

EXTENDING THE AUTHORITY OF THE ADMINISTRATOR OF VETERANS' AFFAIRS TO ESTABLISH AND CONTINUE OFFICES IN THE TERRITORY OF THE REPUBLIC OF THE PHILIPPINES

MARCH 25 (legislative day, MARCH 15), 1948.—Ordered to be printed

Mr. MILLIKIN, from the Committee on Finance, submitted the following

## REPORT

[To accompany H. R. 4943]

The Committee on Finance, to whom was referred the bill (H. R. 4943) to extend the authority of the Administrator of Veterans' Affairs to establish and continue offices in the territory of the Republic of the Philippines, having considered the same, report favorably thereon without amendment, and recommend that the bill do pass.

### EXPLANATION OF THE BILL

The purpose of the bill is to authorize the Administrator of Veterans' Affairs to continue operations in the Philippines relating to the administration of veterans' benefits under existing law and to establish such offices as he deems necessary for such operations. A Veterans' Administration office, established in Manila prior to World War II, was reactivated after the liberation of the Philippines early in 1945 under authority of law authorizing the Administrator of Veterans' Affairs to establish regional and suboffices within the territory of the United States and its outlying possessions (sec. 7 of the World War Veterans' Act, 1924, 43 Stat. 609; 38 U. S. C. 430; and sec. 101 of the Servicemen's Readjustment Act of 1944, 58 Stat. 284; 38 U. S. C. 693a). As a result of the independence of the Philippines on July 4, 1946, and the status of the Republic as a foreign country after that date, the Comptroller General has held that there was no specific authority of law for the maintenance of a Veterans' Administration office in the Philippines after July 4, 1946. However, that official advised the Veterans' Administration that in view of the congressional action subsequent to the date of independence appropriating funds for the purchase and reconditioning of an office building for the Veterans' Administration in Manila (Third Deficiency Appropriation Act, 1946,

Public Law 521, 79th Cong., approved July 23, 1946) he would interpose no objection to the continued maintenance of regional office facilities for a period not extending beyond June 30, 1947. This authority was extended through June 30, 1948, by House Joint Resolution 196, Eightieth Congress, reported by the Committee on Veterans' Affairs and which became Public Law 91, Eightieth Congress.

The Manila regional office has approximately 100,000 claims on file, 75 percent of which are awaiting adjudication because of insufficient data for certification by the Army. The Army hopes to have its certification of service completed by June 30, 1948. Approximately 1,070,000 claims have been filed on behalf of guerrillas for recognition of which number 225,000 have been recognized as having the required service. In addition approximately 120,000 members of the Philippine Army had active service prior to the battles of Bataan and Corregidor. The Manila regional office was opened in March 1945, and the operational cost for the fiscal year 1947 was \$1,314,998. A total of 23,439 residents in the Philippines are now receiving benefits from the Veterans' Administration. The number of employees has been as high as 550, but is presently listed as 510.

It is estimated that between 400,000 and 425,000 veterans are presently residing in the Philippines. This group includes not only Filipino personnel who are entitled to certain benefits by reason of the service in the Philippine Army forces while such forces were in the service of the armed forces of the United States, and former members of the Philippine Scouts (a component of our Regular Army), but also former members of our armed forces, residing in the Philippines, who served in the Spanish-American War, World War I, World War II, and peacetime.

After thoroughly considering all the facts and circumstances, your committee feels that it would be impracticable, if not impossible, to carry on the administration of these benefits to this group and their dependents solely from offices in continental United States, and that it would not be feasible due to the large veteran population in the Philippines to administer these benefits through the facilities of the Department of State because it might result in a great burden on that department and unduly interfere with its normal functions.

For the information of the Congress there follows the pertinent provisions of the First Supplemental Surplus Appropriation Rescission Act, 1946 (Public Law 301, 79th Cong., approved February 18, 1946), under which certain Filipino veterans and dependents of such veterans of the Philippine Army forces who were in the service of the armed forces of the United States are entitled to certain insurance benefits and compensation for service-connected disability and death:

Army of the Philippines, \$200,000,000: *Provided*, That service in the organized military forces of the Government of the Commonwealth of the Philippines, while such forces were in the service of the armed forces of the United States pursuant to the military order of the President of the United States dated July 26, 1941, shall not be deemed to be or to have been service in the military or naval forces of the United States or any component thereof for the purposes of any law of the United States conferring rights, privileges, or benefits upon any person by reason of the service of such person or the service of any other person in the military or naval forces of the United States or any component thereof, except benefits under (1) the National Service Life Insurance Act of 1940, as amended, under contracts heretofore entered into, and (2) laws administered by the Veterans' Administration providing for the payment of pensions on account of service-connected disability or death: *Provided further*, That such pensions shall be paid

at the rate of one Philippine peso for each dollar authorized to be paid under the laws providing for such pensions: *Provided further*, That any payments heretofore made under any such law to or with respect to any member of the military forces of the Government of the Commonwealth of the Philippines who served in the service of the armed forces of the United States shall not be deemed to be invalid by reason of the circumstances that his service was not service in the military or naval forces of the United States or any component thereof within the meaning of such law.

H. R. 4943, AS REPORTED

For convenience of the Members, the changes made in existing law by the bill as reported by the committee are shown as follows (existing law proposed to be omitted is in black brackets; new matter is in italics; existing law in which no changes are proposed is shown in roman):

Public Law 91, Eightieth Congress:

That the authority in section 7 of the World War Veterans' Act, 1924 (43 Stat. 609; 38 U. S. C. 430), and section 101 of the Servicemen's Readjustment Act of 1944 (58 Stat. 284; 38 U. S. C. 693a), to establish *and continue* regional offices, suboffices, contact units, or other subordinate offices may continue to be exercised by the Administrator of Veterans' Affairs with respect to territory of the Republic of the Philippines on and after the date of its independence if he deems such offices necessary, but in no event after June 30, [1948] 1950.

The report from the Administrator of Veterans' Affairs on this bill is self-explanatory and is as follows:

MARCH 24, 1948.

Hon. EUGENE D. MILLIKIN,  
Chairman, Committee on Finance,  
United States Senate, Washington 25, D. C.

DEAR SENATOR MILLIKIN: Further reference is made to your letter of March 3, 1948, requesting a report on H. R. 4943, Eightieth Congress, an act to extend the authority of the Administrator of Veterans' Affairs to establish and continue offices in the territory of the Republic of the Philippines, as passed by the House of Representatives on March 1, 1948.

The purpose of the bill is to authorize the Administrator of Veterans' Affairs to continue operations in the Philippines relating to the administration of veterans' benefits under existing law and to establish such offices as he deems necessary for such operations. It is provided, however, that such authority may not be exercised after June 30, 1950.

H. R. 4943 is similar to Senate Joint Resolution 115, Eightieth Congress, which became Public Law 91, Eightieth Congress, approved June 14, 1947. This law authorized the Administrator of Veterans' Affairs to exercise the mentioned authority in the Republic of the Philippines until June 30, 1948. Senate Joint Resolution 115 was introduced in the first session of the Eightieth Congress as a result of the recommendations of the Veterans' Administration contained in a letter dated May 8, 1947, to the President pro tempore of the Senate. This letter explained the lack of specific legal authority to continue offices in the Republic of the Philippines subsequent to the date of its independence, viz, July 4, 1946, and set forth in detail the reasons why there was an urgent need for the continued maintenance of Veterans' Administration operations in the Philippines. A copy of the mentioned letter is enclosed for your ready reference.

At the present time the work load of the Manila Regional Office of the Veterans' Administration is greater than it was at the time Senate Joint Resolution 115 was under consideration. There are approximately 100,000 claims on file for veterans' benefits under existing law, the majority of which are awaiting adjudication. Adjudication of these claims has been slow due chiefly to the laborious process of determining the dates and conditions of service and the loyalty status of those members of the Commonwealth Army of the Philippines who were called into service with our armed forces. The certification of these facts is made by the Department of the Army. Accordingly, there is currently a real need for the continued authority to operate administrative offices in the Philippines beyond the present delimiting date of June 30, 1948.

As introduced, H. R. 4943 was designed to extend the mentioned authority to the Administrator of Veterans' Affairs indefinitely. Under such authority, of

course, the Administrator might terminate operations and discontinue the offices at any time should he deem the need therefor no longer exists. The bill, however, was reported by the Committee on Veterans' Affairs, House of Representatives, with an amendment limiting the exercise of the Administrator's authority to a period not beyond June 30, 1950. In this connection, the committee stated in its report (H. Rept. 1367, 80th Cong., 2d sess.) as follows:

"Your committee has pointed out to the Veterans' Administration the advisability of bringing the administrative activities in the Philippines to an early conclusion and until a point has been reached that this can satisfactorily be done, it is recommended that the authority for operation by the Veterans' Administration in the Philippines be extended through June 30, 1950, a period of 2 years." The bill passed the House of Representatives with the recommended amendment. It may be noted that in view of the present veteran population in the Philippines of over 400,000 and the existing claims load, the Veterans' Administration is unable to forecast with any degree of accuracy when it would be feasible to discontinue its administrative operations in the Philippines.

As indicated above, the proposed legislation will merely authorize the Administrator of Veterans' Affairs to continue the present administrative operations in the Philippines, and, accordingly, it is not anticipated that its enactment will involve any additional expense to the Government.

Under the circumstances, the Veterans' Administration recommends favorable consideration of H. R. 4943 by your committee. Prompt consideration of this proposal will be appreciated in view of the fact that, depending upon the ultimate disposition of the bill by the Congress, appropriate administrative action by the Veterans' Administration will be required prior to the current expiration date of June 30, 1948. For example, it is contemplated that this agency will appear before the House Committee on Appropriations next month in connection with the 1949 budget which, as submitted, contains no provision for administrative operations in the Philippines.

Advice has been received from the Bureau of the Budget that the enactment of this legislation would be in accord with the program of the President.

Sincerely yours,

CARL R. GRAY, Jr., *Administrator.*

Identical letter sent to the Speaker of the House.

MAY 8, 1947.

HON. ARTHUR H. VANDENBERG,  
*President pro tempore of the Senate,*  
*Washington 25, D. C.*

DEAR MR. PRESIDENT: There is transmitted herewith a draft of joint resolution "authorizing the Administrator of Veterans' Affairs to continue and establish offices in the territory of the Republic of the Philippines" with the request that it be introduced in order that it may be considered for enactment.

The purpose of the proposed legislation is to extend with respect to the territory of the Republic of the Philippines the authority of the Administrator of Veterans' Affairs to establish regional offices, suboffices, contact units or other subordinate offices.

Under section 7 of the World War Veterans' Act, 1924 (43 Stat. 609; 38 U. S. C. 430) the Administrator of Veterans' Affairs is authorized to establish such regional offices and suboffices within the territory of the United States and its outlying possessions as may be deemed necessary by him and in the best interests of the work committed to the Veterans' Administration. In supplementation of this authority, section 101 of the Servicemen's Readjustment Act of 1944 (58 Stat. 284, 38 U. S. C. 693a) authorizes the Administrator of Veterans' Affairs "to establish necessary regional offices, suboffices, branch offices, contact units, or other subordinate offices in centers of population where there is no Veterans' Administration facility, or where such a facility is not readily available or accessible."

Pursuant to existing authority, there was established in Manila, prior to World War II, a Veterans' Administration office for the purpose of receiving and developing claims, investigating doubtful and fraudulent claims, handling guardianship matters and authorizing hospital and medical care to American veterans residing therein. After the reoccupation of the islands by the American forces in World War II this insular office was reopened early in 1945, and in view of the expanding

services which it was apparent would be required to handle the great additional number of claims, particularly on account of Filipinos who served in the American forces pursuant to the President's military order of July 26, 1941, a regional office was subsequently activated.

In view of the independence of the Commonwealth of the Philippines on July 4, 1946, and the status of the Republic as a foreign country after that date, a question arose as to the legality of expending Veterans' Administration appropriated funds for the continued maintenance of the regional office. The question was submitted to the Comptroller General of the United States who advised the Administrator of Veterans Affairs that although there is no specific authority of law for the maintenance of a regional office after July 4, 1946, in view of the congressional action subsequent to the date of independence appropriating funds for the purchase and reconditioning of an office building for the Veterans' Administration in Manila (Third Deficiency Appropriation Act, 1946, Public Law 521, 79th Cong., approved July 23, 1946), he, the Comptroller General, would interpose no objection to the continued maintenance of the office for a reasonable period not extending beyond the end of the current fiscal year, namely, June 30, 1947. The decision of the Comptroller General was subject to the understanding that the matter would be submitted to the Eightieth Congress with a view to obtaining specific legislative authority for such continued maintenance of the Philippine office. It is therefore clear that unless authorizing legislation is enacted for this purpose, the Veterans' Administration will be forced to abandon all activities and functions in the Philippines in connection with the administration of veterans' benefits not only as to Filipino veterans but American veterans residing there as well. Furthermore, from a practical standpoint, unless such legislation is enacted in the very near future it will be necessary to take steps not later than a month hence to discontinue such activities in order that the office may cease to function entirely by June 30, 1947.

The need for the continued maintenance of a Veterans' Administration office in the Philippines is very real. At the present time there are approximately 450,000 veterans of the United States armed forces or their dependents in the Philippines. In view of the heavy war casualties, a substantial number are potentially eligible for certain veterans' benefits. This total includes American veterans of all wars and the peacetime establishments who are residing in the Philippines; the Philippine Scouts, a component of the Regular Army of the United States; and those Filipinos of the organized military forces of the Philippines who were called into service with our armed forces pursuant to the President's military order of July 26, 1941, and who, under authority of Public Law 301, Seventy-ninth Congress, approved February 18, 1946, are entitled to certain insurance benefits and compensation for service-connected disabilities and death. In addition to the administration in the Philippines of compensation and pension benefits for veterans or dependents of veterans who were members of the American armed forces, the Veterans' Administration also administers education and rehabilitation benefits to such veterans of World War II and provides certain hospitalization on a contract basis to our veterans who are citizens of the United States and who are temporarily sojourning or residing in the Philippines. It is readily apparent that in the light of this substantial veteran population it would be unfeasible if not impossible to carry on the administration of such benefits to this group solely from offices in the continental United States.

Although the activities of the Veterans' Administration in foreign countries generally are handled through the facilities of the Department of State, it should be noted that the veteran population in foreign countries, save one, is comparatively small. The exception, as indicated, is the Republic of the Philippines, and it is believed that any attempt to administer veterans' benefits in that country through the Department of State would not only be most unsatisfactory from the standpoint of the veteran, but would result in a tremendous burden on the State Department and unduly overshadow its normal official functions.

As indicated above, the proposed legislation will merely authorize the Administrator of Veterans' Affairs to continue the present administrative operations in the Philippines, and accordingly, its enactment will involve no additional expense to the Government.

For the foregoing reasons, the Veterans' Administration earnestly recommends favorable consideration of this legislative proposal by the Congress, and in view of the urgency of the situation will appreciate all possible expedition looking toward its early passage.

## CONTINUE VETERANS' OFFICES IN THE PHILIPPINES

Advice has been received from the Bureau of the Budget that there would be no objection by that office to the submission of the proposed legislation to the Congress.

Sincerely yours,

(Signed) Omar N. Bradley,  
OMAR N. BRADLEY,  
*General, U. S. Army, Administrator.*

The committee is in accord with the purposes of the bill and recommends its enactment.

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