. GEN. FRANK T. HINES, ADMINISTRATOR, VETERANS' ADMINISTRATION

General HINES. Mr. Chairman and members of the committee, I would like to address myself first, Mr. Chairman, to H. R. 3356.

This bill, in summary, provides for monthly increase in rates of compensation or pensions to veterans for service connected disabilities, by 15 percent, and it was amended in the House to make this provision of 15 percent apply to World War II cases, as well as World War I cases.

Section 2 would increase the rates under Public, 484, to beneficiaries, widows, and children, as follows: A widow with no child, from \$30 to \$35; a widow with one child, from \$38 to \$45; and each additional child, from \$4 to \$5; no widow but one child, from \$15 to \$18; no widow, two children, from \$22 to \$27, equally divided; no widow, but three children, from \$30 to \$36; and each additional child is increased from \$3 to \$4 per month.

Section 3 of the bill provides increases to be effective from the first day of the first month following the date of the enactment of the bill.

Section 4, as added by the House of Representatives, provides that the Public, 484 benefits for dependent widows and children will also cover World War II widows and children.

First, Mr. Chairman, I would like to have inserted in the record at this point the report made by the Veterans' Administration on December 6, 1943, analyzing the sections of the bill and including an estimate of the cost of the various provisions. I will refer to that report as I proceed with the bill.

Senator MILLIKIN. It will be inserted in the record at this point.
(The letter referred to is as follows:)

DECEMBER 6, 1943.

HON. WALTER F. GEORGE,
*Chairman, Committee on Finance,
United States Senate, Washington, D. C.*

MY DEAR SENATOR GEORGE: Further reference is made to your request of November 19, 1943, for a report on H. R. 3356, Seventy-eighth Congress, a bill to increase the service-connected disability rates of compensation or pension payable

to veterans of World War I and World War II and veterans entitled to wartime rates based on service on or after September 16, 1940, for service-connected disabilities, and to increase the rates for widows and children under Public Law 484, Seventy-third Congress, as amended, and to include widows and children of World War II veterans or benefits under the latter act, which was passed by the House of Representatives on November 16, 1943, and which provides:

"That the monthly rates of compensation or pension payable to veterans of World War I and World War II, including veterans entitled to wartime rates under Public, 359, Seventy-seventh Congress, December 19, 1941, for service on or after September 16, 1940, for service-incurred disability, not including the special awards and allowances fixed by law, which are payable under any laws or regulations administered by the Veterans' Administration are hereby increased by 15 per centum.

"Sec. 2. That the monthly rates of compensation payable to widows and children under authority of Public Law Numbered 484, Seventy-third Congress, June 28, 1934, as amended, shall be as follows: Widow but no child, \$35; widow and one child, \$45 (with \$5 for each additional child); no widow but one child, \$18; no widow but two children, \$27 (equally divided); no widow but three children, \$36 (equally divided) with \$4 for each additional child (the total amount to be equally divided).

"Sec. 3. The increases provided by this Act shall be effective from the first day of the first month following the passage of this Act.

"Sec. 4. The benefits of Public Law Numbered 484, Seventy-third Congress, June 28, 1934, as amended, are hereby extended to widows and children of persons who served during the period of the present war, as defined in existing law, subject to the administrative, definitive, and regulatory provisions of Public, Numbered 484, as amended: Provided, That the definition of 'widow' shall be that contained in section 6 of Public Law Numbered 144, Seventy-eighth Congress, July 13, 1943."

Section 1 of the bill would provide a 15 percent increase of compensation or pension payable to veterans of World War I and World War II, including veterans entitled to wartime rates under Public, No. 359, Seventy-seventh Congress, December 19, 1941, for service on or after September 16, 1940, for service-incurred disability, not including special awards and allowances fixed by law, which are payable under any laws or regulations administered by the Veterans' Administration. The "special awards and allowances fixed by law" which it is considered would not be increased under the bill would include rates of compensation, for example, under the World War Veterans' Act, 1924, as amended, and restored with limitations by the act of March 28, 1934, Public, No. 141, Seventy-third Congress, in excess of the rate for temporary or permanent total disability; additional allowance for nurse or attendant; statutory awards for arrested and apparently cured tuberculosis; and increased compensation for loss of use of a creative organ or one or more feet or hands. There would also be for consideration the awards resulting from special ratings of hospitalized tuberculous cases under Section 202 (2) and (3) of the World War Veterans' Act of 1924. As to Public No. 2 and the veterans regulations, because of the provisions of section 19 of the Act of March 20, 1933, Public, No. 2, Seventy-third Congress, the special rates in Veterans Regulation No. 1 (a), as amended, part I, in excess of the basic rates for partial and total disability would appear to come within the purview of such special awards and allowances fixed by law and thus not receive the 15 percent increase. In this connection it is suggested that the intent of the bill would be clarified if the language "statutory awards and special monthly pension" were substituted for "special awards and allowances fixed by law." It is also suggested that the phrase "service-connected" be substituted for "service-incurred" in line 2, page 2, of the bill.

Section 2 of the bill would amend section 2, Public, No. 484, Seventy-third Congress, as amended. Said section 2 of Public, No. 484, as amended, provides rates of death compensation for widows and children of World War I veterans where at the time of the veteran's death he had a disability connected with his World War service. These rates were last amended by the act of July 19, 1939, Public, No. 198, Seventy-sixth Congress, and are now as follows:

Widow but no child.....	\$30
Widow with 1 child (with \$4 for each additional child).....	38
No widow but 1 child.....	15
No widow but 2 children (equally divided).....	22
No widow but 3 children (equally divided) (with \$3 for each additional child, total amount to be equally divided).....	30

The total compensation payable under this section cannot exceed \$64. Where such pensions would otherwise exceed \$64, the amount of \$64 may be apportioned as the Administrator of Veterans' Affairs may prescribe.

The rates which would be provided by this bill are—

Widow but no child.....	\$35
Widow and 1 child (with \$5 for each additional child).....	45
No widow but 1 child.....	18
No widow but 2 children (equally divided).....	27
No widow but 3 children (equally divided) (with \$4 for each additional child, total amount to be equally divided).....	36

It is intended to remove the \$64 limitation on the total amount which might be paid the widow and children, or children alone, in an individual case, the language of the bill should be amended to so state.

It will be noted that the above rates, where there is a widow alone or a widow with child or children, are in excess of the service pension rates payable to widow alone or widow with child or children of veterans of the Spanish-American War, including the Boxer Rebellion and Philippine Insurrection, the Indian Wars, and as to the Civil War in those cases where the widow is under 70 years of age.

The bill would not amend or repeal the provision in section 1 (c) of Public, No. 484, as amended, which provides that benefits of that act are not payable to a widow without child or to a child whose annual income exceeds \$1,000, or to a widow with child, if her income exceeds \$2,500. This section was amended by section 11 of Public, No. 144, Seventy-eighth Congress, July 13, 1943, to read as follows:

"(c) Payment of compensation under the provisions of this Act shall not be made to any widow without child, or a child, whose annual income exceeds \$1,000, or to a widow with a child or children whose annual income exceeds \$2,500. In determining annual income any payments by the United States Government because of disability or death under laws administered by the Veterans' Administration shall not be considered: Provided, That where payments to a widow are disallowed or discontinued hereunder, payment to a child or children of the deceased veteran may be made as though there is no widow."

Section 3 of the bill would provide that the increases provided by it should be effective from the first day of the first month following the passage of the measure.

Section 4 of the bill would extend the benefits of Public, No. 484, Seventy-third Congress, June 28, 1934, as amended, to the widows and children of veterans of World War II, subject to the administrative, definitive, and regulatory provisions of Public, No. 484, as amended, supra, provided that the definition of "widow" should be that contained in section 6, Public, No. 144, Seventy-eighth Congress, July 13, 1943.

This bill, H. R. 3356, Seventy-eighth Congress, is similar in purpose to S. 1221, Seventy-eighth Congress, and S. 1204, Seventy-eighth Congress. A report was submitted by the Veterans' Administration on S. 1204, Seventy-eighth Congress, on June 29, 1943, and on July 29, 1943, in connection therewith, a report of the studies made by the Veterans' Administration on the relationship between pension rates and the cost of living was furnished your committee. A report on S. 1221 was made to your committee on July 26, 1943. The bill as originally introduced in the House of Representatives was identical with S. 1423, Seventy-eighth Congress.

The legislative history of the several laws establishing rates of compensation or pension reveals that prior to the enactment thereof the Congress gave consideration to various factors, e. g., the rates being paid to similar groups of veterans under the laws in effect at the time the proposed rates were being considered; differentiation between benefits based upon service-connected disability or death, and those based upon non-service-connected disability or death; historical development of the pension or compensation program of the group involved; including consideration of the program pertaining to similar groups and the effect of the proposed legislation; the estimated expenditure involved, and the ability of the Government to meet the obligation which would be assumed.

With reference to the provision contained in section 1 that the increase should apply to "veterans entitled to wartime rates under Public, 359, Seventy-seventh Congress, December 19, 1941, for service on or after September 16, 1940," your attention is invited to the fact that wartime service-connected rates are payable for disabilities incurred under similar circumstances during peacetime service prior to September 16, 1940, date of enactment of the Selective Service Act of 1940, and during wars prior to World War I. The adoption of the particular date might imply favorable consideration of recognizing for World War II pur-

poses a beginning date of the war at variance with the official war date of December 7, 1941. The long-established policy has been to apply the official beginning and ending dates of wars in which the United States has been engaged.

Enactment of this bill would produce a further inequality in rates to veterans of wartime and peacetime service. Presently effective rates for peacetime service-connected disabilities are approximately 75 percent of the rates for wartime service-connected disabilities. Because the bill would not increase rates for peacetime service-connected disabilities, this ratio would be reduced to approximately 65 percent.

It appears highly probable that the higher cost of living now prevailing is the impelling factor behind this proposed legislation. It is believed that appropriate recognition of this factor could best be given only in its relationship to other important factors, including prevailing wage levels. Recognition of the factors of the cost of living and prevailing average wages would lead to variations of the basic rates of pension and compensation in accordance with the fluctuations in the cost of living or in the prevailing wage or some combination of such factors. Any such approach to the problem would also involve consideration of further variations because of local differentiation in the cost of living and prevailing wage scales.

There is also for consideration the fact that the benefits paid under laws administered by the Veterans' Administration are wholly exempt from taxation and although the rates are fixed, they are not subject, as are other incomes, to reduction by way of income, victory, social security, or other taxes, either Federal or State. Disabled veterans also have the advantages of other benefits from the Government, including insurance, rehabilitation, hospitalization, domiciliary care, and employment preference.

The current increase in wage and income levels and the wider spread of employment opportunity make it easier for the partially disabled person and for the less skilled members of a family to secure employment and earn more money and thus supplement the compensation or pension income. While the present system of fixing rates of compensation or pension for disabled veterans of World Wars I and II is based, to some extent, on the experience of the United States and the several States with workmen's compensation statutes, the rates are not based entirely upon such considerations and, in particular, the various statutory awards are a departure from the plan of compensation and constitute a considerable supplement to the basic rates of compensation. Furthermore, the compensation rates are designed as a supplement to the earning capacity of a veteran, other than one who is totally and permanently disabled, and could not be considered a substitute for the amount which the veteran might have earned. If compensation had been designed as a substitute for earning capacity it would have been necessary to fix the rates on an individual rather than on the average basis.

The Veterans' Administration gives consistent and thorough study to these matters and based upon such studies, including consideration of the cost of living as one of the factors, it recommended the enactment of Public, No. 601, Seventy-seventh Congress, approved June 10, 1942, which increased the rate for permanent and total disability, non-service-connected, under part III of Veterans Regulation No. 1 (a), as amended, from \$30 to \$40 per month.

The Veterans' Administration after careful consideration recommended to the Congress increases in the rates for widows and children in both wartime and peacetime service-connected death cases. These proposals are contained in section 14 of Public, No. 144, Seventy-eighth Congress, approved July 13, 1943.

The interests of the veterans are necessarily interwoven with the welfare of the country. If increases are granted on the theory of an increase in the cost of living, it may well happen that if the cost of living should be reduced, there would arise a demand that these increases be wiped out. It is considered that veterans have greater security with a stabilized compensation or pension upon which they can depend.

With reference to section 4 of the proposed legislation which would include widows and children of veterans of World War II within the purview of Public, No. 484, Seventy-third Congress, approved June 28, 1934, as amended, it is suggested that there is no present necessity for such legislation and that such a measure should not be considered until after the termination of the war. Sixteen years had elapsed after the armistice in 1918 before circumstances appeared to justify the extension of benefits to the widows and children of those veterans of World War I whose deaths are not service connected but who at time of death had a service-connected disability.

There can be no doubt that it is the desire of the Government and of the people of our country to deal most liberally with those who have served and are serving

in time of war in the armed forces and with their dependents when because of death or injury the veterans are no longer able to provide for those dependents. It is believed, however, that the Government's first obligation extends to those disabled in active duty in the military and naval service and to the dependents of those who die as a result of disability so incurred.

The existing and potential obligation of the Government in the whole field of veterans' relief is also for consideration. While the exact point at which the line should be drawn delimiting Government responsibility is for the Congress to determine, it does not appear that the increases in rates and extension of benefits to a new group as proposed in this bill should be enacted into law at this time.

As to cost, the following estimate is submitted:

Section 1, as amended, provides that the monthly amount of compensation or pension payable to veterans of World War I and World War II, including veterans entitled to wartime rates under Public, 359, Seventy-seventh Congress, for service on or after September 16, 1940, for service-incurred disability, not including the special awards and allowances fixed by law, shall be increased by 15 per centum.

It is estimated this section would provide increases to approximately 329,100 veterans the first year at an additional cost of \$22,247,000.

Section 2 provides increases in monthly rates of compensation payable under Public Law No. 484, as amended.

It is estimated the widows and children of approximately 33,500 deceased veterans would be entitled to the increased rates the first year at a cost of \$2,526,000.

Section 3 provides the increases authorized by this bill shall be effective from the first day of the first month following the passage of this act.

Section 4 of this amended bill would extend the benefits of Public Law 484, as amended, to widows and children of persons who served during the period of the present war where death is not service-connected but at the time of death the veteran had a service-connected disability. Because the rate of deaths from other than service-connected disabilities would probably be small for veterans of World War II who have been discharged from service, and because in many of the cases that could otherwise qualify, the veteran does not leave an eligible beneficiary, it is thought the cost of this section would be small the first year. Therefore, no estimate for the first year is submitted. However, there would be a materially increasing cost, dependent upon the number of service-connected disabilities of World War II.

The total estimated cost of this bill the first year will approximate \$24,773,000.

For the reasons stated above and in the supplementary statement on the relationship between pension rates and the cost of living heretofore submitted to your committee, copy enclosed, the Veterans' Administration is unable to recommend favorable consideration of H. R. 3356, Seventy-eighth Congress, by your committee.

Advice has been received from the Bureau of the Budget that there would be no objection by that office to the submission of this report to your committee as the enactment of the proposed legislation would not be in accord with the program of the President.

Very truly yours,

FRANK T. HINES, *Administrator.*

General HINES. First addressing myself to the flat increase of 15 percent, Mr. Chairman, I would like to say that I do not consider the legislation sound. I do not feel that it is in the interests of the veterans or the dependents to make an increase of that character.

It is argued on the basis of the increased cost of living, and it would seem to be apparent to all of us that there has been a marked increase in the cost of living. However, when you analyze the situation, a study of the cost of living will show that the index—which we are generally guided by when we are considering such matters—in 1919 was practically the same as it is now. And reports coming to us for this year—February 15 was the last—this shows that the cost has decreased from January 15, 1944. On January 15, 1944, the index was 124.1, while on February 15, 1944, it was 123.7.

I want to call attention, Mr. Chairman, to the amount of administrative work that would be involved in applying a 15-percent increase to all the compensation rates covered by this bill.

At the hearing before the House committee I suggested that if there was any argument that would justify this action on the part of the Congress it would probably apply to those veterans who are rated in the higher brackets, that is, from 50 percent to total disability, because I think it is safe to say, without attempting to take an inventory, that many of the veterans that are rated in low percentage of disability are gainfully employed at the present time, at probably better wages—the sum total, plus their compensation—than ever before, while the veteran who is totally disabled in some cases might not be able to be employed at all, although I do know that there are many cases where veterans with high degrees of disability, due to the great demand for manpower in various areas, are gainfully employed. Our records will show that more than 50 percent of the beds in our domiciliary facilities, with eligibility for men to go in there, that is for the group of veterans who cannot carry on, who are not gainfully employed—and about 7,000, as I recall, who were on the compensation rolls before we entered the war, have gone off the rolls and gone into employment. Of course, no study or analysis has been made of their disability, their degree of disability. I have a feeling that we will find that many veterans, with degrees of disability certainly less than 50 percent, are gainfully employed.

Now this is contemplated, of course, to apply to the entire group of World War I and World War II veterans. It may be surprising to some to know that already the total number of beneficiaries of World War II on the pension rolls at this time, receiving monetary benefits of some character, exceeds 100,000.

I am fearful of increasing any pension rates at this particular time, except where we know that real hardship exists. I am strongly in favor, wherever we find equalities in rates, of correcting them.

I feel that it would be better, in pension legislation, to defer our attempt to cover the field until we know more of what the results of this war are going to be.

Before I leave the increased cost, Mr. Chairman, may I insert in the record a study made of the increased cost of living between the time these rates were established, and the present time? It was introduced in the House, but I did not find it in the printed report. It may have been in another section, but I would like to have it inserted in the record, if it meets with your approval.

Senator MILLIKIN. It may be inserted in the record at this point. (The study referred to is as follows:)

PROPOSALS FOR INCREASES DUE TO COST OF LIVING

Subject: Pension and compensation.

Number of bill: S. 1204, compensation bill; H. R. 1111.

Remarks: The purpose of the bill is to increase the rates of payment of compensation and pension under laws administered by Veterans' Administration 10 percent if index figure of the cost of living during the 6 calendar months prior to the month in which bill is enacted is 10 percent higher than the index figure of cost of living during the first 6 months of calendar year of 1940, and further increase of compensation or pension rates if there is further increase of cost of living sufficiently in excess of the basic index figure, and for decrease in compensation and pension rates if cost of living decreases, but in no event would rates of compensation and pension be reduced below the rates in effect on the date of enactment of the bill.

Reports of the index figures of cost of living will be furnished by the Secretary of Labor to the Administrator of Veterans' Affairs at stated periods.

Such increases and decreases would be applicable to compensation and pension provided for non-service-connected disability or death, as well as for service-connected disability or death.

Id. with S. 2801, Seventy-seventh Congress., upon which an unfavorable report was made October 20, 1942.

Disabled American Veterans; objected, III-C-1.

Id. with sections 1 and 2 of H. R. 912, Seventy-eighth Congress.

By Mr. Langer, Committee on Finance, June 9, 1943. Report requested June 11, 1943. Unfavorable report to committee June 29, 1943.

See under tag of "Cost of living."

JULY 29, 1943.

HON. WALTER F. GEORGE,
Chairman, Committee on Finance,
United States Senate, Washington, D. C.

MY DEAR SENATOR GEORGE: Supplementing my report to you on S. 1204, Seventy-eighth Congress, a bill to provide for increasing or decreasing the compensation or pension payments, payable to veterans of all wars, campaigns, and expeditions, or of peacetime service, and to their dependents, under laws administered by the Veterans' Administration, by 10 percent for every 10 percent increase or decrease in the cost of living above the basic cost of living during the first 6 months of 1940, as computed each 6 months, provided that such compensation and pension payments shall not be reduced below the basic amounts provided for under such laws, and for other purposes, which was sent to you under date of June 29, 1943, I am giving you herewith the benefit of studies made by the Veterans' Administration on the relationship between pension rates and the cost of living. This material may also be of use in your consideration of S. 1221, Seventy-eighth Congress, a bill to provide that the rates of compensation, pension, or other regular monthly payments payable to veterans and dependents of deceased veterans under laws and veterans regulations administered by the Veterans' Administration shall be increased by 20 percent, the Veterans' Administration report on which was sent to you under date of July 26, 1943.

S. 1204, Seventy-eighth Congress, provides that the index figures of the cost of living, as computed by the Secretary of Labor, should be the basis of changes in the rates of compensation and pension and for convenience the Department of Labor index is quoted below as follows:

Trend of wages and cost of living, 1869-1943

Year	Average wage and salary, manufacturing	Average wage and salary, all employees	Cost of living	Wholesale prices
1869	\$302			72.9
1879	351			55.5
1889	445			54.2
1899	471			50.1
1904	532			57.5
1909	590			64.9
1914	669		71.8	68.1
1919	1,194		124.5	138.6
1920			143.2	154.4
1921	1,330		127.7	97.6
1922	1,375		121.9	100.6
1923	1,416		125.4	103.5
1927	1,454		124.0	95.4
1929	1,489	\$1,472	122.5	95.3
1930	(1,357)		119.4	86.4
1931	(1,197)		108.7	73.0
1932	(908)	1,179	87.6	64.8
1933	950	1,089	92.4	65.9
1934	(1,063)	1,138	85.7	74.9
1935	1,163	1,199	95.1	80.0
1936	(1,234)	1,237	99.1	80.8
1937	1,311	1,304	102.7	86.8
1938	(1,180)	1,284	100.8	78.6
1939	1,302	1,318	99.4	77.1
1940	(1,302)	1,351	100.1	78.3
1941	(1,576)		101.2	87.3
1942	(1,845)		116.3	99.1
Last 6 months of 1942	1,924		118.5	99.4
January 1943	1,985		120.6	101.9
February 1943	2,001		120.9	102.5

In the history of legislative enactments concerning veterans of World War I administered by the Veterans' Administration and its predecessor agencies, there has been one measure which authorized the adjustment of payments to beneficiaries in consideration of differences in the cost of living. This provision was first enacted in the appropriation for the Federal Board for Vocational Education in the Third Deficiency Act, fiscal year 1920, which became Public No. 264, Sixty-sixth Congress, approved June 5, 1920. This provision reads as follows: "Provided further, That the board may, after June 30, 1920, pay, subject to the conditions and limitations prescribed by section 2 of the Vocational Rehabilitation Act, as amended, to all trainees undergoing training under said section residing where maintenance and support is above the average and comparatively high, in lieu of the monthly payments for maintenance and support prescribed by section 2, as amended, such sum as in the judgment of the said board is necessary for his maintenance and support and for the maintenance and support of persons dependent upon him, if any: *Provided, however,* That in no event shall the sum so paid such person while pursuing such course be more than \$100 per month for a single man without dependents, or for a man with dependents \$120 per month, plus the several sums prescribed as family allowances under section 204 of article II of the War Risk Insurance Act."

In the debate in the Senate on this foregoing proviso on June 3, 1920, there was considerable discussion. The arguments in support of the provision were based on the rising cost of living and there appeared to be general recognition of the considerable difference in the cost of living in the several communities and sections of the country. As originally proposed in the Senate, the proviso read:

"To all trainees undergoing training under said section residing in congested centers of populations where maintenance and support is above the average." Objection was made to the descriptive phrase "congested centers" and language, omitting the phrase, was substituted. In the course of the debate the following comment was made:

"It is perfectly true that in some of the great communities of this country a boy cannot live in comfort and decency on \$80 a month. He cannot feed and board and clothe himself and present a decent appearance amongst his fellows upon that sum.

"In other communities, less in size, possibly he can. I am quite sure that he can in some of the lesser communities. He cannot in the city of New York; he cannot in Boston; he cannot in Philadelphia; he cannot in Chicago, and I dare say there are many other of the larger and more congested communities in which he cannot do it.

"Now, the question is, Can we establish an elastic system of administering these allowances so that, no matter where the boy is taking his vocational rehabilitation, he will have enough to live on in decency? * * * that no matter where the boy lives, be it in a congested district or in a comparatively sparsely populated district, wherever he lives he shall have enough, provided, of course, in accordance with the provisions of this amendment, that in no event shall a single man without dependents get more than \$100 or a married man, or a man with dependents, get more than \$120."

The index for the cost of living in 1919 was 124.5 and by 1920 it had risen to 143.2, the highest point at which the index of the cost of living has stood since the Department of Labor began maintaining these studies in 1914. The general concern, not to say alarm, can well be understood. However, the cost of living fell from 143.2 in 1920 to 127.7 in 1921, to 121.9 in 1923, it rose slightly in 1925 to 125.4 and fell in 1927 to 124.0. It is to be noted that at the date of the enactment of the proviso for increasing the rates of allowance to trainees, included in Public, No. 264, Sixty-sixth Congress, June 5, 1920, the cost of living was at the highest point it has ever been and public concern in the cost of living was greatly aroused, but that this provision was continued in the law from the date of its enactment and was brought forward in section 401 of the World War Veterans' Act of 1924. In other words, although the reason for the increase had ceased to exist, the authority continued. This fact should not be without significance in considering currently the question of basing an increase in rates of compensation and pension on the cost of living which admittedly fluctuates.

It is to be noted that the system of stabilized rates actually has favored World War Veterans, since the cost of living has been less than it was in 1919, the year in which the basic rates were established (act, December 24, 1919), in 14 of the 24 years from 1919 to 1942, inclusive. The average wage has been above the average wage in 1919 in all except 5 years since 1919.

The proposal to vary compensation and pension rates in proportion to variations of the cost of living would involve a number of other important factors including prevailing wage levels. Recognition of the factors of the cost of living and prevailing average wages would lead to variations of the basic rates in accordance with the fluctuations in the cost of living or in the prevailing wage, or some combination of such factors. Any such approach to the problem would involve consideration of further variations because of local differentiations in the cost of living and the prevailing wage scales.

Adoption of a flat percentage of increase of the rates of compensation and pension would result in administrative complications and in inequalities because variations in the cost of living and wage scales are not contemporaneous and uniform in all parts of the United States. It has long been the policy of Congress to approach problems to change the basic rates of monetary benefits on the basis of the particular group of veterans involved and the criteria of eligibility which are established, with recognition of a distinction between the monetary benefits to be provided for service-connected disability or death and those to be provided for non-service-connected disability or death. Consideration of all these factors leads to a conclusion that it would be undesirable to vary compensation and pension rates in proportion to the variations in the cost of living.

While the index of the cost of living does not include direct taxes as an item in its computation, taxes do loom large in the minds of people making plans and budgets during the war period and it is important to note that pension and compensation payments are wholly exempt from taxation and that an individual who is permanently and totally disabled and in receipt of pension on account thereof does not have any income or Victory tax burden on his pension income; nor does he have deductions therefrom for purposes of social security. Also, the person who is wholly unable to accept employment does not have to meet the increased cost of transportation and other elements which go to increase the cost of living for the general population under extraordinary conditions caused by the war.

The current increase in wage and income levels and the wider spread of employment opportunity make it much easier for the partially disabled person and for the less skilled members of a family to secure employment and earn more money and thus supplement the compensation or pension income. While the present system of fixing rates for disabled veterans of the World War is based, to some extent, on the experience of the United States and the several States with workmen's compensation statutes, the rates are not based entirely upon such considerations and, in particular, the various statutory awards are a departure from the plan of compensation and constitute a considerable supplement to the basic rates of compensation. Furthermore, the compensation rates are designed as a supplement to the earning capacity of a veteran, other than one who is totally and permanently disabled, and have never been stated to be a substitute for the amount which the man might have earned. Additional amounts are allowed for specific losses, and in some instances for aid and attendance. If compensation had been designed as a substitute, it would have been necessary to fix the rates on an individual rather than on the average basis. The contention has never been made that the rates paid to disabled veterans or their dependents would afford them an income equal to that which they might have earned had they not been disabled. The argument that the rates should be adjusted to the average wage alone is not sound for this and other reasons. As has been stated, compensation and pension are exempt from taxation and legal process, the veteran has additional benefits, including insurance, rehabilitation, hospitalization, domiciliary care, employment preference, etc. Fundamentally, the Government has undertaken to save disabled veterans and their dependents from wanting the necessities of life, at least to the extent that service contributed to need.

It is not yet entirely clear at what figure the cost of living index will be stabilized during the war period. The activities of the Congress and administrative agencies dealing with this problem, together with the interplay probably of other forces, have made the rate of increase much slower than during the World War I period and it may well be that the controls will be effective to keep the cost of living at a point lower than the point at which it was in 1919 when the basic rates were fixed. One factor seems agreed upon, to siphon off the wage or earning increase by way of increased direct taxes and loans if, as proposed, 50 percent of such earnings are so absorbed, the two main bases, cost of living and wage indices, actually would be approximately below the 1919 level. Consumption taxes would present a different aspect.

The pending legislation with which the Veterans' Administration is concerned does not differentiate between the service-connected and non-service-connected rates; some would also increase the several statutory awards. In fact, the strong representations which are being made are directed primarily to the aged and indigent veterans and their dependents whose pensions are stated to be wholly inadequate to meet their daily needs and it is obvious that proponents of these measures intend to include veterans and dependents of veterans who are in receipt of service pension rates. Here again it may be said and said more emphatically that the Government has never undertaken to fix the rates of service pension so as to supply full maintenance to the veteran and his dependents unless possibly as to wars prior to World War I in totally helpless cases and then many years after the war. There are many factors that must be considered in fixing rates and it should be kept in mind always that the Government's first obligation is to the service-connected disabled or those whose loss was due to service.

The Congress and the administration have recognized the increased cost of living in the enactment of Public, No. 601, Seventy-seventh Congress, approved June 10, 1942, which increased the rate for permanent and total disability non-service-connected, under part III of Veterans Regulation 1 (a), as amended, from \$30 to \$40 per month. In the letter of the Veterans' Administration to the Director, Bureau of the Budget, recommending approval of that act, it was stated in part:

"* * * Giving consideration to the increased cost of living, the fact that these men are permanently and totally disabled, and bearing in mind that this bill does not enlarge the group of eligibles for the pension involved, approval of the measure by the President is recommended."

Public, No. 144, Seventy-eighth Congress, approved by the President July 13, 1943, was recommended by the Veterans' Administration after careful consideration of the several matters included therein. Section 14 increased the rates payable to widows and children in service-connected death cases and simplified the administration of benefits to widows and children by eliminating the age differentials. The basis for the recommended increases was not so much the cost of living as the fact that the death rates previously in effect did not approximate the relationship upon which disability rates were established.

The increase of pension made by Public, 601, supra, was 33 $\frac{1}{3}$ percent. The average percentage of increase of service-connected death rates, war and peace-time, by section 14 of Public, 144, is 27 $\frac{1}{4}$ percent.

Public Law No. 144 by other provisions includes new eligibles in certain instances and effects liberalizations through definitive and administrative provisions.

The rates of pension or compensation, whether they be based upon service connected or non-service connected disability or death, have been established for the various groups, based upon detailed consideration of the facts and circumstances at the time of each separate enactment, and it will be noted that with the exception of the Economy Act, March 20, 1933, and its effects, and action by the Congress on two prior occasions whereby economy legislation affected certain Revolutionary War cases and Civil War cases, for a comparatively short period of time, the basic rates have not been reduced. Any increases which have been granted have remained in effect, and over an extended period when the rate for World War service connected total disability of \$100 was in excess of the average pay scale, the rate of \$100 continued in effect. Furthermore, the rights of veterans in connection with their pensions have been carefully protected by provisions of law which include exemptions from taxation, claims of creditors, and veterans themselves are afforded certain preferences in employment, together with rights to free hospitalization and domiciliary care. Reference is made to these factors for the reason that any temporary increase in the rates of pension, based upon one of a number of factors, to take into consideration wartime conditions, would be so inconsistent with the permanent nature of veterans' legislation that a concept of permanency of rates once established would be extremely difficult to offset. In other words, if rates were increased, regardless of whether such increases are based upon a detailed consideration of temporary increase in average earnings, or a flat 10 percentum increase, even though made effective for a limited period, such increases would probably remain in effect. The proposed method of determining rates upon cost of living would involve two objectionable factors: First, there would be the question of differentiating between service connected groups and the service pension group; and secondly, it is not believed that any general authorization by statute for determination of rates based upon the foregoing factors would be enacted by Congress if it were designed to authorize

reductions below the rates in effect at the time of enactment. A system of flat increases would be equally objectionable, and less meritorious. Further, assuming that such protective provision were included in enactment, it would be extremely difficult to reduce rates once increases were authorized and placed in effect. In fact, it is not believed that any system which increases rates of pension or compensation should be authorized by the Congress, except on a permanent basis, without provisions for reductions and dependent upon the facts pertaining to each particular group, which is the policy and practice now in effect.

Rates presently in effect are the highest ever paid by the Government. The country is engaged in a war involving already many more of its citizens than were actively enrolled in the military and naval service in any other war. The primary obligation of the Federal Government, as has been stated, is to furnish care and monetary benefits to veterans suffering from service-connected disability, or the dependents of those whose death results therefrom. It is not possible at this time to anticipate the expenditure which will be required to discharge this obligation based upon service in this war.

It is believed that the proposed measures for increases should be considered in the light of all these factors and that the single factor of the cost of living, which be it noted is just now approaching the 1919 level, does not justify an increase at this time. Neither should temporary wage levels be used to support increases without taking into consideration the incidence of direct taxes and governmental borrowing.

There is enclosed for your convenience a copy of table 19, Indexes of Cost of Living, photostated from the May 1941 issue of the Survey of Current Business published by the Department of Commerce.

The Veterans' Administration will advise your committee of any further matters that come to its attention relevant to this problem which has been discussed with your committee from time to time and to which the Veterans' Administration is giving constant study.

Very truly yours,

FRANK T. HINES,
Administrator.

TABLE 19.—Indexes of cost of living ¹

[Average 1935-39=100]

Year and month	All items	Food ²	Clothing	Rent	Fuel, electricity, and ice	House furnishings	Miscellaneous
1913—Annual average	70.7	79.0	69.3	92.2	61.0	59.1	50.9
1914—December	72.6	83.9	70.0	92.2	62.5	61.5	52.4
Annual average	71.8	81.8	69.8	92.2	62.3	60.7	51.9
1915—December	74.0	83.9	72.5	93.6	62.5	65.4	51.6
Annual average	72.5	80.0	71.4	92.9	62.5	63.6	53.0
1916—December	82.4	100.6	83.2	94.3	67.1	75.5	57.6
Annual average	77.9	90.8	74.3	91.0	65.0	70.9	51.3
1917—December	97.8	125.4	101.3	92.3	76.8	80.0	71.5
Annual average	91.6	110.9	94.1	93.2	72.4	82.8	65.1
1918—December	118.0	142.6	147.9	97.1	90.4	121.2	83.1
Annual average	107.5	134.4	127.5	94.0	81.2	103.4	77.8
1919—June	121.0	144.5	160.1	101.0	89.3	128.8	85.5
December	135.3	160.0	193.4	103.6	91.8	152.3	91.3
Annual average	124.5	152.1	168.7	102.7	91.1	131.1	87.6
1920—June	149.4	185.0	209.7	119.1	104.8	169.7	100.7
December	138.3	146.4	187.8	131.4	110.0	161.4	101.7
Annual average	143.2	168.5	201.0	120.7	109.9	164.6	100.5
1921—May	126.6	121.2	161.5	139.2	112.9	141.6	101.7
September	125.3	129.2	139.5	140.0	112.7	127.8	101.0
December	123.6	120.1	133.4	142.3	113.8	124.4	103.5
Annual average	127.7	128.6	154.8	138.6	114.0	133.5	104.3
1922—March	119.3	118.3	127.3	142.0	110.5	117.7	101.8
June	119.5	121.0	124.9	142.5	110.0	115.5	100.9
September	118.7	118.1	123.5	142.8	115.8	115.7	100.7
December	120.4	122.4	123.0	143.8	117.3	119.3	100.4
Annual average	119.7	120.3	125.6	142.7	113.1	117.5	101.2
1923—March	120.2	119.7	125.4	144.5	116.5	124.7	100.5
June	121.6	123.7	125.7	146.0	113.2	127.4	100.5
September	123.1	126.6	128.7	147.4	114.5	127.5	101.1
December	123.5	126.0	126.7	149.6	116.0	127.4	101.5
Annual average	121.9	124.0	125.9	146.4	115.2	126.1	100.8

See footnotes at end of table.

TABLE 19.—Indexes of cost of living¹—Continued

[Average 1935-39=100]

Year and month	All items	Food ²	Clothing	Rent	Fuel, electricity, and ice	House furnishings	Miscellaneous
1924—March	122.0	121.3	126.3	150.4	114.7	126.5	101.2
June	121.8	121.5	125.1	152.0	112.0	123.1	101.3
September	122.2	123.1	123.8	152.2	113.5	122.1	101.3
December	123.2	125.9	123.0	152.6	114.2	122.7	101.7
Annual average	122.2	122.8	124.9	151.6	113.7	124.0	101.4
1925—June	124.9	131.9	122.6	152.2	112.4	121.3	102.3
December	128.2	140.6	121.8	152.0	121.3	121.1	102.6
Annual average	125.4	132.9	122.4	152.2	115.4	121.5	102.2
1926—June	126.4	137.8	120.7	150.6	114.7	118.6	102.5
December	126.1	136.8	119.6	150.0	118.6	117.3	102.8
Annual average	126.4	137.4	120.6	150.7	117.2	118.8	102.6
1927—June	125.7	137.5	118.5	148.4	114.1	115.7	103.1
December	123.8	132.5	116.9	146.9	115.4	115.2	103.6
Annual average	124.0	132.3	118.3	148.3	115.4	115.9	103.2
1928—June	122.1	129.7	116.7	144.8	112.0	112.8	103.6
December	122.4	130.6	116.0	143.3	114.3	112.1	104.3
Annual average	122.6	130.8	116.5	144.8	113.4	113.1	103.8
1929—June	122.1	131.3	115.4	141.4	111.1	111.7	104.5
December	122.8	133.8	114.7	139.9	113.6	111.3	104.9
Annual average	122.5	132.5	115.3	141.4	112.5	111.7	104.6
1930—June	120.3	128.1	113.8	138.0	109.9	109.9	105.2
December	115.3	116.5	109.4	135.1	112.4	105.4	104.9
Annual average	119.4	126.0	112.7	137.5	111.4	108.9	105.1
1931—June	108.2	102.1	103.5	130.9	107.3	98.1	104.3
December	104.2	96.5	96.3	125.8	109.1	92.6	103.3
Annual average	108.7	103.9	102.6	130.3	108.9	98.0	104.1
1932—June	97.4	85.7	91.1	117.8	101.6	84.8	101.8
December	93.5	82.0	86.2	109.0	102.5	81.3	100.2
Annual average	97.6	86.5	90.8	116.9	103.4	85.4	101.7
1933—June	90.8	82.2	84.8	100.1	97.2	81.5	97.8
December	93.9	85.1	94.4	95.8	102.9	91.1	98.1
Annual average	92.4	84.1	87.9	100.7	100.0	84.2	98.4
1934—June	95.3	83.0	90.0	94.0	100.3	92.9	97.9
November	96.2	85.4	96.5	93.9	101.8	93.6	97.8
Annual average	95.7	83.7	96.1	94.4	101.4	92.8	97.9
1935—March	97.8	89.7	96.8	93.8	102.1	94.2	98.1
July	97.6	89.4	96.7	94.1	99.0	94.5	98.2
October	98.0	100.0	96.9	94.6	100.5	95.7	97.9
Annual average	98.1	100.4	96.8	94.2	100.7	94.8	98.1
1936—January	98.8	101.5	97.3	95.1	100.8	95.8	98.2
April	97.8	98.4	97.4	95.5	100.8	95.7	98.4
July	99.4	102.6	97.2	96.5	99.1	95.9	98.7
September	100.4	104.8	97.5	97.1	99.9	96.6	99.0
December	99.8	101.6	99.0	98.1	100.5	97.9	99.1
Annual average	99.1	101.3	97.6	96.4	100.2	96.3	98.7
1937—March	101.8	105.0	100.9	98.9	100.8	102.6	100.2
June	102.8	106.0	102.5	101.0	99.2	104.3	100.9
September	104.3	107.9	105.1	102.1	100.0	106.7	101.7
December	103.0	102.7	104.8	103.7	100.7	107.0	102.0
Annual average	102.7	105.3	102.8	100.9	100.2	104.3	101.0
1938—March	100.9	97.5	102.9	103.9	101.2	104.7	101.6
June	100.9	98.2	102.2	104.2	98.6	103.1	101.8
September	100.7	98.1	101.4	104.2	99.3	101.9	101.6
December	100.2	97.2	100.9	104.3	100.0	101.7	101.0
Annual average	100.8	97.8	102.2	104.1	99.9	103.3	101.5
1939—March	99.1	94.6	100.4	104.3	100.1	100.9	100.5
June	98.6	93.6	100.3	104.3	97.5	100.6	100.4
September	100.6	98.4	100.3	104.4	98.6	101.1	101.1
December	99.6	94.9	101.3	104.4	99.9	102.7	100.9
Annual average	99.4	95.2	100.5	104.3	99.0	101.3	100.7
1940—March	99.8	95.6	102.0	104.5	100.6	100.5	100.8
June	100.5	98.3	101.7	104.6	98.6	100.1	100.6
September	100.4	97.2	101.6	104.7	99.3	100.3	101.4
October	100.2	96.2	101.6	104.7	99.9	100.4	101.6
November	100.1	95.9	101.6	104.7	100.3	100.6	101.7
December	100.7	97.3	101.6	104.9	100.7	100.4	101.8
Annual average	100.1	96.5	101.7	104.6	99.8	100.5	101.1
1941—January	100.8	97.8	100.7	105.0	100.8	100.1	101.9
February	100.8	97.9	100.4	105.1	100.6	100.4	101.9
March	101.2	98.4	102.1	105.1	100.7	101.6	101.9
April	102.2	100.6	102.4	105.4	101.0	102.4	102.2
May	102.9	102.1	102.8	105.7	101.1	103.2	102.5
June	104.6	105.9	103.3	105.8	101.4	105.3	103.3
July	105.3	106.7	104.8	106.1	102.3	107.4	103.7
August	106.2	108.0	106.9	108.3	103.2	108.9	104.0
September	108.1	110.7	110.8	106.8	103.7	112.0	105.0
October	109.3	111.6	112.3	107.5	104.0	114.4	108.9
November	110.2	113.1	113.8	107.8	104.0	115.6	107.4
December	110.5	113.1	114.8	108.2	104.1	116.8	107.7

See footnotes at end of table.

TABLE 19.—Indexes of cost of living¹—Continued

(Average 1935=36H100)

Year and month	All items	Food ²	Clothing	Rent	Fuel, electricity, and ice	House furnishings	Miscellaneous
1942—January.....	112.0	116.2	116.1	108.4	104.3	117.2	108.5
February.....	112.9	116.8	119.0	108.6	104.4	119.7	109.4
March.....	114.3	118.6	123.6	108.9	104.5	121.2	110.1
April.....	115.1	119.6	126.5	109.2	104.3	121.9	110.6
May.....	116.0	121.6	120.2	109.9	104.9	122.2	110.9
June.....	116.4	123.2	125.3	108.5	105.0	122.3	110.9
July.....	117.0	124.6	125.3	108.0	106.8	122.8	111.1
August.....	117.5	126.1	125.2	108.0	106.2	123.0	111.1
September.....	117.8	126.6	125.8	108.0	106.2	123.6	111.4
October.....	119.0	129.6	125.9	108.0	106.2	123.6	111.8
November.....	119.8	131.1	125.9	108.0	106.2	123.7	112.7
December.....	120.4	132.7	125.9	108.0	106.3	123.7	112.8
1943—January.....	120.6	133.0	125.9	-----	107.3	128.7	113.1
February.....	120.9	133.6	125.9	-----	107.1	123.9	113.5

¹ New series. Compiled by the Bureau of Labor Statistics, U. S. Department of Labor, to show the trend in the cost of goods purchased by wage earners and lower-salaried workers in large cities. Indexes beginning 1935 are computed at quarterly intervals from price data for 33 large cities, except the food index which covers 51 cities and is computed monthly. Beginning in October 1940, monthly indexes are computed also for groups other than foods based on a more limited list of items than are priced quarterly and covering 20 cities; these monthly indexes are linked to the quarterly indexes and are subject to revision after each quarterly pricing. The index from 1935 for quarterly pricing periods is based on prices of nearly 200 goods and services (more than one quality being priced for the more important items) and rents collected for the types of dwellings occupied by wage earners and clerical workers. In addition to food, clothing, rent, fuel, electricity, and ice, and housefurnishings, the index covers a miscellaneous group which includes transportation, medical care, household operation, newspapers, movies, tobacco products, and personal care. Prices are taken as of the middle of the month. Weights used to combine price ratios for individual commodities and services into subgroups by cities were obtained from a study of the disbursements of wage earners and lower-salaried clerical workers for some year in the period 1934-36, and represent actual family expenditures in each city covered, except for clothing and housefurnishings for which weights were derived from expenditures by regions. The weights were computed so as to represent all goods and services classified in each group rather than only the items priced. Aggregate costs are computed for each group of items in the individual cities for each pricing period and the group costs combined to obtain the all-items costs for the city. These costs are then related to costs in the base period 1935-39 to obtain the indexes. The individual city indexes are combined into the all-cities averages shown in the above table with weights based on the 1930 population of the given metropolitan area and other cities in the same region and size class. The relative importance of each group of items in the combined index for 33 cities in 1935-39 was as follows: Food, 33.9 percent; clothing, 10.5; rent, 18.1; fuel, electricity, and ice, 6.4; housefurnishings, 4.2; and miscellaneous, 26.0. These percentages change from time to time, because the prices in the different groups change at different rates.

A complete series beginning 1913 has been obtained by linking indexes based on a smaller number of commodities and cities to the index beginning in 1935.

The annual average for the food index is an average of monthly indexes for each year; the annual averages for other groups are based on costs for each relevant pricing period, weighted in accordance with their relative importance. For example, for years when goods were priced only in June and December, costs in the preceding December were considered.

For a more complete description of the indexes and data for the individual cities, see pp. 367-404 of the August 1940 issue of the Monthly Labor Review of the U. S. Department of Labor.

² For monthly data beginning 1923, see table A1, p. 18, of the November 1940 Survey; this index was formerly shown in the Survey under retail prices.

Source: Survey of Current Business, May 1941.

NOTE.—In conformity with the practice of adjusting the cost of living index to take account of rationing and the disappearance from the market of some goods formerly included, certain substitutions and additions are being made in the items used beginning March 1946 and the weights revised. March figures, which have been delayed because of the revisions, will be published in the Weekly Supplement. Rent data are now collected only at quarterly pricing periods; currently, between pricing periods, the latest rent data are carried forward as a constant in the combined index until the next pricing.

General HINES. Now on the second provision of the bill—

Senator MILLIKIN (interposing). General, before you go on with the second provision, what is the cost of the first provision?

General HINES. As to the cost of the first section of the bill, we estimate that it would apply to 329,100 veterans, and that for the first year the additional cost would be \$22,247,000.

Now on the second section of the bill, that dealing with widows and children, there is no more difficult task that I have, Mr. Chairman, than to take any stand opposing proper and adequate compensation—

Senator MILLIKIN (interposing). May I interrupt again, General? There has been some discussion as to whether it would be advisable

to have a sliding scale of veterans' pay, disability pay, rather than a fixed rate, this sliding scale to coincide with the fluctuations in the cost of living. Would you consider that practicable?

General HINES. I would not, for this reason. I feel that if you attempt to decrease the rates of pension you will find great resistance, and you may create hardship. A sliding scale that is a sliding scale will work both ways. If the cost of living goes up, it goes up 10 percent; if it goes down, it goes down 10 percent. You will have no complaint on the first move, which is upward, but you will have great resistance and great argument on a reduction, making the administration very difficult, and pressure would be put upon Congress to amend it, I think, after the first move downward.

I would much rather advocate, and I would advocate, that where it is found that we are not paying adequate rates, that those rates be increased definitely, with no commitment as to what may happen afterward.

Senator MILLIKIN. That is to say, increase the rate of disability over the rate of pay in particular cases where it is necessary to avoid hardship?

General HINES. Where it is necessary, yes.

Now I can see where a good argument could be made for giving a flat-sum increase to badly disabled veterans; I can see where they are handicapped more now than they probably were, although the index will not prove that. The cost-of-living index is not a good argument, Mr. Chairman; it can be used against it.

But we do know that at one time we made an increased allowance for dependents in cases of temporary total disability. The flat rate of \$100 for permanent and total was arrived at as being a fair amount, taking into account the ability of the Government to meet the various obligations we have in caring for the veterans, and taking into account, somewhat, the average earning capacity of all at that time.

Now earning capacity has gone up; it has been steadily increasing, brought about by increased wages. None of us would care to argue for any decrease, certainly, in the standards of living in the groups in which we find most of these. However, I do not advise doing anything with this at this time because I fear that we are going to have plenty to do with the actually disabled veteran and his dependents, and the costs are going to be great and before we know what they are we should not attempt to go into the pension too far at this time.

It hasn't been the practice, Mr. Chairman, for the Congress to enact pension legislation until the war is over, until they get the picture and know somewhat of the numbers who served, the numbers injured, and the total obligation. However, now we are dealing with pension legislation in two particulars—

Senator MILLIKIN (interposing). General, would it not be administratively difficult to consider each case on its merits?

General HINES. We have to, even now, but if you applied a flat rate to, say, the men who are totally disabled, that would be very simple. It so happens, because the \$100 rate is \$100, that the 15 percent would be simple in that group.

Senator MILLIKIN. In grading down from that, though, into these lesser degrees of disability, wouldn't you be swamped with applications for special treatment in special cases, and wouldn't that be an enormous administrative task, General?

General HINES. There is no question but what no matter what is done, Mr. Chairman, it will be a big administrative task, because we deal with large numbers.

But what I started to say in connection with the widows and children in section 2 of this bill, Mr. Chairman, is that this will be argued, that they are service connected, and they are to a degree. We started off on the theory, Mr. Chairman, that the men of this group, from whom result the dependents that flow from that group, were men who at some time had been rated with a degree of service-connected disability. We started with the theory that if a man had, say 30 percent disability, service connected, and he should die of any other disability, it would be very difficult for anyone to say that that 30 percent disability had not contributed to his death, and we conceded that.

Senator MILLIKIN. And it would be very difficult to say that his ability did not contribute a definite handicap to his family?

General HINES. That is right.

We carried that down from 30 percent to 20 percent to 10 percent, and now, finally, to any degree of disability, and under the administration we endeavor, in these cases, to find if there was any degree of disability that could be measured.

I am much more sympathetic to this section of the bill than to the 15-percent increase, because I can see that the widows of this group are handicapped probably greater than the veterans. They are reaching the ages where, even under the great demand for womenpower in this present conflict, there may be cases where an additional \$5 may mean much to them.

So I wouldn't oppose that. But I can't conceive that we should go into World War II at this particular time, although the cost at the beginning would be small, almost insignificant. Few cases, probably, would arise from World War II, and we haven't tried to estimate the additional cost, but the principle is there, that we are legislating on pensions before the war is over—and that, I feel, should be avoided.

Senator MILLIKIN. General, in this war we are having a lot of discharges before the war is over. Is it entirely sound to postpone the meeting of those questions until the war comes to a formal end? God knows when this war is going to come to a formal end.

General HINES. Well, there is one thing we can rest certain of, Mr. Chairman, that those men who have service, and have suffered as a result of that service, will have no difficulty going on the rolls at the present time. Their dependents are well protected, not only by pensions, which we increased only a short time ago, but by insurance.

Now insurance is frequently taken out of this picture, and I agree that it should be; it is something that the man contributes to for the protection of his dependents, and we have no right to charge it as an offset, but we have to look at the entire care of the dependents when the man is gone.

There has been no force that we have ever mobilized that has been so well insured as the present force, in total amount of insurance, which has gone to the stupendous sum of over \$109,000,000,000, with a large percentage of coverage, well over 90 percent on the average and in many units over 95 percent. The average amount of insurance carried averages, per life, nearly \$8,500, with the maximum fixed at \$10,000. It is paid as an annuity to the dependents, and it is a good

thing, it is proving to be sound insurance. The wife has this fixed sum plus her pension.

Now, we increased the pension so that a widow with one child, service connected I am speaking of, not this group under 484, would draw \$65 a month, plus whatever insurance may be carried. I think we have a right to assume also that the widows of the present Army are young widows. The widows under this section, of World War I, are undoubtedly closely coming along with the age of the veteran, whose average age now is 52 years—so they are probably around 50. It is for that reason that I can see some justification for those increases to the World War I group. But if we depart from the policy of leaving the decision as to pensions until after the war, then we should not include the World War II group. The Congress will not be violating any great policy by so doing, and I wouldn't advocate that because I can readily see that there will be few of those cases, and it may be legislation that you would desire to get out of the way at this time.

We estimate that the second section of the bill, which brings in additional widows and children as it is written, at an increased cost of \$2,526,000, covering 33,500 deceased veterans.

Senator MILLIKIN. Per year?

General HINES. This is per year.

Senator MILLIKIN. \$2,526,000?

General HINES. Yes.

Section 3 provides that the increases shall be effective from the first day of the first month following the passage of this act.

Senator MILLIKIN. General, on what assumption do you go, as far as World War II widows are concerned?

General HINES. We haven't added any cost, Mr. Chairman.

We say that section 4 of this bill would extend the benefits of Public Law 484, as amended, to widows and children of persons who served during the period of the present war where death is not service connected, but at the time of death the veteran had a service-connected disability.

We have felt that the cases would be so few that we have not included any additional cost in this estimate. However, there would be a material increase in cost, dependent upon the number of service-connected disabilities of World War II, and depending upon how long the war lasts. But for the first year—and this is an estimate for the first year—we have included no additional sum.

So we have placed the total cost of this bill, as it is now before the committee, at \$24,773,000 for the first year.

Senator MILLIKIN. General, may I take you back to an earlier part of the bill, section 1?

General HINES. yes, sir.

Senator MILLIKIN. It has been suggested that the benefits of section 1 should apply to those undertaking vocational training courses under the provisions of Public, 16, approved March 24, 1943. Have you any comment on that?

General HINES. Well, that would mean that we would cover the World War II cases; they are the ones we are putting in vocational rehabilitation. Those allowances were fixed at what we felt was a fair amount for an allowance. If the committee sees fit to add to the group of veterans a flat increase of a certain percentage, or a flat

amount, of money to each person, then I should think that group should be included. However, there are some exceptions that are made in this bill where special rates are paid, which I feel should not be included, and they are mentioned in our report, and the bill does not contemplate—

Senator MILLIKIN (interposing). Interrupting you again, General, referring to section 2 again, the testimony, yesterday, suggested that instead of the \$35 for a widow with no child, as it is in the House bill, we raise it to \$40; that the widow with one child be raised from \$45 to \$50; that the no-widow-but-one-child category be raised from \$18 to \$20; that the no-widow-but-two-children category be raised from \$27 to \$30; and that the no-widow-but-three-children category be raised from \$36 to \$39; with \$6 instead of \$4 for each additional child. I assume that your comments would bear equally on those raises?

General HINES. They would apply the same way, Mr. Chairman, but I would like to call attention to one additional factor that would be much more aggravated by further increases. First, the peacetime rates are now established at 75 percent of the wartime rates for those that served in the armed forces and acquired disabilities directly in line of duty, and are service-connected. Even this increase will reduce that percentage down to about 66½ percent, and will create an inequality which will undoubtedly have to be corrected by the Congress if these increases are made, in order to keep them somewhat equal. But a further increase in these allowances, in my judgment, would narrow the gap between the service-connected and the non-service-connected cases. Even though we are assuming these are service-connected cases, we know that the man does not die of the disability that he acquired in the service. I cannot advocate making the gap between the non-service-connected and the service-connected, a man who dies in combat, closer than it is now. They look very close on the average, and by increasing these rates you narrow that gap so that they become closer again.

Mr. Chairman, that is all I have on this bill, unless you desire to ask further questions. There is one other bill before the committee.

Senator MILLIKIN. Let's go to the other bill, General.

General HINES. The other bill is H. R. 3377. As I understand it, the committee yesterday voted out two other bills that we had before the committee, so that these are the two remaining bills.

H. R. 3377, Mr. Chairman, contemplates amending paragraph I (f), of part III of Veterans Regulation No. 1 (a), to increase the rate of pension to World War veterans from \$40 to \$50.

Senator MILLIKIN. Yesterday it was suggested that the \$50 be raised to \$60.

General HINES. And it further provides, by amendment adopted on the floor of the House, that these rates will also apply to World War II veterans. There is a provision in the bill to provide that pensions payable under part III shall be \$50 monthly except where the veterans have been rated permanently and totally disabled, and have been in receipt of a pension for a continuous period of 10 years, or have reached the age of 65 years—and the amount then shall be \$60.

A floor amendment offered to the bill in the House brought under the provisions of this bill the veterans of World War II.

I would like to have introduced into the record at this point the report of the Veterans' Administration made to this committee on December 29, 1943.

Senator MILLIKIN. That may be incorporated in the record at this point.

(The report referred to is as follows:)

DECEMBER 29, 1943.

HON. WALTER F. GEORGE,
*Chairman, Committee on Finance,
United States Senate, Washington, D. C.*

MY DEAR SENATOR GEORGE: Further reference is made to your letter dated November 19, 1943, requesting a report on H. R. 3377, Seventy-eighth Congress, an act to increase the rate of pension for World War veterans from \$40 to \$50 per month, to \$60 per month in certain specified cases, and for other purposes.

The purpose of the bill is to amend paragraph I (f), part III, of Veterans Regulation No. 1 (a), as amended, to increase the rate of pension payable for non-service-connected permanent total disability from \$40 to \$50 per month and to provide that the rate of such pension shall be \$60 per month to veterans rated permanently and totally disabled and in receipt of pension for a continuous period of 10 years or who have reached the age of 65 years and are permanently and totally disabled. The provisions of this act are made applicable to all veterans in both World War I and World War II.

Under the provisions of paragraph I (a), part III, Veterans Regulation No. 1 (a), payments of pension for non-service-connected permanent total disability or death are provided for those who served for a period of 90 days or more during the Spanish-American War, the Boxer Rebellion, and Philippine Insurrection, or the First World War, or if less than 90 days, were discharged for disability incurred in line of duty.

The last paragraph of the bill would present a question as to whether specific mention of veterans of World War I and World War II should be construed as excluding veterans of the Spanish-American War, the Boxer Rebellion, and the Philippine Insurrection from the benefits proposed by the bill. Any ambiguity in the matter would be removed by amending paragraph I (a) to include veterans of World War II. Such amendment would render the last paragraph of the bill unnecessary.

Prior to the enactment of Public Law 601, Seventy-seventh Congress, approved June 10, 1942, the rate of pension provided for non-service-connected permanent total disability under part III of Veterans' Regulation No. 1 (a) was \$30 per month. That act increased such rate to \$40 per month. Under the provisions of the bill, the rate of pension for non-service-connected permanent total disability would be increased by 66½ percent of the amount payable prior to enactment of Public Law 601 for those rated and paid permanent total disability pension for less than 10 years and who are under 65 years of age, and would be increased by 100 percent for all others. Presumably, the need of the increased pension provided by the bill is based upon the increased cost of living. The cost of living has increased as much for those suffering from service-connected disabilities as for those suffering from non-service-connected disabilities. Further, as above indicated, a 33½ percent increase was granted to those receiving non-service-connected permanent and total disability pension under part III on June 10, 1942. No increase in the rate of pension was provided at or since that time for those suffering from service-connected disability, and it is not believed that the proposal to further increase the rates in behalf of this particular group because of the general increased cost in living can be justified.

With reference to the proposal to provide a service pension for veterans of World War II at this time, it is suggested that a service pension was not provided for veterans of the Civil War until 1890; for veterans of the Spanish-American War, including the Boxer Rebellion and Philippine Insurrection, until 1920; and for veterans of World War I, until 1930. While it is true that the number of veterans of World War II who would be entitled to pension for non-service-connected permanent total disability at the present time under the provisions of the bill would be small, the number of such veterans would rapidly increase with the passage of time and continue to increase for many years. In view of the probable public debt and the taxation situation which will exist at the conclusion of the present war, it would seem unwise definitely to commit the Government in advance to a program in behalf of veterans of World War II, which would involve such increasingly large expenditures.

The Veterans' Administration has no data upon which to base an estimate of the future cost of the proposal to provide non-service-connected permanent total disability pension for veterans of World War II at the rates specified in the bill. It is estimated that the bill, in addition to veterans of World War II, if enacted, would provide increases for approximately 81,000 veterans of World War I and 200 veterans of the Spanish-American War at a cost for the first year of \$12,768,000.

In view of the foregoing, the Veterans' Administration is unable to recommend favorable consideration of the bill.

Advice has been received from the Bureau of the Budget that there would be no objection by that office to the submission of this report to your committee.

Very truly yours,

FRANK T. HINES, *Administrator.*

General HINES. The cost of the bill is estimated at \$12,768,000. The Veterans' Administration, with the concurrence of the Bureau of the Budget, does not at this time recommend this legislation.

I might say, Mr. Chairman, that I feel that the legislation is based primarily—possibly on the cost of living increase too—but primarily, I think, upon the legislation that has been passed with regard to the Spanish-American War veterans. I feel that the sponsors of the legislation should give further consideration to the difference in age between the two groups.

This particular group consists of men who have disabilities, but they are disabilities that are not due to service. It is a pension, and it has done much good. I recommended the approval of the increase from \$30 to \$40 in 1942, in June, I believe it was.

I do not, for the reasons that I have stated as to the flat increase in the other bill, feel that this is a good time to increase pension rates, as such, of any character. I feel that it may create the wrong impression among the people, and among the veterans' groups, that we are paying too much attention to what we are doing for the veterans whose disabilities are not due to service.

We have granted him hospitalization and we expect, undoubtedly, when he reaches the age of the Spanish-American War veteran, that he will receive the same treatment from his Government that the Spanish-American War veteran did. The average age of the Spanish-American War veteran is approximately 70 years.

Senator MILLIKIN. What was his average age at the time the benefits came in; that is, the benefits for the Spanish-American War veteran?

General HINES. Well, they started very low, Mr. Chairman. In 1920 the first act was passed. The Spanish-American War ended, and the Philippine Insurrection, in 1902—so we can say on the average that it was 18 years after. But their rates started low. About 4 years back they received a marked increase. Well, first they received an increase in 1930, and then about 4 years back they received an increase of \$60 at 65.

The Spanish-American War group receives pensions for disability as well as age, and this is the first time, in the World War I group, that the age factor has come in. I can see the precedent that is being followed and undoubtedly we will find, when we get to the point of regular pension legislation, that we will consider the age factor of World War I and probably World War II veterans, if we can afford to do it.

But I am frank to say that anyone who can predict what the cost of this legislation may eventually lead to, can do a better calculating job than I am able to do at this time.

I must, at this time, in following the stand of the Administration on this character of legislation, advise you, Mr. Chairman, that as to the increases contemplated here, having been made so closely on the heels of the one we made in 1942, that I cannot recommend this.

So I strongly urge that we give some careful consideration to our ability to meet the obligations that we are already committed to, in the service-connected cases, before we attempt to embark upon pension legislation for the World War II group.

On the World War I group, having increased it from \$30 to \$40, it brings the non-service-connected pension very close to the average compensation being paid to the service-connected case. I think we should also measure this proposed legislation with that in view as well.

But I do, on the whole policy of pension legislation dealing with World War II, urge that it be deferred until we know how far we have gone in the service-connected veterans of this war.

Senator CLARK. I am sorry to have been late, General, but it was unavoidable. However, I will read your entire testimony as soon as it is written up, which will be immediately.

General HINES. I think probably it would be of interest to put into the record, Mr. Chairman, if you agree with me, the estimated number of living World War I veterans at the beginning of each calendar year, by age groups, from 1940 up to 1951. We know that the average age of the present war veteran, insofar as this present legislation would affect him, is about 29 years. But these tables will give you somewhat of an index on the numbers that we will be dealing with as the years go by.

Senator CLARK. I think it will be very helpful to have those submitted, and they may be included in the record at this point.

(The tables referred to are as follows:)

Estimated number of living World War veterans at the beginning of each calendar year, by age group

Attained age	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951
35 to 39.....	11,068	1,414	245	56	2							
40 to 44.....	1,304,670	765,062	410,535	238,326	90,036	10,691	1,366					
45 to 49.....	1,823,976	2,102,566	2,136,345	1,934,814	1,655,710	1,254,991	735,415	394,322	228,655	86,295	10,242	1,308
50 to 54.....	753,698	956,957	1,116,212	1,301,575	1,507,983	1,743,152	2,008,021	2,037,762	1,842,698	1,574,670	1,191,978	697,802
55 to 59.....	86,583	111,490	225,704	361,738	526,354	709,554	898,946	1,048,225	1,221,810	1,414,901	1,634,450	1,881,052
60 to 64.....	39,295	44,621	51,462	58,982	67,827	78,937	101,514	206,514	330,950	480,639	646,753	817,375
65 to 69.....	14,286	16,933	19,620	23,611	28,353	33,968	38,334	44,167	50,633	58,288	67,902	87,451
70 to 74.....	5,501	6,334	7,170	8,546	9,732	11,255	13,209	15,293	18,433	22,175	26,551	29,884
75 to 79.....	1,597	1,985	2,399	2,734	3,258	3,702	4,173	4,725	5,647	6,481	7,439	8,727
80 to 84.....	303	384	444	577	708	844	1,003	1,207	1,376	1,643	1,861	2,092
85 to 89.....	36	48	55	67	78	107	125	143	188	229	274	324
90 to 94.....	4	4	3	3	4	4	5	6	7	8	12	14
Total.....	4,041,017	4,007,798	3,970,194	3,931,029	3,890,105	3,847,205	3,802,111	3,752,600	3,700,491	3,645,531	3,587,462	3,526,029

Year	Total	Attained age (years)										
		45-49	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90-94	95-99
1952	3,458,422	226	373,734	1,905,150	952,664	179,410	34,377	10,089	2,370	387	15	
1953	3,387,014	52	216,310	1,718,402	1,109,799	287,444	39,467	12,235	2,944	440	21	
1954	3,311,547	2	81,506	1,465,118	1,284,364	416,549	45,467	14,716	3,270	529	26	
1955	3,231,774		9,667	1,106,689	1,482,252	558,141	53,052	17,602	3,746	595	30	
1956	3,147,472		1,234	646,899	1,703,580	702,451	68,500	19,716	4,392	665	35	
1957	3,055,079		213	345,863	1,719,854	818,109	142,555	22,621	5,068	754	42	
1958	2,957,932		48	199,552	1,544,676	952,238	228,244	26,024	6,189	913	48	
1959	2,855,926		2	74,995	1,312,052	1,100,994	329,279	30,040	7,454	1,052	58	
1960	2,749,006			8,887	987,617	1,298,811	438,380	35,146	8,901	1,200	64	
1961	2,637,204			1,134	575,912	1,455,241	547,946	45,593	9,900	1,407	71	
1962	2,516,235			196	307,037	1,461,275	637,387	97,320	11,321	1,618	81	
1963	2,390,818			44	176,213	1,302,998	740,874	155,520	13,065	2,004	100	
1964	2,261,294			1	65,936	1,099,835	855,331	222,536	15,122	2,418	115	
1965	2,128,088					823,051	983,491	292,979	17,756	2,877	129	
1966	1,991,788				7,805	478,043	1,124,304	361,950	23,190	3,154	152	
1967	1,842,555				171	253,010	1,114,824	419,543	51,246	3,587	174	
1968	1,693,440				39	143,535	978,528	485,331	81,617	4,167	223	
1969	1,545,493				1	53,186	814,583	557,143	115,462	4,849	269	
1970	1,399,808					6,272	601,790	635,975	149,724	5,730	317	
1971	1,257,491					797	346,167	720,495	182,109	7,589	334	
1972	1,119,616					137	182,415	707,893	210,870	17,921	380	
1973	987,193					31	102,244	612,235	243,957	28,275	450	1
1974	861,148					1	37,544	503,707	280,262	39,104	529	1
1975	742,332						4,430	368,187	319,797	49,287	630	1
1976	631,534						564	210,341	361,482	58,279	867	1
1977	529,457						97	110,046	349,561	67,373	2,379	1
1978	436,704						22	60,552	294,560	77,981	3,588	1
1979	353,717						1	21,927	237,407	89,703	4,678	1
1980	280,719							2,590	170,314	102,251	5,563	1
1981	217,695							331	96,019	115,067	6,276	2
1982	164,392							57	49,510	107,561	7,257	7
1983	120,367							13	26,302	85,616	8,428	8
1984	85,021							1	9,274	66,029	9,707	7
1985	57,598								1,097	45,475	11,014	10
1986	37,178								141	24,751	12,273	13
1987	22,683								24	12,243	10,401	15
1988	12,954								5	5,935	6,997	17
1989	6,853									1,946	4,887	20
1990	3,328									231	3,075	22
1991	1,462									30	1,408	24
1992	563									5	542	16
1993	182									1	173	8
1994	46										40	6
1995	8										5	3
1996	1										1	

Average age in 1940, 47 years.

Source: Budget and Statistics, Veteran's Administration.

Senator CLARK. Do you have any other observations, General, on this or any other legislation that we may have pending?

General HINES. No. I appreciate the committee having reported out the two bills you did yesterday, as they will be very helpful.

My whole argument here, Mr. Chairman, this morning, has been primarily on the basis that we should see what the problem is that we have to deal with before we legislate too far into the future.

Senator CLARK. Thank you very much, General.

Is there anyone else that desires to be heard on these bills? (No response.) If not, the committee will stand in recess.

(Whereupon, at 11:15 a. m., the committee recessed, subject to the call of the Chair.)

x