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

APRIL 25 (legislative day, MARCH 29), 1950.—Ordered to be printed

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

R E P O R T

[To accompany H. R. 6632]

The Committee on Finance, to whom was referred the bill (H. R. 6632) 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.

APPROVAL OF BILL

This bill was approved by the Bureau of the Budget and was recommended by the Veterans' Administration.

EXPLANATION OF THE BILL

For some years, the Veterans' Administration has maintained an office in Manila, Republic of the Philippines, to handle the large number of claims which have to be processed in that area. So long as the Philippines were a possession of the United States there was no question about the authority to operate this office, but with the granting of independence to the Philippines, the question was raised as to whether or not this office could legally be continued to be maintained by the Veterans' Administration.

Authority was granted by Public Law 91, Eightieth Congress, to maintain this office through June 30, 1948. Subsequently, the authority was extended to June 30, 1950, by Public Law 474, Eightieth Congress. The Veterans' Administration has now requested that this authority be extended without any time limitation, and has clearly shown that the work load in that country will continue to be very substantial for some time.

The bill passed the House extending the authority up to June 30, 1954, and your committee concurs.

In ordinary conditions, the State Department usually handles such affairs in a foreign country. The committee is advised that the State Department desires that this office be maintained as it believes a need therefor continues and that the Veterans' Administration is better equipped to handle the large volume of work involved.

No additional cost would be involved as the result of the passage of this legislation.

The report of the Veterans' Administration follows:

MARCH 16, 1950.

HON. WALTER F. GEORGE,
Chairman, Committee on Finance,
United States Senate, Washington 25, D. C.

DEAR SENATOR GEORGE: Further reference is made to your letter of March 8, 1950, requesting a report from the Veterans' Administration on H. R. 6632, Eighty-first Congress, an act to extend the authority of the Administrator of Veterans' Affairs to establish and continue offices in the Republic of the Philippines, as passed by the House of Representatives on March 6, 1950.

The purpose of the bill is to authorize the Administrator of Veterans' Affairs to continue operations in the Republic of the Philippines relating to the administration of veterans' benefits under existing laws and to establish such offices as he deems necessary for such operations. It is provided, however, that this authority may not be exercised after June 30, 1954.

H. R. 6632 is similar to S. 2828, Eighty-first Congress, which was introduced by you pursuant to the recommendations of the Veterans' Administration contained in a letter dated December 8, 1949, to the President of the Senate. S. 2828 is identical with the draft of bill submitted by the Veterans' Administration with the mentioned letter and contains no delimiting date.

Our letter submitting the proposed legislation explains the legal authority for operating administrative offices in the Republic of the Philippines, which authority will expire June 30, 1950, and sets forth in detail the reasons why there is an urgent need for the continued maintenance of such offices in that country. A copy of the mentioned letter is enclosed for your ready reference.

H. R. 6632, as introduced, contained a delimiting date for the exercise of the authority granted of June 30, 1952. However, as amended and reported by the Committee on Veterans' Affairs, House of Representatives, the limitation was removed (H. Rept. No. 1718, February 28, 1950). Subsequently, upon consideration of the bill by the House on March 6, 1950, the bill was amended to insert the delimiting date of June 30, 1954. In this connection, Mr. Byrnes of Wisconsin stated during debate on the bill:

"The only thing that occurred to me was that the Congress ought to take another look at it in another couple of years, or 4 years, or after some specific period of time, to determine whether or not we should continue to have an office of the Veterans' Administration in this independent Republic."

As will be noted in our enclosed letter, the Veterans' Administration is unable to foretell at this time when, if ever, the need for administrative offices in the Philippines will no longer exist. Moreover, it is pointed out that the proposed bill is not mandatory, but rather gives the Administrator full latitude in withdrawing, in whole or in part, at such times as might appear desirable and feasible, the on-the-spot administration of any or all benefits authorized. We were endeavoring to furnish the Congress with a draft bill the enactment of which would meet our needs, safeguard the Government's interests, and obviate the necessity of the Congress renewing the authority at frequent intervals. Of course, we have no objection to as frequent consideration of the matter as the Congress may deem advisable. The bill, as passed by the House, will afford the Congress an opportunity to review the need 4 years hence.

Under the circumstances, the Veterans' Administration recommends favorable consideration by your committee of H. R. 6632, as passed by the House, and will appreciate Senate action looking toward early enactment of the proposal.

Sincerely yours,

O. W. CLARK,
Deputy Administrator

(For and in the absence of the Administrator).

DECEMBER 8, 1949.

HON. ALLEN W. BARKLEY,
President of the Senate, Washington 25, D. C.

DEAR MR. PRESIDENT: 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 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 a facility is not readily available or accessible."

Pursuant to the afore-mentioned 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 second session of the Eightieth Congress, Public Law 474 was enacted continuing this authority to June 30, 1950.

The continued maintenance of Veterans' Administration operations in the Philippines beyond June 30, 1950, is of great importance. There are approximately 400,000 living veterans of 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 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 military order of the President of the United States of July 26, 1941, and who, under authority of Public Law 301, Seventy-ninth

4 VETERANS TO CONTINUE OFFICES IN THE PHILIPPINES

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.

During the past 2 years the work load of the Manila regional office has steadily increased. For example, a total of 13,161 disability claims had been filed as of September 30, 1949, whereas such claims totaled 9,593 a year earlier. Records indicate that a total of 140,000 death claims for insurance and compensation were filed prior to June 1949. Of this total more than 75,000 are pending in the Manila office for development. Further, since the enactment of Public Law 91, Eightieth Congress, *supra*, the Manila regional office has had its work load increased by virtue of the provisions of Public Law 865, Eightieth Congress, approved July 1, 1948. Pursuant to this law and the Executive delegation thereunder, the Veterans' Administration is charged with the responsibility of administering grants-in-aid to the Republic of the Philippines for the construction of hospitals and expenses incident to the care and treatment of certain disabled Philippine Army veterans.

It is readily apparent that in the light of the substantial veteran population and the heavy claims load it would be unfeasible if not impossible at this time 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, if ever, the need for administrative offices in that country will no longer exist. However, attention is invited to the fact that the proposed bill is not mandatory, but rather gives the Administrator full latitude in withdrawing, in whole or in part, at such times as might appear desirable and feasible, the on-the-spot administration of any or all benefits authorized.

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.

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 current expiration date of June 30, 1950.

Advice has been received from the Bureau of the Budget that there would be no objection to the presentation of the proposal for the consideration of the Congress.

Sincerely yours,

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

CHANGES IN LAW

In accordance with the provisions of Senate Resolution 95, Eighty-first Congress, the changes made in existing law by the bill 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):

VETERANS TO CONTINUE OFFICES IN THE PHILIPPINES 5

PUBLIC LAW 474, 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, [1950] 1954.

