

CONTINUANCE OF VETERANS' ADMINISTRATION OFFICE
IN REPUBLIC OF THE PHILIPPINES

JULY 24 (legislative day, JULY 6), 1953.—Ordered to be printed

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

R E P O R T

[To accompany H. R. 3884]

The Committee on Finance, to whom was referred the bill (H. R. 3884) to extend the authority of the Administrator of Veterans' Affairs to establish and continue offices in the Republic of the Philippines, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

By virtue of this act the House report is accepted as follows:

EXPLANATION OF THE BILL

The purpose of this bill is to extend the authority of the Veterans' Administration to operate a regional office in the Republic of the Philippines until June 30, 1960. The present authority expires June 30, 1954.

Previously, the Veterans' Administration has received specific authorization to operate this office on three different occasions by the Congress. Public Law 91 of the 80th Congress authorized the operation through June 30, 1948. That was extended by Public Law 474 to June 30, 1950, and Public Law 546 of the 81st Congress extended the authority to June 30, 1954.

There are approximately 360,000 living veterans with service in and with the United States Armed Forces in the Philippines. It is estimated that a substantial number of these veterans and dependents of approximately 50,000 deceased veterans are potentially eligible for certain benefits administered by the Veterans' Administration.

A total of 22,626 disability claims have been filed through the fiscal year 1952. It is estimated that the number of claims will increase to approximately 29,000 at the end of the fiscal year 1954. For the fiscal year 1952 there were 96,000 running awards to Philippine beneficiaries. This figure, it is estimated, will increase to 118,000 for the fiscal year 1954.

The Veterans' Administration has been advised by Mr. John M. Allison, the Assistant Secretary of State, that "Both for administrative and policy reasons the continuance of the facilities of the Veterans' Administration in the Philippines is virtually a necessity." Although, as indicated, this authority does not expire until 1954, in view of budgetary considerations and appropriation requirements it is necessary that legislative action be taken this year with respect to the basic authority.

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The proposed legislation will merely authorize the Veterans' Administration to continue the present administrative operation of the Philippines, and it is believed that its enactment will involve no additional cost to the Government.

The report of the Veterans' Administration follows:

VETERANS' ADMINISTRATION,
Washington 25, D. C., March 9, 1953.

HON. JOSEPH W. MARTIN, JR.,
Speaker of the House of Representatives,
Washington 25, D. C.

DEAR MR. SPEAKER: There is transmitted herewith a draft of a bill to extend the authority of the Administrator of Veterans' Affairs to establish and continue offices in 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 for a period not beyond June 30, 1960, the existing authority of the Administrator of Veterans' Affairs with respect to the establishment and continuance of a regional office and other subordinate offices in the Republic of the Philippines so that the program of benefits authorized by the Congress for certain veterans and their dependents residing in that country may be efficiently and economically administered.

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 subregional offices 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 facility is not readily available or accessible.

Pursuant to the aforementioned provision of the World War Veterans' Act, 1924, 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 in the Philippines. After the reoccupation of the Philippines by the American forces in World War II this insular office was reopened early in 1945 under authority of the statutes hereinbefore mentioned, 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 military order of the President of the United States of July 26, 1941, a regional office was subsequently activated.

In view of the independence 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 was 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 June 30, 1947.

The Veterans' Administration thereupon submitted the matter to the Congress and legislation was enacted (Public Law 91, 80th Cong., approved June 14, 1947) authorizing the Administrator of Veterans' Affairs to establish and continue necessary offices in the Republic of the Philippines until June 30, 1948. During the 2d session of the 80th Congress, Public Law 474 was enacted continuing this authority to June 30, 1950. This authority was again extended to June 30, 1954, by Public Law 546, 81st Congress.

The continued maintenance of Veterans' Administration operations in the Philippines beyond June 30, 1954, is of great importance. There are approximately 360,000 living veterans of service in and with the United States Armed Forces in the Philippines. In view of the heavy war casualties a substantial number of these veterans and dependents of approximately 50,000 deceased veterans are potentially eligible for certain benefits administered by the Veterans'

Administration. The above-mentioned total included 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 military order of the President of the United States of July 26, 1941, and who, under authority of Public Law 301, 79th Congress, approved February 18, 1946, are entitled to certain insurance benefits and compensation for service-connected disabilities and death, and to burial benefits under Public Law 21, 82d Congress, approved April 25, 1951. 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.

The workload of the Manila regional office has steadily increased. A total of 22,626 disability claims have been filed through the fiscal year 1952. It is estimated that 25,926 claims will have been filed at the end of the fiscal year 1953 and 29,026 at the end of the fiscal year 1954. For the fiscal year 1952, there were 96,000 running awards in death claims. It is estimated that this will be increased to 118,000 for fiscal year 1954. In addition to direct benefits as described above, the Veterans' Administration is charged with the responsibility of administering grants-in-aids to the Republic of the Philippines for the construction and equipping of hospitals and the reimbursement of expenses incident to the care and treatment of certain disabled Philippine Army veterans under the provisions of Public Law 865, 80th Congress, approved July 1, 1948.

It is readily apparent that in the light of the substantial veteran population and the heavy workload of the various benefit programs 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. It should be noted in this connection, however, that the adjudication of all death claims for compensation and insurance is now performed in the central office of the Veterans' Administration in Washington, after such claims have been developed in the Philippines. We cannot at this time foretell when the need for administrative offices in the Philippines will no longer exist. However, it is reasonable to expect that such facilities will be necessary for some considerable period of time. The Bureau of the Budget has suggested the terminal date of June 30, 1960, expressing the belief that the establishment of a specific terminal date for an authorization of this sort is a matter of sound legislative practice.

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. It is believed that nothing would be gained from an attempt to administer veterans' benefits in that country through the Department of State. On the other hand, it would result in a tremendous burden on the State Department and unduly overshadow its normal official functions. The Veterans' Administration has recently been advised by Mr. John M. Allison, Assistant Secretary of State, that "both for administrative and policy reasons the continuance of the facilities of the Veterans' Administration in the Philippines is virtually a necessity."

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 believed that 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. 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 expiration date of June 30, 1954. Further, adequate justification for the necessary funds for operations in the Philippines for the fiscal year 1955, which must be submitted to the Bureau of the Budget in the early part of the fiscal year 1954, is contingent upon specific congressional authority to operate in the Philippines during fiscal year 1955.

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Advice has been received from the Bureau of the Budget that there would be no objection to the submission of the proposed bill to the Congress for its consideration.

Sincerely yours,

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

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, H. R. 3884, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

(38 U. S. C. 693a NOTE)

"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, [1954] 1960."

