

S Vol 865-2

# PEACETIME SERVICE DISABILITY RATES

---

---

## HEARINGS

BEFORE THE

COMMITTEE ON FINANCE

UNITED STATES SENATE

EIGHTIETH CONGRESS

SECOND SESSION

ON

### S. 595

A BILL TO PROVIDE THAT THE RATES OF COMPENSATION FOR DISABILITIES INCURRED IN ACTIVE MILITARY OR NAVAL SERVICE OTHER THAN IN A PERIOD OF WAR SERVICE SHALL BE EQUAL TO 90 PERCENT OF THE RATES PAYABLE FOR SIMILAR DISABILITIES INCURRED DURING ACTIVE SERVICE IN TIME OF WAR

### S. 2160

A BILL TO EQUALIZE THE RATES OF COMPENSATION PAYABLE FOR WARTIME AND PEACETIME SERVICE-CONNECTED DISABILITIES

---

MAY 26, 1948

---

Printed for the use of the Committee on Finance



UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1948

## COMMITTEE ON FINANCE

EUGENE D. MILLIKIN, Colorado, *Chairman*

ROBERT A. TAFT, Ohio

HUGH BUTLER, Nebraska

OWEN BREWSTER, Maine

HARLAN J. BUSHFIELD, South Dakota

ALBERT W. HAWKES, New Jersey

EDWARD MARTIN, Pennsylvania

WALTER F. GEORGE, Georgia

ALBEN W. BARKLEY, Kentucky

TOM CONNALLY, Texas

HARRY FLOOD BYRD, Virginia

EDWIN C. JOHNSON, Colorado

SCOTT W. LUCAS, Illinois

SHERWOOD B. STANLEY, *Clerk*

## CONTENTS

---

	Page
<b>Statement of—</b>	
Birdsall, Guy H., Assistant Administrator for Legislation, Veterans' Administration.....	16
Brooks, Henry Q., Assistant Director, Veterans' Claims Service, Veterans' Administration.....	17
Camp, Quintus E., assistant national director of claims, Disabled American Veterans.....	15
Floyd, William W., national commander, Regular Veterans Association, Washington, D. C.....	6
Kraabel, T. O., national director, national rehabilitation commission, the American Legion.....	17
McLaughlin, Robert E., representing AMVETS.....	15
Sparkman, John J., a United States Senator from the State of Alabama.....	4
Williamson, John C., assistant legislative director, Veterans of Foreign Wars.....	15
<b>Letters, statements, reports, etc., submitted for the record by—</b>	
S. 595.....	1
S. 2160.....	1
Floyd, William W., national commander, Regular Veterans Association:	
Table, members of the Regular Establishment with service-connected disabilities, etc.....	9
Extract from House Report 2030.....	11
Letter to Secretary Forrestal.....	18
Letter in reply from Secretary Forrestal.....	20
Ketchum Omar B., director, national legislative service, Veterans of Foreign Wars, statement.....	16
McGregor, J. Harry, a Representative in Congress from the State of Ohio, statement.....	11
Millikin, Eugene D., a United States Senator from the State of Colorado:	
Report of Veterans' Administration on S. 595.....	2
Report of Veterans' Administration on S. 2160.....	2
Wood, Col. William H., Chief of Legislative Branch, G-1, War Department, statement.....	14



# PEACETIME SERVICE DISABILITY RATES

WEDNESDAY, MAY 26, 1948

UNITED STATES SENATE,  
COMMITTEE ON FINANCE,  
Washington, D. C.

The committee met, pursuant to call, at 11:45 a. m., in room 312, Senate Office Building, Senator Eugene D. Millikin (chairman) presiding.

Present: Senators Millikin, Butler, George, and Johnson of Colorado.

The CHAIRMAN. We will next consider S. 595 and S. 2160. (S. 595 and S. 2160 are as follows:)

[S. 595, 80th Cong., 1st sess.]

A BILL To provide that the rates of compensation for disabilities incurred in active military or naval service other than in a period of war service shall be equal to 90 per centum of the rates payable for similar disabilities incurred during active service in time of war

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, effective the first day of the first month following the passage of this Act, paragraph II of part II of Veterans Regulation Numbered I (a), as amended, is amended to read as follows:

"II. For the purposes of part II, paragraph I (a) hereof, if the disability results from injury or disease, the compensation shall be equal to 90 per centum of the compensation now or hereafter payable for the disability, had it been incurred in or aggravated by active military or naval service during a period of war service as provided in part I of this regulation."

[S. 2160, 80th Cong., 2d sess.]

A BILL To equalize the rates of compensation payable for wartime and peacetime service-connected disabilities

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

"II. For the purposes of part II, paragraph I (a), hereof, if the disability results from injury or disease, the compensation shall be the same as the compensation now or hereafter payable for the disability had it been incurred in or aggravated by active military or naval service during a period of war service as provided in part I of this regulation."

Sec. 2. Paragraph I (c) of part II of Veterans Regulation Numbered I (a), as amended, is amended to read as follows:

"(c) The dependents of any deceased veteran, whose death resulted from an injury or disease received in line of duty (1) as a direct result of armed conflict, or (2) while engaged in extra hazardous service, including such service under conditions simulating war, or (3) while the United States is engaged in war, otherwise entitled to compensation under the provisions of part II of this regulation or the general pension law, shall, in cases of surviving widow, child, or children, be entitled to compensation at the rates provided by subsection 14 (a) of the Act of July 13, 1943 (57 Stat. 558; 38 U. S. C. 731 (a)), as amended, and, in cases of dependent mother or father, or both, be entitled to compensation at

the rates provided by the second paragraph of section 5 of the Act of July 19, 1939 (53 Stat. 1070; 38 U. S. C. 472b), as amended."

Sec. 3. This Act shall be effective on and after the first day of the first calendar month following the date of its enactment.

The CHAIRMAN. We will insert at this point the Veterans' Administration reports on these two bills.

(The reports follow:)

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 February 15, 1947, requesting a report on S. 595, Eightieth Congress, a bill to provide that the rates of compensation for disabilities incurred in active military or naval service other than in a period of war service shall be equal to 90 percent of the rates payable for similar disabilities incurred during active service in time of war.

The purpose of S. 595 is to provide compensation for service-connected disability incurred in peacetime service at 90 percent of the compensation provided under part I of Veterans Regulation No. 1 (a), as amended, and Public Law 602, Seventy-ninth Congress, for service-connected disability incurred in wartime service. S. 595 would accomplish this purpose by amending paragraph II of part II of Veterans Regulation No. 1 (a), as amended, to read as follows:

"II. For the purposes of part II, paragraph I (a) hereof, if the disability results from injury or disease the compensation shall be equal to 90 percent of the compensation now or hereafter payable for the disability, had it been incurred in or aggravated by active military or naval service during a period of war service as provided in part I of this regulation."

The Veterans' Administration, under date of October 20, 1945, submitted an adverse report to the chairman, Committee on Invalid Pensions, House of Representatives, on H. R. 3908, Seventy-ninth Congress, a bill to provide increased pensions to members of the Regular Army, Navy, Marine Corps, and Coast Guard who become disabled by reason of their service therein during other than a period of war. In this report it was pointed out that since the enactment of Public Law 2, Seventy-third Congress, March 20, 1933, and promulgation of veterans' regulations thereunder, it has been the policy of the Congress to provide compensation at a higher rate for service-connected disability incurred during a period of war or as a direct result of armed conflict or while engaged in extrahazardous service, including service under conditions simulating war, than for service-connected disability incurred during peacetime service. After careful study by the Veterans' Administration and by the Congress, it was determined that it was reasonable to provide disability compensation at an increased rate for injury or disease incurred in a time of war and that compensation for peacetime service-connected disability should be 75 percent of the amount provided for service-connected disability incurred in time of war.

At the hearing on this bill, the Veterans' Administration affirmed its opinion that the 75-percent ratio between peacetime and wartime disability rates should be maintained, and further expressed an opinion that if action should be taken to reduce the 25-percent differential, the committee might well consider eliminating the difference altogether. At that time the Committee on World War Veterans' Legislation had under consideration H. R. 6811, Seventy-ninth Congress, section 2 of which provided a 20-percent increase in the monthly rates of compensation payable to veterans of World War I and World War II and dependents of such veterans under laws administered by the Veterans' Administration. Both H. R. 3908 and H. R. 6811 were passed by the Congress. The President took into consideration that if H. R. 6811 and H. R. 3908 were both approved, the peacetime rates would be 75 percent of the service-connected wartime rates for veterans of World War I and World War II, the percentage of difference theretofore maintained. The Veterans' Administration adheres to the view that the 75-percent ratio between peacetime and wartime rates is sound and is of the opinion that such differential should be maintained.

Attention is invited to the fact that the increase proposed by the bill, if enacted, probably will be urged as a basis for further increase in the wartime rates under the policy followed by the Congress since 1933.

In consideration of the question presented by this bill, attention is directed to the fact that the surviving widow, child, or children of any deceased veteran of the Regular Establishment entitled to peacetime service-connected death com-

compensation are paid rates as fixed by section 14 of Public Law 144, Seventy-eighth Congress, July 13, 1943, and Public Law 673, Seventy-ninth Congress, August 8, 1946, and that such rates have not been increased as yet to be consistent with the established policy of the 25-percent differential. Further increase in the peacetime disability rates will raise a question as to corresponding increase in the peacetime death rates.

However, if further consideration is to be given to the adoption of the principle of a 10-percent differential, it should be stated that from a purely administrative standpoint it would be more simple and economical to adjudicate compensation claims without making distinctions as to whether the disability arose in peace or war. This is especially true with respect to making determinations under the act of December 10, 1911 (Public Law 359, 77th Cong.) as to whether a peacetime disability was received as a direct result of armed conflict or while engaged in extra hazardous service, in which events the wartime rate is to be paid. It is believed that the Congress should consider whether a change in policy providing a 10-percent differential represents sufficient saving of funds and distinction between peacetime and wartime service to warrant continuation of the policy of a rate differential between peacetime and wartime service.

Consideration should be given to the fact that enactment of legislation to put peacetime disability rates of compensation on a parity or near parity basis with wartime disability rates may be urged in support of further legislation to grant peacetime veterans other benefits on the same basis as are now provided for wartime veterans.

As to the cost of the proposed legislation, it is estimated that the enactment of this bill would provide increased payments to approximately 43,200 veterans of the Regular Establishment at a minimum cost of \$4,834,000 for the first year. However, should all differentials be wiped out and an adjustment of benefits follow, the eventual cost of enacting the legislation would be much greater.

For the foregoing reasons, the Veterans' Administration does not recommend favorable consideration of S. 595.

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.

Sincerely,

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

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 February 14, 1948, requesting a report by the Veterans' Administration on S. 2100, Eightieth Congress, a bill to equalize the rates of compensation payable for wartime and peacetime service-connected disabilities.

The purpose of the bill is to provide the same rate of compensation for disability incurred in peacetime service as is provided for disability incurred in wartime service.

Part II of Veterans' Regulation No. 1 (a), as amended, provides for the payment of compensation for service-connected disabilities incurred in the active military or naval service during any period of peace. Public No. 553, Seventy-sixth Congress, approved June 6, 1940, provides that the rates of compensation prescribed under part II of such regulation shall be payable to veterans of the Regular Establishment entitled to compensation under the general pension law. The rates provided under part II are 25 percent less than the rates provided for wartime service-connected disabilities under part I of such regulation. However, pursuant to the provisions of Public Law 359, Seventy-seventh Congress, approved December 19, 1941, any veteran or his dependents otherwise entitled to compensation under part II or the general pension law may receive the full wartime rate if the disability resulted from an injury or disease received in line of duty (1) as a direct result of armed conflict or (2) while engaged in extra hazardous service, including such service under conditions simulating war.

Section 2 of the bill would not make any substantive change in existing law. It is designed to remove the present reference to veterans in paragraph (c) of part II of Veterans Regulation No. 1 (a), as amended, which would be rendered obsolete by the provisions of section 1 of the bill, if enacted. It would not increase the rates of death compensation for the dependents of deceased peacetime veterans provided under part II of such regulation, but would retain the rights

of dependents of peacetime veterans to the wartime rates under the conditions specified in Public Law 359, above-mentioned.

The bill, if enacted, would increase rates for service-connected disability compensation provided for peacetime veterans without a comparable increase in the rates of death compensation provided for the dependents of such veterans. The reason for the proposed distinction is not apparent.

The rates of compensation for disability incurred in time of peace under part II of Veterans Regulation No. 1 (a), as amended, are 75 percent of the rates of compensation for disability incurred in time of war under part I of Veterans Regulation No. 1 (a), as amended. The Congress has enacted several amendments to both parts of this regulation, but has consistently maintained a differential between the rates for disability incurred in time of war and disability incurred in time of peace. The bill, if enacted, would be a departure from this policy, and could be regarded as a precedent for providing other benefits such as pension and hospitalization for non-service-connected disability for peacetime veterans on the same terms as are now provided for wartime veterans.

With few exceptions, under the general pension law providing pensions for service-connected disability or death, the monthly rates were the same, whether the disability was incurred in time of war or in time of peace. Article III of the War Risk Insurance Act of October 6, 1917, particularly as amended December 24, 1919, established for World War I veterans and their dependents rates of compensation generally higher than those provided under the general pension law. The act of August 9, 1921, added a new section 315 to the act of October 6, 1917, as amended, to provide that no person admitted into the military or naval forces of the United States after 6 months from the passage of that act shall be entitled to compensation or any other benefits or privileges provided under article III of the War Risk Insurance Act, but were entitled to the lesser rates of disability compensation provided under the general pension law. Public No. 2, Seventy-third Congress, March 20, 1933, continued the policy of providing a lesser rate of compensation for disability incurred in peacetime service by authorizing wartime rates for service-connected disability at rates comparable to the rates provided World War I veterans and lower rates of compensation for disability incurred in peacetime service.

As to cost, it is estimated that enactment of this bill would provide increased payments to approximately 41,800 veterans of the Regular Establishment at a cost of \$7,517,000 the first year.

Advice has been received from the Bureau of the Budget that the enactment of this legislation would not be in accord with the program of the President.

Sincerely yours,

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

The CHAIRMAN. We will hear from Senator Sparkman as the first witness this morning.

#### STATEMENT OF HON. JOHN J. SPARKMAN, A UNITED STATES SENATOR FROM THE STATE OF ALABAMA

Senator SPARKMAN. I appreciate the opportunity of appearing before you in connection with these two bills. I want to make just a very brief and general statement, because there are witnesses here from the various service organizations that can better testify with reference to the details than I can.

I want to say this, Mr. Chairman, that I introduced S. 595 on February 14, 1947, for the purpose of giving to peacetime veterans 90 percent of the disability rates that were paid to wartime veterans.

On August 8, 1946, there was approved an act of Congress whereby peacetime veterans were in effect given 90 percent of the wartime rates, but unfortunately it was set out in dollars and cents, and on the same day there was approved another act which increased the wartime veterans, so it took away what we had actually done in increasing to 90 percent.



The first act was effective as of the day of approval. The second act was effective on the first day of the month following approval. Therefore the peacetime veterans got the benefit of it for about 3 weeks.

So on February 14, 1947, I introduced this bill in order to put it on simply a 90-percent calculation, without reference to dollars and cents. On February 13, 1948, almost a year later, I introduced S. 2160 to equalize the rates; in other words, give them 100 percent of the amount of the wartime rates.

I think really it represents some progress in our thinking over the year's time, and I want to particularly urge upon this committee approval of S. 2160.

Mr. Chairman, in modern warfare the boy who serves in our regular peacetime forces has to go through a great many of the hazards that the boy who serves in wartime does. In such event, I think he is clearly entitled to the same kind of compensation that the boy in the wartime would get from the same kind of hazardous military operations.

Furthermore, we are having difficulty as we all know in maintaining a voluntary Regular force. I for one believe that we need to do a good many things in order to build up a Regular force that will maintain itself through volunteers. I believe it can be done, but I think we are going to have to do a lot of things before we get to that point.

I am not going to burden the committee with some of my thoughts, because this committee after all does not have jurisdiction over those matters generally. But certainly one thing that needs to be done is to instill into the boy that we want to go into the Regular service and make a career of it some degree of security, a feeling of security to some degree, not only in the event of long-time service and retirement, but also in the event that service is cut short by reason of disability incurred as the result of his service.

I think the only way we can do that is to let him feel that he is going to get the same kind of treatment as he would get if that same disability had occurred in time of war. Of course I know that the objection may be brought in that disability—that in time of war the boy has to be exposed to the hazards of enemy action, but we do not make that distinction in time of war. If a boy is hurt in training, his compensation is based upon the wartime rates and it is not limited to enemy action.

I can see no distinction in a disability that is incurred in time of war under those conditions and a disability that is incurred in time of peace, particularly if we want to lend an incentive to these boys to come into the service and make a career out of it.

Without going into any of the details, Mr. Chairman, I simply want to rest my case so far as I personally am concerned with that general statement, and urge this committee to give its approval to S. 2160.

The CHAIRMAN. Thank you very much for coming.

Senator SPARKMAN. Thank you, sir.

The CHAIRMAN. Mr. W. M. Floyd.

**STATEMENT OF WILLIAM M. FLOYD, NATIONAL COMMANDER,  
REGULAR VETERANS ASSOCIATION, WASHINGTON, D. C.**

Mr. FLOYD. Mr. Chairman and members of the committee, my name is W. M. Floyd. I am the national commander of the Regular Veterans Association. For 24 years we have been waiting to get this kind of a hearing before the House of Representatives and also before the Senate.

Our organization consists of members who have honorably served their country in time of war and peace and those who are still serving. The Regular Veterans Association is Nation-wide in scope, and is the only veterans' organization which includes in its proposed tenets the protection of the rights and privileges of all veterans.

The bill under consideration by this committee today, S. 2160, was introduced by Senator John Sparkman, of Alabama. A companion bill, H. R. 5402, was introduced by J. Harry McGregor, Congressman from Ohio, and is essentially a bill to improve the status of the disabled peacetime veteran and his dependents, and to place him on the same plane of recognition as a war veteran.

Mr. Chairman and members of the committee, the purpose of this bill is to stimulate recruiting and to offer security to the members of the Regular Establishment in case they become disabled while serving their country in line of duty. Do you know, Mr. Chairman and members of the committee, that a man serving today receives 75 percent of war rates? Is this fair? Do you not think that the man or woman serving today is just as valuable to his country as those who were drafted, or entered by way of selective service?

In all instances, the peacetime veterans have formed the backbone of our national defense and security. I think there can be no disputing that fact. They have constituted the first line of defense in all wars into which this country has been forced and with their experience have saved many months in the training of a citizen Army and Navy in time or war. These peacetime veterans have been in the past, and are now, the guinea pigs in testing new equipment in its development, such as airplanes, parachutes, gliders, submarines of more or less effectiveness in the beginning, gliders, the tests of ammunition, tanks, guns of all kinds and types, demolition apparatus, and many others, and in developing numberless theories and scientific experiments both in the Army and Navy.

Mr. Chairman, it is the opinion of the Regular Veterans Association that a man who has served his country honorably, whether in so-called peacetime or in wartime, is entitled to the maximum protection the Government can give him. We can see no difference between a man or woman being disabled in peacetime and one disabled in wartime. In both cases the veteran receiving such disability was actively serving the country in time of need. The members of the Regular Establishment are Americans, too.

However, the Veterans' Administration has never agreed to any benefits for the members of the Regular Establishment. You may ask why? I do not know. Do they not feel that they should have this Nation well guarded by members of the Regular Establishment? These men are on duty 365 days of the year, and they should be given every consideration while serving.

A member of the armed forces who is mustered out of the service with a CDD with less than 20 years' service has to abide by the decision shown on his medical record, and ordinarily his remuneration is less than 50 percent, which would entitle him to \$51.75 a month—but if this man served 20 years, he could retire on half pay. May I point out to you that there are 22,996 men who are drawing less than 50 percent, and half of them are drawing only 10 percent, or \$10.35 per month.

These men should be entitled to the same security as war veterans. They may not be able to return to the same type of work they were engaged in before entering the service. They are required to call regularly at the Veterans' Administration to see if they have recuperated from their disability. Who knows but what this small compensation that we offer these veterans of 19 years or less may be taken away from them overnight?

We cannot agree with the Veterans' Administration, and its recommendations. Previously the War Department made the same recommendation, but may I point out to you and the members of the committee of the Seventy-ninth Congress, I was able to break this barrier by talking and writing to the Legislative Branch of G-1? At this time I would like to submit a copy dated Tuesday, May 7, 1946, a statement made by Col. William H. Woods, Chief of Legislative Branch, G-1, of the War Department.

Mr. Chairman, would you like for me to read this here or just put it in the record?

The CHAIRMAN. I would suggest that you put it in the record.

Mr. FLOYD. Thank you, sir.

The CHAIRMAN. It will be put in the record immediately following Mr. Floyd's remarks.

(The statement will be found on p. 14.)

Mr. FLOYD. I do stress to the committee members that they read this. It is very important. It is very pertinent to the bill.

It appears to us that very little consideration has been given the issue of increasing pensions or recommendations for enlisted personnel of the Regular Establishment with a view to increasing our ranks by offering inducement to get these veterans to reenlist in their grade. Have we not, Mr. Chairman, tried everything to build up our armed forces, but so far we do not have the enlistments pouring in to give us the strength which you gentlemen authorized in the first session of this Congress.

Mr. Chairman, I hear many gripes as to the benefits that are being given to World War II veterans, and the difference being shown those young lads who reenlist and who are on our beachheads today, and who will be on our beachheads tomorrow. This same veteran receives few of the benefits conceded to the World War veteran and returns to civilian life without sufficient reimbursement. However, he takes advantage of the so-called GI bill of rights, but if he becomes disabled 6 months or 6 years from today, he must pay the same costs as others for a subsistence, a very bare subsistence is all that the Government provides for its most important servants, the enlisted personnel of the armed forces.

Mr. Chairman and members of the committee, I would like to point out to you that a bill was passed giving the members of the

Regular Establishment 90 percent of the war rates. You will recall that, and we are grateful to all of the members of the Seventy-ninth Congress who placed themselves on record to see that such legislation was consummated in Public Law 659, which was approved by the President on August 8, 1946.

Mr. Chairman, I also had the privilege of appearing before the House and Senate committees in conjunction with bills pertaining to increasing war veterans' compensation and consequently the war veterans' compensation was increased 20 percent. It became Public Law 662, and became effective the first day of the first month following the passage of the act.

At this time I invite your attention to the report of the Veterans' Administration and its recommendation on the above to the committee that if—

favorable action is given to the bill, section 2, page 4 of the bill, near the bottom of the page, be changed to read: "The increased rates provided by this Act shall be effective from the first day of the second month following the passage of this Act."

This 90 percent bill was passed, and we have it on record, and that is a recommendation of the Veterans' Administration.

I point this out, Mr. Chairman and members of the committee, merely to indicate the apparent discrimination advocated by the Veterans' Administration against members of the Regular Armed Forces who are protecting them today. Do you think that this is a fair recommendation? Were not all members of the armed forces supposed to be treated alike? They were up to 1924. They received the same physical disability benefits acquired in line of duty as the war veterans.

Mr. Chairman, if this country is to have an efficient standing Army, Navy, and Air Force strong enough to stave off enemy attacks from without, the service must be made sufficiently attractive to invite young men and women to make a career of the service. The profession of arms has always been an honorable one throughout the history of the world. Let us keep it that way for the future security of this country of ours by providing a decent security for those who select active service in the armed forces of the United States as a career with all its attendant dangers both actual and potential, especially with the small return received for such service. I say that the best basic Army, Navy, and Air Force we can muster for the protection of this country must be professional, and those who give their years to developing this armed security must be assured of individual security when their time and efforts are spent.

S. 2160 is sound. The necessity for increasing pensions or disability compensation for peacetime veterans as well as those of wartime veterans is imperative. No great amount of argument should be required to insure its enactment. As a matter of fact, no argument at all should be necessary.

In general, pensions are awarded to wartime veterans on the basis of the earning capacity lost by them because of their disabilities. It appears to us that the same viewpoint should be taken in the case of pensions for service-connected disabilities of peacetime veterans. Their earning capacity is reduced to the same extent as war veterans with similar disabilities. The man who loses a leg in line of duty in peacetime is not less disabled than one who loses his leg in time of war.

The Government is, in our opinion, obligated to guarantee decent and adequate security for both, and increases to meet the cost of living.

During both World War I and World War II there were many veterans who never served outside the continental limits of the United States. Nevertheless, those who were disabled while training or in any manner connected with the service, received wartime pensions. This is true whether they served 30 minutes or 30 months. The peacetime veteran, however, may have served 19 years and 11 months for his country, then become disabled due to his service, and he must accept a pension or compensation of 25 percent less than the man who just happened to serve under the same or safer conditions in wartime without ever being overseas and in many instances never operating anything more dangerous than a typewriter or a mimeograph machine. Difference in disability compensations look like this:

Mr. Chairman, I want to call your attention to the table following:

*Members of the regular establishment with service-connected disability on the Veterans' Administration rolls as of June 30, 1947, and an estimated average by the VA report that will be on the rolls in 1949*

On rolls June 30, 1947	Estimated average on the VA Report for 1949	Disability percentage estimated VA Report of 1949	Present rating under Public Law 609	Proposed rates of R. 2160	Monthly increase for each individual as proposed R. 2160	Daily increase proposed R. 2160	Additional monthly increases
18,278	12,028	10	\$10.35	\$12.80	\$3.45	\$0.11 1/2	\$41,000.10
4,253	4,187	20	20.70	27.60	6.90	23	28,694.30
8,025	8,471	30	31.05	41.40	10.35	34 1/2	87,674.85
2,890	2,809	40	41.40	55.20	13.80	46	28,704.20
3,294	3,190	50	51.75	69.00	17.25	57 1/2	54,855.00
1,892	1,829	60	62.10	82.80	20.70	69	27,890.00
944	931	70	72.45	96.60	24.15	80 1/2	22,462.65
709	696	80	82.80	110.40	27.60	90	19,209.60
69	69	90	93.15	124.20	31.05	1,03 1/2	3,111.40
7,418	7,284	100	103.50	138.00	34.50	1.15	251,232.50
							864,574.90
<b>SPECIAL COMPENSATION CASES</b>							
(1,914)	(1,880)	K	\$31.50	\$42.00	\$10.50	\$0.35	\$19,746.00
<b>OTHER SPECIAL CASES INCLUDED IN THE REPORT ON R. 2160</b>							
249	248	L	\$190.00	\$240.00	\$50.00	\$2.00	\$14,700.00
36	37	M	211.80	282.00	70.20	2.35	2,498.80
8	8	N	228.80	318.00	79.20	2.65	2,658.00
28	27	O	276.00	360.00	84.00	3.00	2,620.00
24	24	(*)	1,113.75	1,488.00	374.25		1,708.25
							\$40,114.80
							1,708.25
							628,292.65
							X12
42,587	41,825						7,516,711.80

Average age, 44 years old.  
\* Code through 71.

We have a total on the roll today of 42,587. It is estimated that we will have 41,825 in 1949.

Mr. Chairman, I call your attention to the first figure.

We have 12,278 drawing 10 percent. If this bill was passed it would increase these veterans \$3.45 a month or 11.5 cents a day. You possibly could buy a box of tooth picks with that, I do not know.

We will take the next figure, 20 percent. There are 4,233 of them, and they would receive 23 cents a day.

The next figure is another great figure, 8,625. Their increase would be 34.5 cents a day. That is almost a quarter of a pound of butter.

The members of the Regular Veterans Association would like to call your attention to these veterans being of an average age of 44 years old as estimated by the Veterans' Administration.

Special allowances for wartime veterans, under Public Law 182 and 662, Seventy-ninth Congress, range, for the same disabilities, from \$42 to \$360.

Peacetime veterans receive \$270 or \$90 less than this same man with this same disability.

Is one veteran more disabled than the other if he proves his entitlement to a service-connected disability? Can one veteran, whether peacetime or wartime maintain his family more inexpensively than the other? In the long run, is the peacetime veteran less important to the country and its security than the wartime veteran? In the case of the peacetime veteran, he enlists, he volunteers his service perhaps for a career regardless of what happens. In case of war, the citizen soldier is drafted and is trained and instructed by the peacetime soldier who fights shoulder to shoulder with him. Is one more important than the other?

If the peacetime veteran was assured of a fairly decent security in the way of pension for disabilities incurred in line of duty, the service would be more attractive to younger men and women who could make it their profession, thereby keeping the Regular Establishment up to the necessary strength. There would be some measure of equality then, in the economic condition of the men and women who serve years in the Regular Establishment and the average civilian worker.

Modern military science requires training enlisted specialists of many kinds. We of the Regular Veterans Association believe that one of the best ways to attract these specialists and other capable men and women is to offer them future economic security in the event their careers are cut short by injury and disabilities contracted in line of duty; and that means increased peacetime pensions for the Regulars.

Mr. Chairman, I again refer to the Seventy-ninth Congress which gave the Regular Establishment 90 percent of the war rates in effect at that time. Of course, Public Law 662 overshadowed this. I strongly urge that amends be made—regardless of the Veterans' Administration recommendation, in view of the exorbitant increase in the cost of living, as evidenced by the President of the United States in his speech on April 21. These veterans are disabled. They have used all their war bonds—if they had any—in order to put a crust of bread in the mouths of their families. This is one way in which we can show the members of the Regular Establishment that we are behind them—and we want any Army, Navy, and Air Force that will stave off the enemy.

Mr. Chairman, I ask favorable report of S. 2160. It is sound, and I believe it is in the best interests of our country.

The CHAIRMAN. Thank you very much, Mr. Floyd.

Congressman McGregor is held up in committee but will submit a statement for the record.

(The statement follows:)

STATEMENT OF J. HARRY MCGREGOR, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO, SUBMITTED TO THE SENATE COMMITTEE ON FINANCE RE S. 2160, MAY 26, 1948

Mr. Chairman and members of the committee, as you undoubtedly know I served on the Invalid Pensions Committee for a number of years. This committee handled all legislation pertaining to the members of the Regular Establishment, and may I say here that I have always been in full accord with the proposed action to wipe out the present differential of 25 percent accorded the members serving our country on a peacetime basis.

Mr. Chairman, on May 7, 1946, while a member of the Invalid Pensions Committee on the House side, a bill known as H. R. 3908 was favorably passed granting an increase of 90 percent of World War rates to the members of the Regular Establishment. At that time I was in favor of 100 percent. This bill became Public Law 650 of the Seventy-ninth Congress.

Mr. Chairman, later a bill was introduced and passed out of the Veterans Committee which became Public Law 662 giving awards or increases to World War I and II veterans of 20 percent. This increase did not carry the members of the Regular Establishment. Our intent in conjunction with H. R. 3908 was to give the veterans of the Regular Establishment 90 percent of the war rates until legislation was passed giving them 100 percent, and recognizing them in the same category as war veterans.

Mr. Chairman, I introduced a companion bill H. R. 5402 with the same provisions which we have before us today, S. 2160 introduced by the distinguished Senator John J. Sparkman of Alabama.

We have done everything under the sun to try to maintain adequate armed forces. I sincerely believe, if we enact S. 2160, it will have a great psychological effect upon the enlistment program of our armed services. I am certain a great increase will result because the legislation will give those serving during peacetime an assurance of protection after their enlistment period has been fulfilled. It is quite costly to our Government if we lose the services of any member of the armed forces after we have given him extensive training for 4 years or more. These men are valuable to our defense program. How can we expect them to enlist and re-enlist in the service if we do not give them the same consideration we gave them as a war veteran.

I urge you to favorably recommend S. 2160.

Mr. FLOYD. Mr. Chairman, at this point, I would like to insert an excerpt from the hearing on H. R. 3908, pages 23 to 26. It proves to members of this committee that the 90 percent was given to us on this bill, was only received for a short period, and then it was taken away from us.

And we ask you to insert this into the record.

The CHAIRMAN. It will be inserted into the record at this point. (The pages referred to are as follows:)

(H. Rept. No. 2030, 79th Cong., 2d sess.)

#### INCREASING PEACETIME SERVICE-CONNECTED DISABILITY PENSION RATES FROM 75 PERCENT TO 90 PERCENT OF THE WARTIME RATES

The Committee on Invalid Pensions, to whom was referred the bill (H. R. 3908) to provide increased pensions to members of the Regular Army, Navy, Marine Corps, and Coast Guard who become disabled by reason of their service therein during other than a period of war, having considered the same report favorably thereon with an amendment, and with such amendment, recommend that the bill do pass.

#### AMENDMENT AND EXPLANATION

Page 4, line 15, strike out "first month" and insert in lieu thereof, "second month".

The Administrator of Veterans' Affairs has advised the committee that if the bill were to be enacted late in the month, the Veterans' Administration would find it impracticable to effectuate the increases as promptly or as efficiently as would be the case if the effective date were fixed as the first day of the second month following the passage of the act.

## PURPOSE OF THE BILL

The purpose of the bill is to amend paragraph II, part II, of Veterans Regulation No. 1 (a), as amended, to increase the rates of pension for peacetime service-connected disabilities from 75 percent to 90 percent of the rates provided by part I of Veterans Regulation No. 1 (a), as amended, for wartime service-connected disabilities. The comparative rates are set forth below:

*Comparison of rates for wartime and peacetime service-connected disabilities with rates proposed in H. R. 3908, 79th Cong.*

	Existing law, war service- connected rates, Veterans Regulations 1 (a), as amended, pt. I	Existing law, peacetime service- connected rates, Veterans Regulations 1 (a), as amended, pt. II	Proposed legis- lation, H. R. 3908, 79th Cong., would amend Veter- ans Regula- tions 1 (a), as amended, pt. II, peac- time
(a) 10 percent disability .....	\$11.50	\$8.62	\$10.35
(b) 20 percent disability .....	23.00	17.25	20.70
(c) 30 percent disability .....	34.50	25.87	31.05
(d) 40 percent disability .....	46.00	34.50	41.40
(e) 50 percent disability .....	57.50	43.12	51.75
(f) 60 percent disability .....	69.00	51.75	62.10
(g) 70 percent disability .....	80.50	60.37	72.45
(h) 80 percent disability .....	92.00	69.00	82.80
(i) 90 percent disability .....	103.50	77.62	93.15
(j) Total disability .....	115.00	86.25	103.50
(k) Anatomical loss or loss of use of 1 foot, 1 hand, blind- ness of 1 eye, having only light perception, rates (e) to (j) increased monthly by .....	35.00	26.25	31.50
Anatomical loss or loss of use of 1 foot, 1 hand, blind- ness of 1 eye, having only light perception, in addition to requirement for any of rates in (i) to (a), rate increased monthly for each loss or loss of use (but in no event to exceed \$300) by .....	35.00	26.25	31.50
(l) Anatomical loss or loss of use of both hands, both feet, 1 hand and 1 foot, blind both eyes with 5/200 visual acuity or less, or is permanently bedridden or so helpless as to be in need of regular aid and attendance, monthly pension .....	200.00	150.00	180.00
(m) Anatomical loss, or loss of use of 2 extremities at a level, or with complications, preventing natural elbow or knee action with prosthesis in place, or suffered blindness in both eyes, rendering him so helpless as to be in need of regular aid and attend- ance, monthly pension .....	235.00	178.25	211.50
(n) Anatomical loss of 2 extremities so near shoulder or hip as to prevent use of prosthetic appliance, or suffered anatomical loss of both eyes, monthly pension .....	265.00	198.75	238.50
(o) Suffered disability under conditions which would entitle him to 2 or more rates in (i) to (n), no condition being considered twice, or suffered total deafness in combination with total blindness with 5/200 visual acuity or less, monthly pension .....	300.00	225.00	270.00
(p) In event disabled person's service-incurred disabili- ties exceed requirements for any of rates pre- scribed, Administrator, in his discretion, may al- low next higher rate, or intermediate rate, but in no event in excess of .....	300.00	225.00	270.00

<sup>1</sup> But in no event to exceed \$225.

<sup>2</sup> But in no event to exceed \$270.

It may be stated that some veterans whose service was rendered other than in time of war may nevertheless receive the benefit of wartime rates, as provided by the act of December 19, 1941 (Public Law 359, 77th Cong.), if their disabilities resulted from a disease or injury received in line of duty as a direct result of armed conflict, or while engaged in extra hazardous service including such service under conditions simulating war. Under such conditions the wartime rates as reproduced in the first column of the comparison of rates above would apply.

Your committee has conducted several hearings on bills of this nature and has assembled much data on the subject. Various bills have been introduced in the



past which would have fixed peacetime rates for service-connected disabilities at 75, 80, 90, and 100 percent of the wartime rate. The present ratio of 75 percent of the wartime rates granted peacetime veterans suffering disabilities incurred under peacetime service conditions is based on the provisions of the act of August 4, 1939 (Public Law 257, 76th Cong.). The bill which prefaced this enactment was S. 522, Seventy-sixth Congress, which as originally introduced provided for a 90-percent rate. The Seventy-sixth Congress, however, concluded that the 75-percent rate represented a fair percentage of the service-connected pension benefits granted in relation to wartime service.

Before the passage of the Economy Act of March 20, 1933 (Public Law No. 2, 73d Cong.), the general pension laws had made no distinction in the rates provided for service-connected disabilities except as to service rendered during World War I and veterans with service-connected disabilities were on a parity irrespective of the time when disability was contracted, whether in war or in peace. The maximum rate under the general pension law, \$125 per month was carried forward under the act of March 20, 1933, and the Presidential regulations thereunder. These regulations provided a \$250 ceiling rate for war-service-connected disabilities, retaining the \$125 maximum for peacetime service-connected disabilities. Subsequent considerations led to several amendments to both sets of rates with the result that the peacetime rates were established and continued at approximately 75 percent of the war-service-connected rates.

While the act of December 19, 1941 (Public Law 359, 77th Cong.), supported the distinction between peacetime rates and wartime rates in the provision made to pension peacetime service-connected disabilities at wartime rates when incurred under warlike conditions, there is strong support for a closer approach to parity as between the rates than is provided by existing law. Though it is believed that there should be some degree of difference between wartime and peacetime disability benefits, your committee feels that the 25-percent distinction is not justified. It must be realized that persons serving at the present time who are disabled subsequent to the termination of the active hostilities in World War II and prior to the official termination of the war are entitled to receive wartime service-connected rates. Following the official termination of the war, peacetime rates would become applicable. However, it is probable that service in the armed forces will have to be performed in all parts of the world to a greater extent than ever before in our history and with the danger of considerably greater hazard to the participants. It is apparent that while such service, after the official termination of the war, will be performed during other than a period of war, many of the aspects and much of the atmosphere of such service will bear little similarity to normal peacetime service and conditions.

An increase to the peacetime veteran whereby he may receive a disability pension equivalent to 90 percent of the rates payable for war-incurred disability will reflect a sincere and serious attempt on the part of Congress to at once preserve the distinction between wartime and peacetime service, and at the same time accomplish as equitable an approach to parity as any reasonable well-wisher of the veteran would desire. No one would gainsay that there remains a definite line of demarcation between the injury incurred in battle under the stress and trial of combat conditions and the disability sustained in peacetime service. The resulting bodily impairment or malfunction could conceivably be similar but the fact remains that the one withstood all of the hazards of war which the other was not obliged to share. Hence the retention of a differential in rates, though narrowed to 10 percent in this bill would preserve the recognized distinction between the two types of service and at the same time grant a merited increase to the peacetime veteran.

#### CONCLUSION AND RECOMMENDATIONS

This bill, H. R. 3908, was adopted by your committee after careful consideration and study, with the benefit of hearings attended by representatives of service organizations, the War Department, and the Veterans' Administration. The testimony and reports do not indicate substantial basis for a 25-percent differentiation in rates. However, your committee, for reasons heretofore set forth believes that some difference should be retained. The 90-percent ratio is considered equitable in the light of all of the facts and circumstances.

It is believed that the facts herein outlined justify the type of relief to be extended and your committee strongly urges prompt enactment of this proposed legislation.

## ESTIMATE OF COST

It is estimated that the legislation would affect approximately 38,800 veterans of the Regular Establishment at a minimum cost of \$3,445,000 for the first year.

Mr. FLOYD. I might point out to you before you call the next witness that I believe that you gentlemen remember 1940.

We showed you what these increases would mean. Senator Johnson, I believe, remembers in 1940, you could buy a pound of boneless ham for 27 cents a pound.

Gentlemen, we certainly urge that you take all means and precautions in trying to get these members of the armed forces something which will make the service attractive and keep them in the service.

Thank you very much.

(The statement referred to by Mr. Floyd follows:)

STATEMENT OF COL. WILLIAM H. WOOD, CHIEF OF LEGISLATIVE BRANCH, G-1, WAR DEPARTMENT, ON INCREASE OF PENSIONS TO VETERANS OF THE REGULAR ESTABLISHMENT FOR SERVICE-CONNECTED DISABILITIES, TUESDAY, MAY 7, 1946

The CHAIRMAN. The next witness is Col. William H. Wood, Chief of the Legislative Branch, G-1, representing the Secretary of War.

Colonel Wood. Mr. Chairman, over the week end I learned you were to have an early hearing on H. R. 3908. On turning back to the report the War Department submitted on this bill, I was surprised to learn that we had submitted an opposition report. I went into the matter, going back through the files of the Department, beginning in 1933, and I observed therein that up until approximately 1943 the War Department had always held that pension benefits for disabilities incurred in time of peace and those incurred in time of war should be on the same basis.

The War Department had not sponsored or testified on that point before any congressional committee, due, primarily, to the fact that the Veterans' Administration is charged with administration and direction of policies as regards pensions for military personnel; but the Department always stressed in reports to the various congressional committees that it favored the establishment of pensions on a basis of equality.

I took the matter up with an Assistant Chief of Staff, Maj. Gen. Willard S. Paul, and pointed out to him that this report was in contradiction to a long-established War Department policy, and I asked him if there was any reason why I should not appear here and correct that statement. Before coming here it was necessary to communicate with the Bureau of the Budget that we were changing our stand on this matter.

The Bureau of the Budget informed us that we should tell this committee that this proposed legislation is not in accord with the program of the President. I want to make that point.

It seems that the background of the War Department's old policy of equality of benefits for those injured either in wartime or peacetime was based upon the theory that the veterans' pension is provided in order to furnish them sufficient funds to live in a satisfactory manner. It did not seem that there was any reason to believe that a veteran who was disabled during peacetime could exist on any less than one who was injured in wartime.

From my experience in the service I know that the older noncommissioned officers and enlisted men, particularly those who have dependents, go through a great many periods of apprehension concerning what is going to happen to them if they are disabled. And all of those men, particularly those in the combatant forces, are engaged in hazardous occupations from time to time. If they are disabled they are not allowed to reenlist. They lose their means of acquiring a livelihood. In many cases they return to civil life handicapped physically and professionally, in that they have devoted so much of their lives to the Army that they are not in position to step out and demand a livable salary for whatever trade they might work at.

I think it very sound that pensions for disabled veterans, regardless of when they acquired disability, in wartime or peacetime, should be on a basis of equality. There should not, in my opinion, be any differentiation.

The CHAIRMAN. Does that complete your statement, Colonel?

Colonel WOOD. Yes.

The CHAIRMAN. Are there any questions?

Mr. MCGREGOR. I want to congratulate the colonel on his splendid statement, and especially for his taking the initiative in bringing this matter of error to the attention of his superiors in the War Department with a view to rectifying it. He has told us that the original policy of the Department was different than the report on the pending bill.

It is a matter of regret that the statement has been made that this proposal is not in accord with the financial program of the President. Some of us find it pretty near impossible to understand the financial program as recommended by the President, when he wants to lend or give great sums to one nation and then refuses to recommend that further financial assistance be given to our own veterans. I certainly criticize and disagree with such a policy.

The CHAIRMAN. If there are no questions, let us excuse the witness with the thanks of the committee.

The CHAIRMAN. The next witness is Mr. McLaughlin.

#### **STATEMENT OF ROBERT E. McLAUGHLIN, REPRESENTING AMVETS, AMERICAN VETERANS OF WORLD WAR II**

Mr. McLAUGHLIN. Mr. Chairman and members of the committee, AMVETS passed a resolution at their 1947 national convention which enables us to support S. 595. However, we have no resolution pertaining to or giving me the authority to support S. 2160.

The CHAIRMAN. Thank you, Mr. McLaughlin.

Mr. McLAUGHLIN. Thank you.

The CHAIRMAN. Mr. Camp?

#### **STATEMENT OF QUINTUS E. CAMP, ASSISTANT NATIONAL DIRECTOR OF CLAIMS, DISABLED AMERICAN VETERANS**

Mr. CAMP. Mr. Chairman and members of the committee, the Disabled American Veterans will support S. 595. But we have no mandate for the 100 percent contained in this bill.

Thank you.

The CHAIRMAN. Mr. Ketchum is the next witness.

Mr. WILLIAMSON. Mr. Chairman, I appear in place of Mr. Ketchum.

The CHAIRMAN. Identify yourself.

#### **STATEMENT OF JOHN C. WILLIAMSON, ASSISTANT LEGISLATIVE DIRECTOR, VETERANS OF FOREIGN WARS**

Mr. WILLIAMSON. I am John C. Williamson, assistant legislative director of the Veterans of Foreign Wars.

Mr. Chairman and members of the committee, I wish to insert in the record a statement endorsing the bill, S. 595.

During the Seventy-ninth Congress, representatives of the Veterans of Foreign Wars testified before the Senate Committee on Pensions urging the 10-percent differential. Although we have no mandate on the point, our national legislative committee has authorized us to support the 90-percent bill.

I would like to reiterate at this point what Mr. Ketchum said yesterday upon questioning from the Chair, that we do believe that there should be some distinction between wartime and peacetime rates, and we believe that the 25-percent differential is too much, and that is why we support the 10-percent differential.

The CHAIRMAN. Thank you very much.  
The statement will be made a part of the record at this point.  
(The statement is as follows:)

**STATEMENT OF OMAR B. KETCHUM, DIRECTOR, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES, BEFORE THE SENATE FINANCE COMMITTEE IN REGARD TO THE BILLS S. 595 AND S. 2160, PROVIDING FOR INCREASES IN THE DISABILITY COMPENSATION RATES FOR PEACETIME SERVICE**

Mr. Chairman and members of the committee, there are two bills pending before this committee relating to increase in the peacetime disability compensation rates and for the sake of brevity I shall limit my brief testimony to the bill, S. 595, which provides that peacetime disability compensation rates shall be 90 percent of the wartime rates.

Late in the Seventy-ninth Congress, a representative of the Veterans of Foreign Wars testified before the Senate Committee on Pensions in regard to a bill, the provisions of which, were similar to that contained in S. 595; that is, to bring the peacetime disability compensation rates up to 90 percent of the wartime rates. This bill was approved and was subsequently enacted into law. However, the Seventy-ninth Congress also increased the wartime rates; thereby relegating the peacetime rates back to 75 percent of the wartime rates, where they are at the present time. It is significant to recall, however, that the Seventy-ninth Congress did, in fact, accept the VFW principles of a 10-percent differential instead of 25 percent. Our purpose today is to ask this committee to readopt this principle.

The men who enter the regular establishment are, as a general rule, men who choose the military or naval service as a lifetime career. During time of war, however, the great bulk of the personnel in the armed services are men who have been dislocated from the farm, the factory, business life, or the professions. The disabling of the latter takes on a more serious aspect in view of the fact that upon demobilization these men try to return to their previously accepted or chosen lines of endeavor. Added to that is the fact that the risk of disability is much greater in time of war. We believe that these two factors are sufficient to justify some differential between peacetime and wartime rates. However, we believe that the present differential of 25 percent is too great; and that a more fair differential would be 10 percent. We urge therefore, that the committee approve the bill S. 595 which would make the peacetime disability compensation rates 90 percent of the wartime rates.

The CHAIRMAN. Does anyone here have any estimates as to the cost of these bills?

Mr. FLOYD. Yes, sir. \$7,616,711.80.

The CHAIRMAN. For which bill?

Mr. FLOYD. For S. 2160.

The CHAIRMAN. What would it be on S. 595?

Mr. FLOYD. I believe the report on H. R. 1335—

The CHAIRMAN. The figure I have here is \$4,834,000.

Mr. FLOYD. The one the Veterans' Administration gave last year was smaller than that, sir.

The CHAIRMAN. Mr. Birdsall?

Mr. BIRDSALL. The figure the chairman gave is correct.

The CHAIRMAN. Do you have any observations on this bill, Mr. Birdsall?

**STATEMENT OF GUY H. BIRDSALL, ASSISTANT ADMINISTRATOR FOR LEGISLATION, VETERANS' ADMINISTRATION**

Mr. BIRDSALL. I am Assistant Administrator for Legislation of the Veterans' Administration.

The Veterans' Administration made a report on both of these bills, Mr. Chairman, the report on S. 595 having been made in April—April 25, 1947—and the report on S. 2160 on April 27, 1948.

The Bureau of the Budget has advised in connection with our report on S. 2160 that the enactment would not be in accord with the program of the President.

The CHAIRMAN. What is the recommendation on S. 595?

Mr. BIRDSALL. The Budget indicated there is no objection to furnishing a report to the committee. There is no statement it would not be in accord with the President's program. We do have a very short statement to make on the two bills, particularly the later one, S. 2160.

It is a very brief statement by Mr. Brooks, Assistant Director for Claims.

The CHAIRMAN. We will hear from Mr. Brooks.

#### **STATEMENT OF HENRY Q. BROOKS, ASSISTANT DIRECTOR, VETERANS CLAIM SERVICE, VETERANS' ADMINISTRATION**

Mr. BROOKS. I am Henry Q. Brooks, Assistant Director, Veterans Claim Service, Veterans' Administration.

It is the purpose of S. 2160 to provide the same rate of compensation for disability incurred in peacetime service as is provided for disability incurred in wartime service.

Beginning with the war risk insurance act, Congress adopted the policy of higher rates for disability due to wartime service and later included in these rates disability resulting from armed conflict or extra hazardous service.

This distinction between wartime service and peacetime service has been maintained and the differential is fixed at 75 percent. If this policy is abandoned, it would be much simpler to administer the law. There would be only one set of rates, and it would not be necessary to make determinations as to whether the disability was due to armed conflict or extra hazardous service, including such service under conditions simulating war.

It should be considered, however, that increases in wartime rates would probably be urged, bearing in mind the former principle of differentiation, and that other benefits for peacetime service comparable to those provided for wartime service would be requested.

While the bill would increase the rates for service-connected disability for peacetime veterans, it would not provide a comparable increase in the rate of death compensation for the dependents of these veterans.

That is all I have.

Senator BUTLER. Does that conclude your statement?

Mr. BROOKS. Yes, sir.

The CHAIRMAN. We have overlooked Mr. Kraabel.

#### **STATEMENT OF T. O. KRAABEL, NATIONAL DIRECTOR, NATIONAL REHABILITATION COMMISSION, THE AMERICAN LEGION**

Mr. KRAABEL. Mr. Chairman and gentlemen of the committee, our appearance before this committee and the House Committee on Veterans' Affairs is always stimulated by instructions or mandates we receive from our national conventions and the national executive committee.

On this point we do not have any which covers either the purpose of S. 595 or of the second bill, S. 2160.

We would repeat what we said at the hearing last summer that we cannot object and will not object to the purposes of S. 595, believing there should be a differential between the two groups as to the compensation for service-connected disabilities.

Thank you.

The CHAIRMAN. Thank you.

The Chair, on behalf of the committee, wishes to thank all of those who have participated in this hearing for their cooperation in expediting it.

Mr. FLOYD. Mr. Chairman?

The CHAIRMAN. Mr. Floyd.

Mr. FLOYD. Mr. Chairman, I do have some more data here that you asked for a while ago.

Here is a hearing on H. R. 1335 which was passed out of the House and is before the Rules Committee today.

Here is the Veterans' Administration estimate of the cost:

The Veterans' Administration has furnished information indicating that the enactment of H. R. 1335 as amended would provide increased payments to approximately 43,200 veterans of the Regular Establishment at a minimum cost of \$1,611,000 for the first year.

I want to show you the figure that Mr. Birdsall gave you was different, four million some odd dollars.

We had last year on the rolls, according to their figures, 42,587. Now he gives you \$4,000,000 figure, and this report here given to Mrs. Rogers of \$1,611,000.

I would like to show that and have that in the record.

The CHAIRMAN. What part do you want put in the record? Have you read the pertinent part?

Mr. FLOYD. Yes, sir.

At this time, with your permission, Mr. Chairman, I would like to introduce a letter here to Mr. Forrestal, and also his answer which I received today, in supporting this legislation.

The CHAIRMAN. All of the letters you have referred to will be inserted in the record at this point.

(The letters are as follows:)

MAY 7, 1948.

Hon. JAMES FORRESTAL,  
*Secretary of Defense, Pentagon Building,*  
*Washington, D. C.*

DEAR MR. SECRETARY: As the national commander of the Regular Veterans' Association, I am writing this letter in behalf of the best interest and the welfare of the members of the armed forces.

Mr. Secretary, when you were elevated to your new office, you were supposed to have unity of command which I believe is for the welfare of our Nation. We felt that you would in this capacity give favorable consideration to legislation providing justice to the enlisted personnel, but when such bills came before Congress, they did not meet with the approval of the Secretary. Again, I am pleading with you, Mr. Secretary, to help on some very important matters of legislation.

As the Secretary of Defense, you are urgently requested by the Regular Veterans' Association to support S. 2160 and H. R. 5402, to equalize the rates of compensation payable for wartime and peacetime service-connected disabilities. These bills were introduced in the second session of the Eightieth Congress by Senator John Sparkman of Alabama and Congressman J. Harry McGregor of Ohio, and were referred to the Senate Finance Committee and the House Veterans' Com-

mittee. We hope that hearings on these bills will soon be held, and we ask that reports, submitted to the committees by the Army and Navy Departments favorably recommend the details, as well as the principle of the proposed legislation.

In general, the purpose of the bill is to effect an increased peacetime disability and death compensation rates for dependents of deceased peacetime veterans to parity of the wartime rates. This we believe to be fair and just legislation at this time, and already too long delayed.

The attitude of the Navy in past legislation affecting the welfare of peacetime veterans and their dependents, has not been favorable. Ostensibly, the position taken has been a neutral one, but the manner of presenting it has clearly shown the disinterest of the Navy in all disabled peacetime veterans.

In the report of the Navy Department, dated July 9, 1947, in connection with H. R. 1335, which was being considered by the House Committee on Veterans' Affairs, the unfavorable attitude of the Navy was apparent. Signed by John I. Sullivan, then Acting Secretary of the Navy, while you were still Secretary of the Navy, the report suggested that, in the act of June 24, 1936, the Congress had established and set as a precedent, a differential of 25 percent between peacetime and wartime veterans with like disabilities. The statement carried a misleading inference, for Congress has, in fact, set no precedent, nor has it established a fixed policy. The Seventy-ninth Congress gave the peacetime Regular 60 percent of the wartime rates for disability under Public Law 669. Later, wartime rates were increased by 20 percent while peacetime rates were not, thus leaving the peacetime veteran with even a higher differential than formerly under Public Law 662.

Mr. Sullivan then stated in his report: "The Navy Department is of the opinion that the fixing of a specific differential between disability pensions payable to veterans acquiring disability in war and those acquired in peace, is a matter for congressional determination." That, in our opinion, constitutes a gratuitous brush-off. Isn't all legislation a matter for congressional determination? No one ever heard of the Army or the Navy or any other Government agency making a similar suggestion to the Congress in connection with their appropriations. We honestly believe that the Navy is morally obligated, at least, to show a definite interest in the welfare of its peacetime Regulars.

The viewpoint of the Army is directly opposed to that of the Navy. For the past 2 years the Army Department has held consistently that pension benefits for disabilities incurred in time of peace and those incurred in time of war should be on the same basis. In its reports to various congressional committees, concerning such legislation, the Army has always stressed the fact that it favors the establishment of disability pensions on a basis of equality.

In reporting to the House Committee on Veterans' Affairs, on June 13, 1947, in connection with H. R. 1335, Robert P. Patterson, then Secretary of War, had this to say:

"The War Department cannot perceive any sound reason for a differential of 25 percent in the pension rates for peacetime service-connected disabilities as compared to those for similar wartime disabilities. The basic purpose of such disability pension is, of course, to compensate or indemnify the disabled soldier or sailor for the loss of earning power which he has suffered, and to remove to some degree the handicaps which he faces when discharged or denied reenlistment because of service-connected physical disabilities. Such handicaps are the same, whether the disabilities are incurred in time of war or peace, and the living expenses of the veterans concerned are likewise similar. Many of the physical disabilities which render an individual unfit for full military duty, even in time of war, are not the result of direct combat; and similar disabilities are incurred in peacetime. Furthermore, occupation troops stationed in former enemy countries after the official termination of the war will face much the same hazards as those now on such duty.

"The War Department is interested in the enactment of legislation that would eliminate or provide a minimal difference in disability pension rates for wartime and peacetime service inasmuch as the reduction of the present differential would be a factor aiding morale. Such a measure would repress the concern of many enlisted men, especially those with dependents, regarding their welfare in the event they become physically disabled. Moreover, this action would encourage enlisted men to make a career of the military service, thereby facilitating the maintenance of an adequate volunteer Army.

"For the foregoing reasons, the War Department recommends enactment of either H. R. 1335 or H. R. 1280." (Both of these bills were identical.)

On May 7, 1948, Col. William H. Wood, Chief of Legislative Branch, G-1, War Department, personally appearing before the House Committee on Veterans' Affairs in connection with H. R. 3908, first session of the Eightieth Congress, made this statement:

"From my experience in the service I know that the older noncommissioned officers and enlisted men, particularly those who have dependents, go through a great many periods of apprehension concerning what is going to happen to them if they are disabled. And all of these men, particularly those in the combatant forces, are engaged in hazardous occupations from time to time. If they are disabled they are not allowed to reenlist. They lose their means of acquiring a livelihood. In many cases they return to civil life handicapped physically and professionally, in that they have devoted so much of their lives to the Army that they are not in position to step out and demand a livable salary for whatever trade they might work at.

"I think it very sound that pensions for disabled veterans, regardless of when they acquired disability, in wartime or peacetime, should be on a basis of equality. There should not, in my opinion, be any differentiation."

We believe that the stand of the Army Department is a logical one and a just one.

Again, we ask that the Office of Defense adopt for all the armed forces a logical and just policy of aiding in the protection of its disabled Regulars, and recommend approval of Senate bill 2160 and H. R. 5402 now before Congress.

I am herewith enclosing a copy of a letter to the President of the United States in which is stated the three-point program adopted by the Regular Veterans Association.

Very sincerely yours,

WILLIAM M. FLOYD, D. S. C.,  
National Commander.

THE SECRETARY OF DEFENSE,  
Washington.

WILLIAM M. FLOYD, D. S. C.,  
National Commander, Regular Veterans' Association,  
Washington 5, D. C.

DEAR MR. FLOYD: I have taken the liberty of transmitting copies of your recent letter to the Departments of the Army, Navy, and Air Force to facilitate their consideration of H. R. 5402.

The Departments have been requested by the Committee on Veterans' Affairs of the House of Representatives to comment on this bill. These comments will shortly be forwarded to the committee.

Until such time as they are transmitted, I cannot, of course, indicate precisely what position will be taken, but for your information, it is possible to state that the Department of the Army is maintaining the same position it took last year. It is my opinion that H. R. 5402 has great merit and this office will undoubtedly support the principle embodied in it.

I am writing to you at this time in order not to delay a reply unduly, and shall communicate with you again as soon as the final position of the armed forces is transmitted to the House committee.

Sincerely yours,

JAMES FORRESTAL.

Mr. FLOYD. I thank you, Mr. Chairman and members of the committee, and the veterans organizations which appeared here in behalf or against this measure.

We still think this should pass.

Mr. BIRDSALL. Mr. Chairman, if I may correct the record, the estimate to which Mr. Floyd has referred as \$1,000,000-some-odd has to do with the bill as amended by the committee, which is not comparable to S. 595. The bill as reported by the committee is 80 percent of wartime rates, which is less costly than the 90 percent Senate bill. S. 595, involved in the Senate.

The CHAIRMAN. Thank you very much.

This hearing, then, will be closed.

(Whereupon, at 12:25 p. m., the committee recessed.)