

**INCREASED COMPENSATION AND PENSIONS—INCOME
LIMITATIONS—DEPENDENCY ALLOWANCES—CADET
SERVICE—TUBERCULOSIS—CREATIVE ORGAN**

HEARINGS

BEFORE THE

COMMITTEE ON FINANCE

UNITED STATES SENATE

EIGHTY-SECOND CONGRESS

SECOND SESSION

ON

**H. R. 4394, S. 2451, H. R. 4108, S. 2640, S. 651,
H. R. 4387, S. 2641, S. 503, S. 505, H. R. 2384,
S. 1198, H. R. 316, and H. R. 318**

MARCH 4, 5, AND 6, 1952

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**INCREASED COMPENSATION AND PENSIONS—INCOME
LIMITATIONS—DEPENDENCY ALLOWANCES—CADET
SERVICE—TUBERCULOSIS—CREATIVE ORGAN**

TUESDAY, MARCH 4, 1952

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

The committee met, pursuant to notice, at 10 a. m., in room 312, Senate Office Building, Senator Walter F. George (chairman) presiding.

Present: Senators George, Kerr, Frear, Millikin, Martin, Williams, and Flanders.

Present: Elizabeth B. Springer, chief clerk.

The CHAIRMAN. The committee will please come to order.

The committee has a number of bills to consider. We regret that other members of the committee, several of whom are presiding over their own committee hearings, will not be able to be here this morning. Some others may be able to get in a little later.

These hearings for today and tomorrow will be limited to the subject of increased compensation and/or pensions, increased income limitation, and dependency allowances as proposed in the following bills, which, without objection, I will insert in the record at this point.

H. R. 4394 (with amendment) and S. 2451 relating to percentage increases in pension and compensation benefits.

H. R. 4108, S. 2640, and S. 651, providing allowances to dependents of World War I, World War II, and Korean service veterans whose service-connected disability is rated not less than 40 percent and 10 percent, respectively.

H. R. 4387, S. 2641, S. 503, and S. 505, increase the income limitation for veterans and widows. The latter two bills also relate to liberalization of eligibility requirements for non-service-connected pension benefits.

The hearing for Thursday will be devoted to the bills H. R. 2384, and S. 1198, relating to cadet service; H. R. 316 on arrested tuberculosis; and H. R. 318, providing additional compensation for loss of use of a creative organ. Since the hearings will be printed in one volume, I shall insert copies of the latter four bills at this point in the record, as well as the bills first named, along with the corresponding departmental reports on these bills.

(The matter referred to is as follows:)

[H. R. 4394, 82d Cong., 1st sess.]

AN ACT To provide certain increases in the monthly rates of compensation and pension payable to veterans and their dependents, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That all monthly rates of compensation pay-

able under laws administered by the Veterans' Administration for disability rated 10 per centum to 49 per centum are hereby increased by 5 per centum, and for disability rated 50 per centum to 100 per centum are hereby increased by 15 per centum: *Provided*, That such increases shall not apply to special awards and allowances, dependency allowances, or subsistence allowances.

SEC. 2. Paragraph I (f), part III, Veterans Regulation Numbered 1 (a), as amended, is hereby amended to read as follows:

"I. (f) The amount of pension payable under terms of part III shall be \$63 monthly, except that, where such veterans shall have been rated permanent and total and in receipt of pension for a continuous period of ten years or reach the age of sixty-five years, the amount of pension shall be \$75 monthly: *Provided*, That—"

SEC. 3. Paragraph IV of part I of Veterans Regulation Numbered 1 (a), as amended, is hereby amended to read as follows:

"IV. The surviving widow, child or children, and dependent mother of father of any deceased person who died as the result of injury or disease incurred in or aggravated by active military or naval service as provided in part I, paragraph I, hereof, shall be entitled to receive compensation at the monthly rates specified next below:

"Widow but no child, \$75; widow with one child, \$121 (with \$29 for each additional child); no widow but one child, \$67; no widow but two children, \$94 (equally divided); no widow but three children, \$122 (equally divided) (with \$23 for each additional child; total amount to be equally divided); dependent mother or father, \$60 (or both), \$35 each."

SEC. 4. Section 2 of Public Law Numbered 484, Seventy-third Congress, as amended, is hereby amended to read as follows:

"SEC. 2. That the monthly rate of pension shall be as follows: Widow but no child, \$48; widow and one child, \$60 (with \$7.20 for each additional child); no widow but one child, \$26; no widow but two children, \$39 (equally divided); no widow but three children, \$52 (equally divided) with \$7.20 for each additional child (the total amount to be equally divided)."

SEC. 5. The increased rates authorized by this Act shall be effective from the first day of the second calendar month following the date of approval of this Act.

Passed the House of Representatives June 20, 1951.

Attest:

RALPH R. ROBERTS, *Clerk*.

[H. R. 4394, 82d Cong., 1st sess.]

AMENDMENTS Intended to be proposed by Mr. Ives to the bill (H. R. 4394) to provide certain increases in the monthly rates of compensation and pension payable to veterans and their dependents, and for other purposes, viz:

On page 8, between lines 10 and 11, insert the following new section:

"SEC. 5 (a) All monthly rates of pension payable to veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, and dependents of such veterans which are payable under laws reenacted by the Act of August 13, 1935 (49 Stat. 614; 38 U. S. C. 368, 369), or under Acts amendatory or supplemental to such laws, are hereby increased by 5 per centum.

"(b) All monthly rates of pension payable to veterans of the Civil War and dependents of such veterans which are payable under any laws administered by the Veterans' Administration are hereby increased by 5 per centum."

On page 8, line 11, strike out "5" and insert in lieu thereof "6".

ANALYSIS OF H. R. 4394

Provides increases in compensation and/or pension rates as follows:

SERVICE-CONNECTED COMPENSATION

World War I, World War II, Korean Service

Veterans: 5-percent increase in rate for disabilities from 10 percent to 49 percent (now receiving \$15 to \$60); 15-percent increase in rate for disabilities from 50 percent to 100 percent (now receiving \$75 to \$150). No increase in

statutory awards, including specific injury rates for serious disabilities (now receiving from \$240 to \$360); subsistence and dependency allowances.

Dependents: 15-percent increase in rate for all dependents except widows without children and dependent parents.

Regular Establishment (Peacetime Service)

Veterans and dependents: Above increase automatically extended to this group since they receive 80 percent of wartime rate under existing law.

Spanish-American War, Civil War, and Indian War

Veterans and dependents: Same increase in rates as World War I, II, and Korean (only a few hundred eligible).

NON-SERVICE-CONNECTED PENSION

World War I, World War II, Korean Service

Veterans: \$3 increase for those now receiving \$60 or \$72. No increase for those now receiving \$120 (requiring regular aid and attendance, helpless, or blind).

Dependents: Increase from \$42 to \$48 for widow; \$54 to \$60, widow, one child; \$6 to \$7.20 each additional child; \$21.60 to \$26, no widow, one child; \$32.40 to \$39, no widow, two children; \$43.20 to \$52, no widow, three children; \$4.80 to \$7.20, each additional child.

Regular Establishment (Peacetime Service)

Veterans and dependents: Not eligible for nonservice-connected pensions.

Spanish-American War, Civil War, and Indian War

Veterans and dependents: No increase provided in bill for these groups; however, Ives amendment provides 5-percent increase to Spanish-American War and Civil War veterans and dependents, but does not include Indian War veterans and dependents.

Cost

The VA estimated cost for this bill for the first year is \$148,000,000. The Bureau of the Budget expressed no objection to that part of the bill increasing the compensation rates up to 15 percent, but opposed that portion providing increased pension benefits.

NOVEMBER 7, 1951.

HON. WALTER F. GEORGE,

Chairman, Committee on Finance,

United States Senate, Washington, D. C.

DEAR SENATOR GEORGE: This is with further reference to your letter of June 23, 1951, requesting a report by the Veterans' Administration relating to H. R. 4304, Eighty-second Congress, an act to provide certain increases in the monthly rates of compensation and pension payable to veterans and their dependents, and for other purposes.

The purposes of the bill are as follows:

1. To increase the monthly rates of compensation for disability rated 10 percent to 49 percent by 5 percent, and for disability rated 50 percent to 100 percent by 15 percent, excluding any increases in special awards and allowances, dependency allowances, or subsistence allowances.

2. To increase the amount of pension payable under part III of Veterans Regulation No. 1 (a), as amended, from \$60 to \$63 monthly and from \$72 to \$75 monthly for those in receipt of pension for a continuous period of 10 years or reach the age of 65.

3. To increase the compensation for widows with children and children where there is no widow, by approximately 15 percent.

4. To increase the amount of pension payable under Public, No. 484, Seventy-third Congress, as amended, to a widow but no child from \$42 to \$48 per month; widow and one child from \$54 to \$60 per month, and from \$6 to \$7.20 for each additional child; and where there is no widow from \$21.60 to \$26 per month for one child; from \$32.40 to \$39 per month for two children; from \$43.20 to \$52 per month for three children; and from \$4.80 to \$7.20 for each additional child.

The increases proposed by the bill would be effective from the first day of the second calendar month following its enactment.

INCREASED VETERANS' BENEFITS

The majority of cases now on the rolls are receiving compensation and pension under Public, No. 2, Seventy-third Congress, March 20, 1933, as amended, and the Veterans Regulations issued pursuant thereto. Benefits payable under Public, No. 2, as amended, are available to veterans and the dependents of veterans of those who served in the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, World War I, World War II, and those who shall have served on or after June 27, 1950, and prior to such date as shall thereafter be determined by Presidential proclamation or concurrent resolution of the Congress. By virtue of subparagraph (c), paragraph I, part II, of Veterans Regulation No. 1 (a), as amended, any veteran or the dependents of any deceased veteran otherwise entitled to compensation under part II of Veterans Regulation No. 1 (a), as amended, or the general pension law, are entitled to receive the rate of compensation provided in part I of such regulation if the disability or death of such veteran resulted from an injury or disease incurred in line of duty (1) as the 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. This provision makes veterans and the dependents of veterans of all wars eligible for the rates of part I for service-connected disability or death.

The enactment of H. R. 4304 would also effect corresponding increases in compensation rates for disability incurred in peacetime service because paragraph II, part II, Veterans Regulation No. 1 (a), as amended by Public Law 876, Eightieth Congress, July 2, 1948, provides:

"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 80 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."

Section 1 of the bill, if enacted, would increase the monthly basic rates of disability compensation for service-connected conditions prescribed by paragraph II, part I, Veterans Regulation No. 1 (a), as amended. These basic rates under this paragraph were last increased by section 3 (a) of Public Law 339, Eighty-first Congress, October 10, 1949. The proposed increases in the present rates are shown in the following table:

Degrees of disability	Present rate	Proposed rate	Degrees of disability	Present rate	Proposed rate
10 percent.....	\$15	\$15.75	60 percent.....	\$90	\$103.50
20 percent.....	30	31.50	70 percent.....	105	120.75
30 percent.....	45	47.25	80 percent.....	120	138.00
40 percent.....	60	63.00	90 percent.....	135	155.25
50 percent.....	75	86.25	100 percent.....	150	172.50

If the disabled person has suffered the anatomical loss or loss of use of one foot, or one hand, or blindness of one eye, having only light perception, the above present rates are increased by \$42. Rates ranging from \$240 to \$360 per month are provided for the loss or loss of use of two or more extremities, certain degrees of blindness, combinations of such disabilities, and total deafness in combination with total blindness. Under the provisions of the bill, no increase in these specific amounts would be authorized.

Section 1 of Public Law 877, Eightieth Congress, July 2, 1948, as amended by section 4 of Public Law 339, Eighty-first Congress, October 10, 1949, provides additional disability compensation on account of dependents in the case of a veteran having a disability incurred in or aggravated by service as provided in part I, or paragraph I (c), part II of Veterans Regulation No. 1 (a), as amended, who is rated at not less than 50 percent, in the following monthly amounts:

If and while rated totally disabled and—

- (a) has a wife but no child living, \$21;
- (b) has a wife and 1 child living, \$35;
- (c) has a wife and 2 children living, \$45.50;
- (d) has a wife and 3 or more children living, \$56;
- (e) has no wife but 1 child living, \$14;
- (f) has no wife but 2 children living, \$24.50;
- (g) has no wife but 3 or more children living, \$35;
- (h) has a mother or father, either or both dependent upon him for support, then, in addition to the above amounts (each), \$17.50.

If and while the veteran is rated partially disabled, but not less than 50 percent, the additional compensation authorized on account of dependents is in an amount having the same ratio to the amount provided for total disability as the degree of disability bears to the total disability. H. R. 4394 would not authorize any increase in the amounts shown above.

Section 2 of the bill would increase the rates of pension under part III of Veterans Regulation No. 1 (a), as amended, which provides pension for non-service-connected permanent total disability at the rate of \$60 monthly except that where such veterans shall have been rated permanently and totally disabled and in receipt of pension for a continuous period of 10 years or reach the age of 65 years the amount of pension is \$72 monthly. Under the provisions of the bill, if enacted, these rates would be increased to \$63 and \$75, respectively.

Attention is invited to the recent enactment of Public Law 149, Eighty-second Congress, September 18, 1951, which continues the mentioned pension rates of \$60 and \$72 monthly now authorized, but adds a provision for payment of pension in the amount of \$120 monthly for those entitled under part III who are in need of regular aid and attendance. The provisions of section 2 of the bill do not take cognizance of this new pension rate.

Section 3 of the bill would authorize an increase in the rates payable to the dependents of veterans entitled to compensation based on wartime service-connected death. The increased proposed by the bill and the rates payable under existing law are shown in the following table:

	Present rate	Proposed rate
Widow, but no child.....	\$75	\$75
Widow, 1 child.....	105	121
Each additional child.....	25	29
No widow, 1 child.....	58	67
No widow, 2 children.....	82	94
No widow, 3 children.....	106	122
Each additional child.....	20	23
Dependent mother or father.....	60	60
Both parents dependent (each).....	35	35

The rates for peacetime service-connected death are 80 percent of the wartime rates.

Section 4 of the bill would increase the pension payable to widows and children of World War I and World War II veterans (and veterans of service on or after June 27, 1950) whose deaths are not the result of service-connected disability under Public, No. 484, Seventy-third Congress, June 28, 1934, as amended. The rates of pension presently payable under this act and the rates as proposed to be increased under the bill, are shown on the following page:

	Present rate	Proposed rate
Widow.....	\$42.00	\$48.00
Widow, 1 child.....	54.00	60.00
Each additional child.....	6.00	7.20
No widow, 1 child.....	21.60	26.00
No widow, 2 children.....	32.40	39.00
No widow, 3 children.....	43.20	52.00
Each additional child.....	4.80	7.20

There is enclosed a table showing the estimated cost for fiscal year 1952 of the increases in monthly rates of compensation and pension as proposed by H. R. 4394, if enacted. This estimate does not include any increases which may be involved under Public Law 28, Eighty-second Congress, May 11, 1951.

Advice has been received from the Bureau of the Budget that there would be no objection to the presentation of this report to the committee. Further, that insofar as the Bureau of the Budget is concerned, that part of the bill which would increase compensation rates up to 15 percent is without objection. However, it is the view of the Bureau of the Budget that favorable consideration should not be given to the remaining portion of the bill which would provide increased pension benefits.

Sincerely yours,

CARL R. GRAY, Jr., Administrator.

INCREASED VETERANS' BENEFITS

Estimated cost, fiscal year 1952, of proposed increases in monthly rates of compensation and pension

LIVING VETERANS

	Total		Compensation		Pension	
	Cases	Estimated Cost	Cases	Estimated Cost	Cases	Estimated Cost
World War II.....	1, 697, 600	\$78, 169, 000	1, 656, 100	\$76, 675, 000	41, 500	\$1, 494, 000
World War I.....	575, 500	29, 947, 000	287, 500	17, 779, 000	338, 000	12, 168, 000
Regular Establishment.....	67, 600	4, 216, 000	67, 600	4, 216, 000
Spanish-American War.....	800	114, 000	500	103, 000	300	11, 000
Total.....	2, 341, 500	112, 446, 000	1, 961, 700	98, 773, 000	379, 800	13, 673, 000

DECEASED VETERANS

World War II.....	102, 600	\$15, 586, 000	86, 700	\$14, 293, 000	15, 900	\$1, 243, 000
World War I.....	250, 800	19, 086, 000	4, 700	905, 000	246, 100	18, 181, 000
Regular Establishment.....	6, 400	1, 014, 000	6, 400	1, 014, 000
Spanish-American War.....	640	8, 000	40	7, 000	600	1, 000
Total.....	360, 440	35, 644, 000	97, 840	16, 219, 000	262, 600	19, 425, 000

TOTAL LIVING AND DECEASED VETERANS

World War II.....	1, 800, 200	\$93, 705, 000	1, 742, 800	\$90, 968, 000	57, 400	\$2, 737, 000
World War I.....	826, 300	49, 033, 000	242, 200	18, 684, 000	584, 100	30, 349, 000
Regular Establishment.....	74, 000	5, 230, 000	74, 000	5, 230, 000
Spanish-American War.....	1, 440	122, 000	540	110, 000	900	12, 000
Total.....	2, 701, 940	148, 090, 000	2, 059, 540	114, 992, 000	642, 400	33, 098, 000

[S. 2451, 82d Cong., 2d sess.]

A BILL To increase all monthly rates of disability and death compensation and pension payable under laws administered by the Veterans' Administration

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That all monthly rates of disability compensation payable to veterans of World War I and World War II, and to veterans entitled to wartime rates for service on or after June 27, 1950, which are payable under any laws or regulations administered by the Veterans' Administration are hereby increased by 20 per centum: *Provided,* That such increase shall not apply to subsistence allowances payable under Public Laws Numbered 16 and 346, Seventy-eighth Congress, as amended.

Sec. 2. Paragraph IV of part I of Veterans Regulation Numbered 1 (a), as amended, is hereby amended to read as follows:

"The surviving widow, child, or children, and dependent mother or father of any deceased person who died as the result of injury or disease incurred in or aggravated by active military, naval, or air service as provided in part I, paragraph I, hereof, or who was, or is thereafter, rated as permanently and totally service-connected disabled under laws administered by the Veterans' Administration as of the date of death, regardless of the cause of death, shall be entitled to receive compensation at the monthly rates specified next below:

"Widow but no child, \$85; widow with one child, \$115 (with \$30 for each additional child); no widow but one child, \$70; no widow but two children, \$100 (equally divided) (with \$30 for each additional child: total amount to be equally divided); dependent mother or father, \$70 (or both), \$40 each."

Sec. 3. Paragraph I (f), part III, Veterans Regulation Numbered 1 (a), as amended, is hereby amended to read as follows:

"(f) The amount of pension payable under the terms of part III shall be \$75 monthly, except—

"(1) that where an otherwise eligible person shall have been rated permanent and total for disability compensation or pension purposes for an aggregate of ten years or reaches the age of sixty-five years, the amount of pension shall be \$90 monthly; and

"(2) that where an otherwise eligible person is or hereafter becomes, on account of age or physical or mental disabilities, helpless or blind or so nearly helpless or blind as to need or require the regular aid and attendance of another person, the amount of pension shall be \$120 monthly."

SEC. 4. Section 2 of Public Law Numbered 484, Seventy-third Congress, June 28, 1934, as amended, is hereby amended to read as follows:

"SEC. 2. The surviving widow, child, or children of a veteran who served in World War I, World War II, or on or after June 27, 1950, entitled to receive pension as provided for in section 1 (a) of this Act, section 6, Public Law Numbered 483, Seventy-eighth Congress, or Public Law Numbered 28, Eighty-first Congress, shall be entitled to receive pension at 70 per centum of the rate specified for such dependents in paragraph IV, part I, Veterans Regulation Numbered 1 (a), as now or hereafter amended."

SEC. 5. The provisions of this Act shall be effective the first day of the first calendar month following its enactment.

ANALYSIS OF S. 2451

Provides increases in compensation and/or pension rates as follows:

SERVICE-CONNECTED COMPENSATION

World War I, World War II, Korean service

Veterans: 20 percent "across the board" increase (only exception subsistence allowance).

Dependents: Increase from \$75 to \$85 for widow; \$105 to \$115, widow with one child; \$25 to \$30, each additional child; \$58 to \$70, one child, no widow; \$82 to \$100, two children, no widow; \$20 to \$30, each additional child, no widow; \$60 to \$70, dependent parent; \$35 to \$40, each—two dependent parents.

Regular Establishment (peacetime service)

Veterans and dependents: Above increase automatically extended to this group since they receive 80 percent of wartime rate under existing law.

Spanish-American War, Civil War, and Indian war

Veterans and dependents: Same increase in rates as World War I, II, and Korean (only a few hundred eligible).

NON-SERVICE-CONNECTED PENSION

World War I, World War II, Korean service

Veterans: \$15 increase for those receiving \$60; \$18 increase for those receiving \$72. No increase for those receiving \$120 (requiring regular aid and attendance, helpless, or blind).

Dependents: Increased to 70 percent of the compensation rates shown above for widows and children of service-connected cases.

Regular Establishment (peacetime service)

Veterans and dependents: Not eligible for non-service-connected pensions.

Spanish-American War, Civil War, and Indian war

Veterans and dependents: No increase provided in bill for these groups.

Cost

The VA estimated cost for this bill for the first year is \$481,171,000.

MARCH 3, 1952.

HON. WALTER F. GEORGE,

Chairman, Committee on Finance,

United States Senate, Washington 25, D. C.

DEAR SENATOR GEORGE: This is with further reference to your request for a report by the Veterans' Administration on S. 2451, Eighty-second Congress, a bill to increase all monthly rates of disability and death compensation and pension payable under laws administered by the Veterans' Administration.

The purposes of the bill are as follows:

(1) To increase by 20 percent all monthly rates of disability compensation payable to veterans of World War I and World War II, and to veterans en-

INCREASED VETERANS' BENEFITS

entitled to wartime rates for service on or after June 27, 1950. Such increase would not be applicable to subsistence allowances payable under Public Laws Nos. 16 and 346, Seventy-eighth Congress, as amended.

(2) (a) To provide increases ranging from 10 to almost 23 percent in the rates of death compensation payable to widows, children and dependent parents of veterans whose death was caused by a wartime service-connected disability or one incurred in or aggravated by service on or after June 27, 1950; and (b) to authorize the payment of wartime death compensation at such increased rates in cases where at time of death any veteran was suffering from a service-connected disability rated as permanently and totally disabling under laws administered by the Veterans' Administration, regardless of the cause of death.

(3) To increase by 25 percent certain rates of pension payable to veterans of World War I, World War II and service on or after June 27, 1950, for non-service-connected permanent and total disability.

(4) To provide increases ranging from 41 to 337 percent in the rates of pension payable for non-service-connected death to widows and children of deceased veterans of World War I, World War II and service on or after June 27, 1950.

The increases proposed by the bill would be effective from the 1st day of the first calendar month following its enactment.

The majority of cases now on the rolls are receiving compensation and pension under Public, No. 2, Seventy-third Congress, March 20, 1933, as amended, and the Veterans Regulations issued pursuant thereto. Benefits payable under Public, No. 2, as amended, are available to veterans and the dependents of veterans of those who served in the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, World War I, World War II, and those who shall have served on or after June 27, 1950, and prior to such date as shall thereafter be determined by Presidential proclamation or concurrent resolution of the Congress. By virtue of subparagraph (c), paragraph I, part II of Veterans Regulation No. 1 (a), as amended, any veteran or the dependents of any deceased veteran otherwise entitled to compensation under part II of Veterans Regulation No. 1 (a), as amended, or the general pension law, are entitled to receive the rate of compensation provided in part I of such regulation if the disability or death of such veteran resulted from an injury or disease incurred in line of duty (1) as the 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. This provision makes veterans and the dependents of veterans of all wars eligible for the rates of part I for service-connected disability or death and, accordingly, eligible for the increase in such rates proposed by the bill.

The enactment of S. 2451 would also effect corresponding increases in compensation rates for disability incurred in peacetime service because paragraph II, part II, Veterans Regulation No. 1 (a), as amended by Public Law 876, Eightieth Congress, July 2, 1948, provides:

"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 80 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."

Section 1 of the bill, if enacted, would increase the monthly basic rates of disability compensation for service-connected conditions prescribed by paragraph II, part I, Veterans Regulation No. 1 (a), as amended. These basic rates under this paragraph were last increased by section 3 (a) of Public Law 339, Eighty-first Congress, October 10, 1949. The present basic rates and the proposed increased rates are shown in the following table:

Degree of disability	Present rate	Proposed rate	Degree of disability	Present rate	Proposed rate
10 percent.....	\$15	\$18	60 percent.....	\$90	\$108
20 percent.....	20	36	70 percent.....	105	126
30 percent.....	45	54	80 percent.....	120	144
40 percent.....	60	72	90 percent.....	135	162
50 percent.....	75	90	100 percent.....	150	180

If the disabled person has suffered the anatomical loss or loss of use of one foot, or one hand, or blindness of one eye having only light perception, the above

basic rates are increased by \$42. Under the bill this additional amount would be increased to \$50.40. Special rates ranging from \$240 to \$360 per month are provided for the loss or loss of use of two or more extremities, certain degrees of blindness, combinations of such disabilities and total deafness in combination with total blindness. As increased by the bill, such rates would range from \$288 to \$432.

Section 1 of Public Law 877, Eightieth Congress, July 2, 1948, as amended by section 4 of Public Law 339, Eighty-first Congress, October 10, 1949, provides additional disability compensation on account of dependents in the case of a veteran having a disability incurred in or aggravated by service as provided in part I, or paragraph I (c), part II of Veterans Regulation No. 1(a), as amended, who is rated at not less than 50 percent. The present and proposed rates follow:

	Present rate	Proposed rate
If and while rated totally disabled and--		
(a) has a wife but no child living.....	\$21.00	\$25.20
(b) has a wife and 1 child living.....	35.00	42.00
(c) has a wife and 2 children living.....	45.50	54.00
(d) has a wife and 3 or more children living.....	56.00	67.20
(e) has no wife but 1 child living.....	14.00	16.80
(f) has no wife but 2 children living.....	24.50	29.40
(g) has no wife but 3 or more children living.....	35.00	42.00
(h) has a mother or father, either or both dependent upon him for support, then in addition to the above amounts (each).....	17.50	21.00

If and while the veteran is rated partially disabled, but not less than 50 percent, the additional compensation authorized on account of dependents is in an amount having the same ratio to the amount provided for total disability as the degree of disability bears to the total disability.

Section 2 of the bill, in addition to providing an increase in death compensation rates generally, would further amend paragraph IV of part I of Veterans Regulation No. 1 (a), as amended, to provide for payment of death compensation at wartime rates, to the widow, child, or children and dependent parents of any deceased person "who was, or is thereafter, rated as permanently and totally service-connected disabled under laws administered by the Veterans' Administration as of the date of death, regardless of the cause of death." The proposal to provide wartime rates of service-connected death compensation to the dependents of veterans whose deaths are in no manner related to service would constitute a departure from the established policy that a greater benefit should be provided for beneficiaries of a veteran whose death was due to wartime service. Under this section, the dependents of a veteran who rendered only peacetime service, was rated as permanently and totally disabled because of a service-connected disability at time of death and whose death was not due to service, would be entitled to wartime rates of service-connected death compensation. The dependents of a peacetime veteran who was not rated as permanently and totally disabled because of a service-connected disability at time of death, but whose death was due to service, however, would be entitled only to the lesser peacetime rates of death compensation. This would create an anomaly in that a lesser benefit would be provided for the dependents of a peacetime veteran whose death was due to service than would be authorized for the dependents of a veteran whose death was not due to service. The increased rates proposed by section 2 of the bill and the rates payable under existing law are shown in the following table:

Wartime service-connected death

	Present rate	Proposed rate
Widow, but no child.....	\$75	\$85
Widow, 1 child.....	105	115
Each additional child.....	30	30
No widow, 1 child.....	58	70
No widow, 2 children.....	82	100
No widow, 3 children.....	106	130
Each additional child.....	20	30
Dependent mother or father.....	60	70
Both parents dependent (each).....	35	40

INCREASED VETERANS' BENEFITS

The rates for peacetime service-connected death are 80 percent of the wartime rates.

Section 3 of the bill would increase certain rates of pension authorized under part III of Veterans Regulation No. 1 (a), as amended, for non-service-connected permanent and total disability. The present rate is \$60 monthly except that where such veterans shall have been rated permanently and totally disabled and in receipt of pension for a continuous period of 10 years or reach the age of 65 years, the amount of pension is \$72 monthly. Under the provisions of the bill, if enacted, these rates would be increased to \$75 and \$90 respectively. The present rate of \$120 for persons requiring the regular aid and attendance of another would not be increased.

Section 4 of the bill would increase the rates of pension payable to widows and children of World War I and World War II veterans (and veterans of service on or after June 27, 1950) whose deaths are not the result of service-connected disability, under Public No. 484, Seventy-third Congress, June 28, 1934, as amended. The increase would also be extended to children of veterans of the Spanish-American War, Philippine Insurrection and the Boxer Rebellion, who are entitled to such rates of pension by reason of section 1, Public Law 144, Seventy-eighth Congress, which provides that "the rates of service pension applicable to such child or children shall be those provided in Public Law No. 484, Seventy-third Congress, as now or hereafter amended." The new rates of death pension would be set at 70 percent of the death compensation rates. A comparison with the rates payable under existing law is shown in the following table:

	Present rate	Proposed rate
Widow.....	\$42.00	\$59.50
Widow, 1 child.....	54.00	80.50
Each additional child.....	6.00	21.00
No widow, 1 child.....	21.60	49.00
No widow, 2 children.....	32.40	70.00
No widow, 3 children.....	43.20	91.00
Each additional child.....	4.80	21.00

The bill does not propose any increases in pensions payable to veterans of the Spanish-American War group under laws reenacted by the act of August 13, 1935, as amended, or to Civil War beneficiaries.

The following estimate of cost does not take into consideration those persons entitled to wartime rates of compensation under Public Law 28, Eighty-second Congress, approved May 11, 1951, that is, veterans and the dependents of veterans with service on or after June 27, 1950, for which it is not feasible to make any estimate of cost at the present time. Neither does it include any cost for that portion of section 2 of the bill which would liberalize the eligibility requirements to provide for the payment of death compensation at wartime rates to the dependents of a deceased veteran (of wartime or peacetime service) who was, or is thereafter, rated permanently and totally service-connected disabled as of the date of death, regardless of the cause of death. There are no available data on which to base an estimate of cost of this proposed liberalization. Taking into consideration the exceptions noted, it is estimated that the cost of S. 2451, Eighty-second Congress, if enacted, would approximate \$431,171,000 the first year, affecting 2,953,200 cases.

Due to the urgent request of the committee for a report on this measure, there has not been sufficient time in which to ascertain from the Bureau of the Budget the relationship of the proposed legislation to the program of the President. In this connection, however, attention is invited to the message of the President to the Congress on the state of the Union January 9, 1952, in which he stated, in part:

"We should also make some cost-of-living adjustments for those receiving veterans' compensation for death or disability incurred in the service of our country."

Sincerely yours,

CARL R. GRAY, Jr., Administrator.

[H. R. 4108, 82d Cong., 1st sess.]

AN ACT To amend the Act of July 2, 1948 (Public Law 877, Eightieth Congress), as amended, to include persons whose service-connected disability is rated not less than 40 per centum

Be it enacted by the Senate and House of Representatives of the United States in Congress assembled, That the compensation now payable under the Act of July 2, 1948 (Public Law Numbered 877, Eightieth Congress), as amended, for certain veterans with service-connected disabilities who have dependents, be amended to include persons whose service-connected disability is rated not less than 40 per centum.

This Act shall take effect on the first day of the second calendar month next succeeding its enactment.

Passed the House of Representatives June 20, 1951.

Attest:

RALPH R. ROBERTS, *Clerk.*

ANALYSIS OF H. R. 4108

Provides allowances for dependents of World War I, World War II, and Korean veterans whose service-connected disability is rated not less than 40 percent. Existing law provides dependency allowance for those veterans whose service-connected disability is rated not less than 50 percent.

Example: A veteran totally disabled and who has a wife is entitled to \$21 additional for his wife. A veteran 40 percent disabled would receive under this bill 40 percent of the \$21 for his wife.

This allowance would automatically be extended to the Regular Establishment as they receive 80 percent of wartime rates under present law.

JUNE 28, 1951.

HON. WALTER F. GEORGE,

Chairman, Committee on Finance,

United States Senate, Washington 25, D. C.

DEAR SENATOR GEORGE: Further reference is made to your request for a report on H. R. 4108, Eighty-second Congress, an act to amend the act of July 2, 1948 (Public Law 877, 80th Cong.), as amended, to include persons whose service-connected disability is rated not less than 40 percent, which passed the House of Representatives June 20, 1951.

The purpose of the bill is to extend the benefits of Public Law 877, Eightieth Congress, approved July 2, 1948, as amended by section 4 of the act of October 10, 1949 (Public Law 339, 81st Cong.), so that any veteran suffering from a compensable disability rated not less than 40 percent would, if otherwise eligible, be entitled to additional compensation because of dependents.

Section 1 of Public Law 877, as amended, provides that any person entitled to compensation at wartime rates for disability incurred in or aggravated by active service as provided in part I, or paragraph I (c), part II, Veterans Regulation No. 1 (a), as amended, or the World War Veterans' Act, 1924, as amended, and restored with limitations by Public No. 141, Seventy-third Congress, March 28, 1934, as amended, and whose disability is rated not less than 50 percent, shall be entitled to additional compensation for dependents in the following amounts, if and while rated totally disabled and—

has a wife but no child living, \$21;

has a wife and one child living, \$35;

has a wife and two children living, \$45.50;

has a wife and three or more children living, \$56;

has no wife but one child living, \$14;

has no wife but two children living, \$24.50;

has no wife but three or more children living, \$35;

has a mother or father, either or both dependent upon him for support, then, in addition to the above amounts \$17.50 for each parent so dependent.

If and while the veteran is rated partially disabled but not less than 50 percent, the additional compensation authorized on account of dependents is in an amount having the same ratio to the amount provided for total disability as the degree of disability bears to the total disability.

Under the provisions of Public Law 28, Eighty-second Congress, May 11, 1951, wartime rates of compensation are available to veterans of active service on

and after June 27, 1950, and prior to such date as shall thereafter be determined by Presidential proclamation or concurrent resolution of the Congress.

Under section 2 of Public Law 877, as amended, any person entitled to compensation at peacetime rates for disability incurred in or aggravated by active service as provided in paragraph II, part II, Veterans' Regulation No. 1 (a), as amended, except paragraph I (c), thereof, and whose disability is rated at not less than 50 percent, is entitled to additional compensation for the same classes of dependents noted above and in monthly amounts equivalent to 80 percent of the amounts set forth above.

H. R. 4108, if enacted, would grant the following additional amounts for dependents to partially disabled veterans who are entitled to compensation at wartime rates due to disability of 40 percent, and are otherwise eligible for benefits under Public Law 877, as amended:

- has a wife but no child living, \$8.40;
- has a wife and one child living, \$14;
- has a wife and two children living, \$18.20;
- has a wife and three or more children living, \$22.40;
- has no wife but one child living, \$5.60;
- has no wife but two children living, \$9.80;
- has no wife but three or more children living, \$14;
- has a mother or father, either or both dependent upon him for support, then, in addition to the above amounts (for each dependent parent, \$7).

Veterans receiving compensation at peacetime rates whose disability is rated at 40 percent would receive 80 percent of the above rates under the provisions of the bill, if otherwise eligible under Public Law 877, as amended.

Public Law 877, Eightieth Congress, was the product of extensive study and consideration by the Congress on the subject of payment of additional benefits because of dependents to veterans entitled to disability compensation. The legislative history of that act indicates that one of the reasons that the benefits provided thereby were limited to those persons 60 percent or more disabled was the fact that this group of veterans because of the serious nature of their disabilities would not generally be in a position to supplement their compensation payments by income from steady employment as would those persons disabled to a lesser degree. Upon further consideration of the matter in the Eighty-first Congress, the necessary degree of disability for entitlement of additional compensation was reduced to 50 percent by section 4 of Public Law 339. The question of broad policy presented by the bill is therefore whether this requirement as to degree of disablement should be further reduced to 40 percent.

Because of the uncertainty of future mobilization plans regarding the extent and timing of increases to our armed services, it is difficult to forecast the number of beneficiaries who would be affected by this proposal in the fiscal year 1952, nor can it be foreseen how many slightly disabled veterans of World War II will be returned to active service. However, based on the present strength of the Armed Forces without regard to planned increases, it is estimated that approximately 102,515 cases would be entitled to receive additional disability compensation during the fiscal year 1952, if this bill is enacted. If all eligible applied for and received additional compensation, the cost would approximate \$16,710,400. This estimate, however, does not take into consideration Public Law 28, supra, the effect of which cannot be ascertained on the basis of data now available. The distribution of the cost by wars and Regular Establishment is as follows:

	Number of cases	Estimated first year's cost
World War II.....	84,600	\$14,342,000
World War I.....	15,100	2,005,000
Regular Establishment:		
Peacetime rate.....	2,700	339,000
Wartime rate.....	100	28,000
Spanish-American War.....	15	1,400
Total.....	102,515	16,710,400

Advice has been received from the Bureau of the Budget that the enactment of H. R. 4108 would not be in accord with the program of the President.

Sincerely yours,

CARL R. GRAY, Jr., Administrator.

[S. 2640, 82d Cong., 2d sess.]

A BILL To revise requirement for award of additional disability compensation to veterans who have dependents

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the compensation now payable under the Act of July 2, 1948 (Public Law Numbered 877, Eightieth Congress), as amended by section 4 of the Act of October 10, 1949 (Public Law Numbered 339, Eighty-first Congress), for certain veterans with service-connected disabilities who have dependents, be granted to persons whose service-connected disability is rated not less than 10 per centum.

ANALYSIS OF S. 2640

Provides allowances for dependents of World War I, World War II, and Korean veterans whose service-connected disability is rated not less than 10 percent. Existing law provides dependency allowances for those veterans whose service-connected disability is rated not less than 50 percent.

Example: A veteran totally disabled and who has a wife is entitled to \$21 additional for his wife. A 10-percent case would pay \$2.10 additional, a 20-percent case would pay \$4.20 additional, a 30-percent case would pay \$6.30 additional, and a 40-percent case would pay \$8.40 additional.

This allowance would automatically be extended to the Regular Establishment as they receive 80 percent of wartime rates under present law.

MARCH 3, 1952.

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

DEAR SENATOR GEORGE: Further reference is made to your request for a report on S. 2640, Eighty-second Congress, "A bill to revise requirement for award of additional disability compensation to veterans who have dependents."

The purpose of the bill is to extend the benefits of Public Law 877, Eightieth Congress, approved July 2, 1948, as amended by section 4 of the act of October 10, 1949 (Public Law 339, 81st Cong.), so that any veteran suffering from a compensable disability would, if otherwise eligible, be entitled to additional compensation because of dependents.

Section 1 of Public Law 877, as amended, provides that any person entitled to compensation at wartime rates for disability incurred in or aggravated by active service as provided in part I, or paragraph I (c), part II, Veterans Regulation No. 1 (a), as amended, or the World War Veterans' Act, 1924, as amended, and restored with limitations by Public No. 141, Seventy-third Congress, March 28, 1934, as amended, and whose disability is rated not less than 50 percent, shall be entitled to additional compensation for dependents in the following amounts, if and while rated totally disabled and—

- has a wife but no child living, \$21;
- has a wife and one child living, \$35;
- has a wife and two children living, \$45.50;
- has a wife and three or more children living, \$56;
- has no wife but one child living, \$14;
- has no wife but two children living, \$24.50;
- has no wife but three or more children living, \$35;
- has a mother or father, either or both dependent upon him for support,

then, in addition to the above amounts \$17.50 for each parent so dependent.

If and while the veteran is rated partially disabled but not less than 50 percent, the additional compensation authorized on account of dependents is in an amount having the same ratio to the amount provided for total disability as the degree of disability bears to the total disability.

Under the provisions of Public Law 28, Eighty-second Congress, May 11, 1951, the wartime rates of compensation are available to veterans of active service on and after June 27, 1950, and prior to such date as shall thereafter be determined by Presidential proclamation or concurrent resolution of the Congress.

Under section 2 of Public Law 877, as amended, any person entitled to compensation at peacetime rates for disability incurred in or aggravated by active

service as provided in paragraph II, part II, Veterans Regulation No. 1 (a), as amended, except paragraph I (c) thereof, and whose disability is rated at not less than 50 percent, is entitled to additional compensation for the same classes of dependents noted above and in monthly amounts equivalent to 80 percent of the amounts set forth above.

S. 2640, if enacted, would grant the following additional amounts for dependents to partially disabled veterans who are entitled to compensation at wartime rates due to disability of less than 50 percent, and are otherwise eligible for benefits under Public Law 877, as amended:

	Degree of disability (percent)			
	10	20	30	40
If the veteran—				
Has a wife but no child living.....	\$2.10	\$4.20	\$6.30	\$8.40
Has a wife and one child living.....	3.50	7.00	10.50	14.00
Has a wife and two children living.....	4.55	9.10	13.65	18.20
Has a wife and three or more children living.....	5.60	11.20	16.80	22.40
Has no wife but one child living.....	1.40	2.80	4.20	5.60
Has no wife but two children living.....	2.45	4.90	7.35	9.80
Has no wife but three or more children living.....	3.50	7.00	10.50	14.00
Has a mother or father, either or both dependent upon him for support, then, in addition to the above amounts (for each dependent parent).....	1.75	3.50	5.25	7.00

Veterans receiving compensation at peacetime rates whose disability is rated at less than 50 percent, would receive 80 percent of the above rates under the provisions of the bill, if otherwise eligible under Public Law 877, as amended.

Public Law 877, Eightieth Congress, was the product of extensive study and consideration by the Congress on the subject of payment of additional benefits because of dependents to veterans entitled to disability compensation. The legislative history of that act indicates that one of the reasons that the benefits provided thereby were limited to those persons 60 percent or more disabled was the fact that this group of veterans because of the serious nature of their disabilities would not generally be in a position to supplement their compensation payments by income from steady employment as would those persons disabled to a lesser degree. Upon further consideration of the matter in the Eighty-first Congress, the necessary degree of disability for entitlement to additional compensation was reduced to 50 percent by section 4 of Public Law 339. The question of broad policy presented by the bill is therefore whether this requirement as to degree of disablement should be eliminated, thereby making the benefits available to all disabled veterans with dependents in proportion to the extent of the compensable service-connected disability.

Your attention is invited to H. R. 4108, Eighty-second Congress, "An act to amend the Act of July 2, 1948 (Public Law 877, 80th Congress), as amended, to include persons whose service-connected disability is rated not less than 40 percent," which passed the House of Representatives June 20, 1951, and is now pending before your committee. The Veterans' Administration submitted a report on this bill to your committee under date of June 28, 1951.

The following estimate of cost does not take into consideration those persons entitled to wartime rates of compensation under Public Law 28, Eighty-second Congress, approved May 11, 1951, that is, veterans with service on or after June 27, 1950, for which it is not feasible to make any estimate of cost at the present time. Subject to the exception noted, it is estimated that approximately 1,160,800 cases would be entitled to receive additional disability compensation the first year, if the bill is enacted. If all eligibles applied for and received such additional compensation, the cost would approximate \$90,617,000.

Due to the urgent request of the committee for a report on this measure, there has not been sufficient time in which to ascertain from the Bureau of the Budget the relationship of the proposed legislation to the program of the President.

Sincerely yours,

CARL R. GRAY, Jr., Administrator.

[S. 651, 82d Cong., 1st sess.]

A BILL To revise the requirement for award of additional compensation to certain veterans with service-connected disabilities who have dependents

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the compensation payable under the Act of July 2, 1948 (Public Law 877, Eightieth Congress), as amended by section 4 of the Act of October 10, 1949 (Public Law 339, Eighty-first Congress), for certain veterans with service-connected disabilities who have dependents, shall be granted to persons whose service-connected disability is rated not less than 10 per centum.

SEC. 2. Section 3 of the Act of July 2, 1948 (Public Law 877, Eightieth Congress), as amended, is hereby amended, effective as of July 2, 1948, by inserting before the first sentence thereof the following:

"The additional compensation provided by this Act shall be payable for any dependent as to whom evidence of relationship or dependency is filed within one year after September 1, 1948, or within one year after entitlement to additional compensation for a dependent or dependents arises subsequent to such date."

ANALYSIS OF S. 651

Provides allowances for dependents of World War I, World War II, and Korean veterans whose service-connected disability is rated not less than 10 percent. Existing law provides dependency allowances for those veterans whose service-connected disability is rated not less than 50 percent.

Example: A veteran totally disabled and who has a wife is entitled to \$21 per month additional for his wife. A 10 percent case would pay \$2.10 additional, a 20 percent case would pay \$4.20 additional, a 30 percent case would pay \$6.30 additional, and a 40 percent case would pay \$8.40 additional.

This allowance would automatically be extended to the Regular Establishment as they receive 80 percent of wartime rates under present law.

The additional allowance provided by this bill will be payable for any dependent whose evidence of dependency is filed within one year after September 1, 1948.

NOTE.—This bill is identical with S. 2640 except that it contains a retroactive feature.

[H. B. 4387, 82d Cong., 1st sess.]

AN ACT To increase the annual income limitations governing the payment of pension to certain veterans and their dependents, and to preclude exclusions in determining annual income for purposes of such limitations

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

"II. (a) Payment of pension provided by part III, except as provided in paragraph I (g), shall not be made to any unmarried person whose annual income exceeds \$1,800, or to any married person or any person with minor children whose annual income exceeds \$3,000. Income received from all sources shall be considered in determining annual income."

SEC. 2. Section 1 (c) of the Act of June 28, 1934, as added by section 1 of the Act of July 19, 1939 (53 Stat. 1068), and as amended (88 U. S. C. 503 (c)), is further amended to read as follows:

"(c) Payment of pension under the provisions of this Act shall not be made to any widow without child, or to a child, whose annual income exceeds \$1,800, or to a widow with a child or children whose annual income exceeds \$3,000. Income received from all sources shall be considered in determining annual income. Where payments to a widow are disallowed or discontinued hereunder, payment to a child or children of the deceased veteran may be made as though there is no widow."

SEC. 3. Where eligibility for pension is established by virtue of this Act, pension shall be paid from date of receipt of an application in the Veterans' Administration, except that pension shall be paid as of the day following the date of death of a veteran where claim is filed within one year after date of death: *Provided*, That in no event shall payments be made for any period prior to the effective date of this Act.

SEC. 4. Section 403 of the Act of June 29, 1936 (49 Stat. 2034); the language contained in section 608 of the Federal Employees Pay Act of 1945 (59 Stat. 305; 5 U. S. C. 948), reading "paragraph II (a) of part III of Veterans Regulation Numbered 1 (a), as amended, or"; and any other provision of law which requires or permits exclusions in the determination of annual income for purposes of payment of pension under part III, Veterans Regulation Numbered 1 (a), as amended, or the Act of June 28, 1934 (48 Stat. 1281), as amended and extended, are hereby repealed.

SEC. 5. This Act shall take effect on January 1, 1952.

Passed the House of Representatives June 20, 1951.

Attest:

RALPH R. ROBERTS, *Clerk.*

ANALYSIS OF H. R. 4387

Increases income limitations applicable to non-service-connected disability and death pension cases from \$1,000 to \$1,800 for a veteran without dependents or a widow without children; and from \$2,500 to \$3,000 for a widow with children or a veteran with dependents.

Income from all sources (other than pension for which eligibility is being established) is to be included in computation of annual income. This is in contrast to the present exclusion from income of Veterans' Administration benefits, proceeds of Government insurance, payments under World War I Adjusted Compensation Act, and overtime pay to Federal employees.

This bill applies to World War I, World War II, and Korean service. No income limitation is applicable to Civil War, Indian War or Spanish War Acts. Cost: Veterans' Administration estimate, \$88,038,000 for first year.

AUGUST 8, 1951.

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 June 23, 1951, requesting a report by the Veterans' Administration on H. R. 4387, Eighty-second Congress, an act to increase the annual income limitations governing the payment of pension to certain veterans and their dependents, and to preclude exclusions in determining annual income for purposes of such limitations.

The bill proposes to increase existing income limitations governing the payment of pension for non-service-connected disability to certain veterans under part III, Veterans Regulation No. 1 (a), as amended, and pension for non-service-connected death to certain widows and children under the act of June 28, 1934 (48 Stat. 1281), as amended and extended, and under the mentioned part III. Further, it would require that income from all sources be included in determining annual income for purposes of such limitations.

Veterans of World War I, World War II, or of service in the Armed Forces of the United States on or after June 27, 1950, and prior to such date as shall thereafter be determined by Presidential proclamation or concurrent resolution of the Congress, as well as veterans of the Spanish-American War, the Boxer Rebellion, and the Philippine Insurrection, are eligible, subject to specified requirements, to pension for permanent-total non-service-connected disability as provided by part III of Veterans Regulation No. 1 (a), as amended. The pension rates are \$60 per month, or \$72 if the veteran has received the basic rate for a continuous period of 10 years or reaches the age of 65. Payment cannot be made if the veteran's annual income exceeds \$1,000, if he is unmarried, or \$2,500 if married or with minor children. Section 1 of the bill would raise the \$1,000 income limitation to \$1,800, and would raise the \$2,500 limitation to \$3,000.

Part III likewise provides pensions, subject to the same income limitations, for a very limited number of Spanish-American War (including Boxer Rebellion and Philippine Insurrection) veterans based on 50 percent disability and widows and children of deceased veterans of that war, members of which groups cannot meet the requirements for the more liberal rates generally extended in such cases by the service pension acts. The bill would similarly modify the income provisions in these part III cases.

In connection with this proposal, your committee will undoubtedly desire to consider the basic purpose of the part III pension. It was intended primarily to afford a modest allowance to seriously disabled veterans who are in limited financial circumstances but whose condition is not the outgrowth of their war service. It was not intended to provide full support. The veteran who receives \$60 monthly pension (\$720 yearly), if subject to the \$1,000 income limitation, may receive an aggregate yearly income (including the pension) of \$1,720. If he is subject to the \$2,500 limitation he could receive as much as \$3,220. If paid the higher rate of \$72 per month his potential aggregate income would be proportionately greater.

Section 2 of the bill would raise the amount of the annual income limitation which qualifies eligibility of widows and children of deceased World War I veterans, World War II veterans, and veterans who served after June 28, 1950, for death pension (nonservice connected) provided by the act of June 28, 1934, as amended and extended, from \$1,000 to \$1,800 in the case of a widow without child or in the case of a child, and from \$2,500 to \$3,000 in the case of a widow with a child or children.

As in the case of the part III pension, it has been the consistent policy of the Congress to restrict the benefits of the act of June 28, 1934, as amended, to widows and children in limited financial circumstances, the theory of the legislation being to provide some measure of support to those primary dependents who survive the veteran and who are in need. Under the present law an eligible widow with no child receives \$42 monthly pension, or \$504 annually, which when combined with the permissible \$1,000 income could aggregate \$1,504 annually. A widow with one child receives \$54 monthly pension, or \$648 annually, which when combined with the permissible \$2,500 income would aggregate \$3,148 annually. For each additional child the pension increases \$6 per month. Pension rates for children (no widow) are less, being for one child \$21.60 monthly, two children \$32.40, divided equally, three children \$43.20, divided equally, and \$4.80 additional for each additional child, total divided equally.

At the present time, for purposes of the foregoing limitations of \$1,000 and \$2,500, annual income is determined in accordance with Veterans' Administration regulations (R-1228), a copy of which is enclosed for your ready reference. Under such regulations (see R-1228 (B)) certain income is excluded in the computation of annual income as authorized by law. Sections 1 and 2 of the bill would also preclude such exclusions and would require that income received from all sources be considered in determining annual income for purposes of the proposed \$1,800 and \$3,000 limitations. The laws authorizing exclusions would be repealed by section 4 of the bill.

By letter, dated July 14, 1951, you requested that this report cover a question relating to the mentioned exclusion provisions which was raised in an enclosed copy of letter dated July 6, 1951, from Mr. Miles D. Kennedy, director, national legislative commission of the American Legion. Mr. Kennedy inquires in substance whether the bill, if enacted, would require the amount of a part III pension to be considered as income in determining eligibility to such pension. It is not indicated that such construction was intended. It would be somewhat anomalous to refuse pension payments on the sole ground that the receipt thereof would render the applicant ineligible to receive them. However, in view of the fact that the question has been raised and in order to preclude any possible misunderstanding, the committee may desire to clarify the intent. This could be accomplished by inserting after the word "sources," in line 2, page 2, of the bill, a comma and either "except pension payable under this part," or "including pension payable under this part," depending upon which is intended. Similar clarification as regards death pension cases could be accomplished by inserting after the word "sources," in line 12, page 2, of the bill, a comma and either "except pension payable under this act," or "including pension payable under this act," depending upon which is intended.

Section 3 of the bill is concerned with effective date of awards. It provides that where eligibility for pension is established by virtue of the proposed legislation, pension would be paid from date of receipt of an application in the Veterans' Administration. As regards death pension, however, provision is made, in accordance with existing law, for payment from the day following the date of death of a veteran where claim is filed within 1 year after date of death. The concluding proviso precludes payment of disability or death pension for any period prior to the effective date of the act. Section 5 of the bill provides that the act shall take effect on January 1, 1952.

The subject bill as well as several other bills which have been introduced during the Eighty-second Congress, present a question of broad national policy for the determination by the Congress as to the extent to which the Government should undertake to provide pensions for veterans and their dependents. In this connection, it is deemed appropriate to invite attention to the President's budget message for fiscal year 1952. The President in discussing veterans' services and benefits at page M57, among other things, stated:

"In the fiscal year 1952 expenditures for veterans' services and benefits will be under \$5 billion for the first time in 6 years. This results from a further decline in requirements for the readjustment of veterans of World War II.

"During the coming years, because we shall need to maintain larger Armed Forces, virtually all our able-bodied young men may be required to serve their country in its military forces. Before many years, nearly all the population may be veterans or the dependents of veterans.

"This means a profound change in the social and economic import of Government programs which affect veterans. It requires a clear recognition that many of the needs of our veterans and their dependents can be met best through the general programs serving the whole population. Therefore, in legislation directed particularly to the problems of servicemen and their dependents, we should provide only for those special and unique needs which arise directly from military service. We should meet their other needs through general programs of the Government."

With reference to the cost of the bill, if enacted, there is enclosed a cost analysis indicating that, subject to certain assumptions and limitations set forth therein, the enactment of H. R. 4387 would result in an additional cost during the first year of approximately \$88,038,000. It will be noted that this estimate is limited to World War I and World War II cases and does not include cases of veterans of the Spanish-American War or of service after June 28, 1950. As pointed out in the cost analysis, this estimate may be as much as 25 percent too high or too low, in view of the intangible factors involved.

Advice has not been received from the Bureau of the Budget as to the relationship of the proposed legislation to the program of the President.

Sincerely yours,

O. W. CLARK,
Deputy Administrator
(For and in the absence of the Administrator).

Estimated cost of H. R. 4387, 82d Cong.

	Estimated number of cases	Estimated first year's cost
Sec. 1:		
World War II veterans.....	20,300	\$14,679,000
World War I veterans.....	85,800	62,669,000
Total.....	106,100	77,348,000
Sec. 2:		
World War II deceased veterans.....	700	300,000
World War I deceased veterans.....	21,600	10,390,000
Total.....	22,300	10,690,000
Grand total.....	128,400	88,038,000

NOTES

1. This estimate includes veterans of World War I and World War II. A negligible number of veterans of the Spanish-American War are not included, and would not affect the total cost to any appreciable extent.

2. This estimate does not take into consideration the effect of Public Law 28, 82d Cong., approved May 11, 1951, relating to veterans with service after June 26, 1950, for which it is not possible to make any estimate of cost at the present time.

3. It is not possible to determine the effect of the provision that income received from all sources shall be considered in determining annual income. This proposal would tend to decrease the estimated cost but the amount of such decrease is not determinable.

4. It is assumed that the income level of veterans and the dependents of deceased veterans is the same as that for the general population of comparable age and sex.

5. It is assumed that there will be no significant change in income levels from that indicated by the latest available data. This data indicates the income level for the year 1949 as published in Current Population Reports, Consumer Income, Bureau of Census, Feb. 18, 1951, series P-60, No. 7, p. 30, table 17.

6. It is assumed that the marital status of veterans is comparable to that of the total male population of comparable age brackets. Marital status data as published in Bureau of Census release, Feb. 12, 1951, series P-20, No. 33, is accepted as authoritative thereon.

7. Due to the intangible factors involved, these estimates may be as much as 25 percent too high or too low.

1228. COMPUTATION OF ANNUAL INCOME FOR THE PURPOSES OF VETERANS REGULATION No. 1 (A), PART III, OR SECTION 1 (C) OF PUBLIC NO. 198, 76TH CONGRESS (ACT OF JULY 19, 1939), AS AMENDED BY SECTION 11, PUBLIC LAW 144, 78TH CONGRESS

(A) *Basic Rule.*—Annual income will be computed on the basis of the total income for the entire calendar year. Where the equities indicate, however, such annual income may be computed monthly or proportionately on the basis of the rate of income (Adm. Dec. 282). Under any method of calculation, the question is whether the actual income exceeds the statutory income limitation.

(B) *Benefits Excluded From Computation.*—In determining annual income, benefits received from the following sources will not be considered:

(1) Any payments by the United States Government because of disability or death under laws administered by the VA.

(2) Mustering-out pay (Adm. Dec. 695).

(3) The 6-months' death gratuity (Adm. Dec. 497).

(4) For the purposes of paragraph II (a), part III, of Veterans Regulation No. 1 (a), as amended, overtime compensation or additional compensation to Government employees under Public Law 49, 78th Congress, or amounts payable under Public Laws 106 and 390, 79th Congress, other than increases in basic rates of compensation, which the act expressly provides, shall be considered a part of basis compensation. For the purposes of section 11, Public Law 144, 78th Congress, this compensation is not excluded from computation of annual income.

(C) *Income Included in Computation.*—In determining annual income payments and benefits received from the following sources will be considered:

(1) Total income from sources such as wages, salaries, bonuses (except World War adjusted compensation), earnings, emoluments, investments or rents from whatever source derived, or income from a business or profession.

(a) Salary is not determined by the amount the employee actually receives in cash but includes deductions made under a retirement act or plan and amounts withheld by virtue of income tax laws. The value of salary received in kind (including a fair value for maintenance) also constitutes income (Adm. Dec. 471).

(b) In computing income from a business or profession, the gross income may be reduced by the necessary expenses of carrying on the same, such as cost of goods sold or expenditures for rent, repairs, taxes, upkeep, and other operating expenses (Adm. Dec. 366). (July 6, 1948.)

(2) Family allowances authorized by service personnel under Public Law 625, [77th] Congress (adm. Dec. 521) [, or Public Law 351, 81st Congress, as amended by Public Law 771, 81st Congress.] (April 13, 1951.)

(3) Subsistence allowance under title II, Public Law 346, 78th Congress (Adm. Dec. 718).

(4) Commercial insurance consisting of lump sum (Adm. Dec. 454) or installments of life, disability, accident, health, or similar insurance. (See subpar. (F) of this paragraph.) (July 6, 1948.)

(5) Compensation paid by the Bureau of Employees' Compensation, Federal Security Agency, or a State compensation or industrial board of commission. There may be excluded from consideration any attorney's fees incurred in obtaining the award in those instances where the fees are to be paid out of the award (Op. Sol. 6-2-49, C-12 849 672).

(6) Civil service retirement benefits (Adm. Dec. 213), Federal Old Age and Survivors' Insurance, or railroad retirement benefits: *Provided*, That where the benefit is received by a former worker based on his own employment, no part of such payments will be considered "annual income" until the full amount of his personal contribution (as distinguished from amounts contributed by the employer and not by the worker) has been received by him (Adm. Dec. 688): *And provided further*, That such benefits received by a widow on the basis of her husband's employment will be considered as annual income as received. This subdivision contemplates that the entire amount of the worker's annuity following retirement will be applied each year to amortize the cost of such annuity, after which the entire annuity will be considered as income. (August 31, 1950.)

(7) Social security benefits (Federal Old Age and Survivors' Insurance benefits are subject to the proviso contained in subdivision (6) of this subparagraph).

(8) Gifts.

(9) Proceeds of bequests and inheritances received in the settlement of estates: *Provided*, That property received by inheritance or otherwise will not be considered as "annual income" until such property, or other property acquired in lieu thereof by exchange or barter, has been converted into cash.

(10). Charitable donations from any source.

(D) *Proportionate Computations*.—Income will be computed on a proportionate basis where:

(1) The income of the claimant exceeds \$1,000 (or \$2,500, whichever is applicable).

(a) In the claim of a veteran, from the date he became permanently and totally disabled (Adm. Dec. 705).

(b) In the claim of a widow, from the date of the veteran's death (Adm. Dec. 609).

(2) The income of the veteran or widow exceeds \$1,000 but is not in excess of \$2,500.

(a) From the date the status of a veteran changes in the course of a calendar year from that of a married person (or a person with a minor child or children) to that of an unmarried person (or a person without a minor child or children).

(b) From the date the status of a widow changes in the course of a calendar year from that of a widow with a child so that she becomes a widow without a child.

(c) From the date the status of a widow changes in the course of a calendar year from that of a widow without a child so that she becomes a widow with a child. (Where the change of status arises incident to the birth of a posthumous child, the widow will be considered as a widow without a child for the period prior to the date of the child's birth.)

(d) In determining entitlement under the circumstances outlined in the preceding subdivisions, the proportionate computations will be applied to *each period separately and will not be combined* to afford an aggregate application to the entire calendar year. The amount of income received within each separate period will determine entitlement to pension for that period.

(E) *Total Income Considered*.—Except as provided in subparagraphs (D)

(1) (a) and (D) (2) (c) of this paragraph, where pension is payable from the date of filing claim, the claimant's income will not be determined on a proportionate basis, but the income for the full calendar year will be considered.

(F) *Commercial Insurance*—(1) *Received by Purchaser*.—Where an annuity or payment of endowment insurance is received by the purchaser, no part of the payments received will be considered annual income until the full amount of the consideration has been received, after which the full amount of such payments will be considered income.

(2) *Received by Beneficiary*.—(a) Where the beneficiary received commercial life insurance in a lump sum or had the right to elect settlement in a lump sum, the insurance will be considered to have been received in a lump sum in the calendar year in which the veteran died.

(b) Where insurance is received by a beneficiary in the manner specified by an option elected by the insured, other than in a lump sum, it will be considered income for the calendar year in which the money is actually received.

(3) *Interest on Life Insurance*.—Where it is considered that life insurance has been received in a lump sum in the calendar year in which the veteran died and payments are actually received in some other manner, no part of the payments received in succeeding years will be considered income until an amount equal to the lump-sum face value of the policy has been received, after which the full amount of such payments will be considered income.

(G) *Income Received in Installments*.—Where income is being received at a rate which indicates that the total income for the entire calendar year will not exceed the statutory income limitation, the claim may be allowed.

(2) Where income is being received at a proportionate rate which indicates that the total income for the entire calendar year will exceed the statutory limitation, the claim will be disallowed: *Provided*, That where such rate will not be received for the entire 2 months (as, for example, in the case of a school teacher paid for 9 months of the year) and the total amount received will not exceed the statutory limitation, the claim may be allowed (Adm. Dec. 460). (July 6, 1948.)

(H) *Deferred Determinations.*—Where there is doubt as to whether the anticipated income will exceed the statutory limitation, payment of pension will not be made before the end of the calendar year, when the total income received during such year may be determined (Adm. Dec. 574). Where a determination as to entitlement is deferred in accordance with this subparagraph, pension may be payable from the first of that calendar year if notice (constituting an informal claim) that the claimant's income did not exceed the statutory limitation is received at any time within the succeeding calendar year. Any necessary evidence must be received in the VA within 1 year after the date of request. If notice is not received within the period prescribed, payments may not be made for any period prior to the date of receipt of a new claim (formal or informal). (November 10, 1950.)

(I) *Reduction of Income.*—Where, because the claimant's annual income is in excess of the statutory limitation, a claim has been disallowed or payments discontinued for a particular calendar year or part thereof, pension may be payable from the first of the immediately succeeding calendar year if notice (constituting an informal claim) is received during that year that the claimant's actual or anticipated income will not exceed \$1,000 (or \$2,500, whichever is applicable) and the necessary evidence is furnished within 1 year after the date of request. Otherwise, pension may not be paid for any period prior to the date of receipt of a new claim (formal or informal). (April 13, 1951.)

(J) *Failure To Return Annual Income Questionnaire.*—When payments have been discontinued as required by R & P R-1292 or R-2586 (G) (2) because of failure to return the annual income questionnaire, pension may be payable, if otherwise in order, from the date of last payment, provided the questionnaire or other evidence that the claimant's income is not in excess of the statutory limitation is received within 1 year from the date of issuance of the questionnaire. Otherwise, pension may not be paid for any period prior to the date of receipt of the questionnaire or a new claim (formal or informal). (November 10, 1950.)

(K) *Community Property Laws.*—In determining the income of a claimant, the community property laws of the several States are not for application. (November 10, 1950.)

[S. 2641, 82d Cong., 2d sess.]

A BILL To elevate the annual income limitations governing the payment of pension for disability or death and to provide certain exclusions in determining annual income for purposes of such limitations

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

"(a) Payment of pension provided by part III shall not be made to any unmarried person whose annual income exceeds \$1,800, or to any married person or any person whose annual income exceeds \$3,000. In determining annual income for this pension purpose, any payments by the United States Government because of disability or death under laws administered by the Veterans' Administration, payments under the World War Adjusted Compensation Act or Adjusted Compensation Payment Act, 1936, and any payments of retirement annuities, based upon age or disability and of social-security benefits based upon age, shall not be considered."

SEC. 2. Section 1 (c), Public Law Numbered 484, Seventy-third Congress, as amended, is hereby amended to read as follows:

"(c) Payment of pension under the provisions of this Act shall not be made to any widow without child, or a child whose annual income exceeds \$1,800, or to a widow with a child or children whose annual income exceeds \$3,000. In determining annual income for this pension purpose, any payments made by widow, child, or children, for settlement of debts incurred by the veteran or for expense of last sickness of the veteran and such expense of burial of the veteran as exceeds the amount of the allowance authorized by Veterans Regulation Numbered 9 (a), as amended, shall be excluded and any payments by the United States Government because of disability or death under laws administered by the Veterans' Administration shall not be considered nor shall life-insurance payments from any other source be considered: *Provided*, That where payments to a widow are disallowed or discontinued hereunder, payment to a child or children of the deceased veteran may be made as though there is no widow."

SEC. 3. This Act shall be effective from January 1, 1952.

ANALYSIS OF S. 2641

Increases income limitations applicable to nonservice-connected disability and death pensions cases from \$1,000 to \$1,800 for a veteran without dependents or a widow without children; and from \$2,500 to \$3,000 for a veteran with dependents or a widow with children.

Retains existing law excluding from income Veterans' Administration benefits, proceeds of Government insurance, payments under World War I Adjusted Compensation Act, and overtime pay to Federal employees.

This bill applies to World War I, World War II, and Korean service. No income limitation is applicable to Civil War, Indian War, or Spanish War Acts.

Cost: Veterans' Administration estimate, \$88,038,000, for the first year.

MARCH 8, 1952.

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

DEAR SENATOR GEORGE: Further reference is made to your letter of February 13, 1952, requesting a report by the Veterans' Administration relative to S. 2641, Eighty-second Congress, "A bill to elevate the annual income limitations governing the payment of pension for disability or death and to provide certain exclusions in determining annual income for purposes of such limitations.

The bill proposes (1) to increase existing income limitations governing the payment of pension for non-service-connected disability to veterans under part III, Veterans Regulation No. 1 (a), as amended, and of pension for non-service-connected death to widows and children of deceased veterans under the act of June 28, 1934 (48 Stat. 1281), as amended and extended; and (2) to provide certain additional exclusions in determining annual income for purposes of such limitations.

Under part III of Veterans Regulation No. 1 (a), as amended, veterans of World War I, World War II, or of service in the Armed Forces of the United States on or after June 27, 1950, and prior to such date as shall thereafter be determined by Presidential proclamation or concurrent resolution of the Congress, and veterans of the Spanish-American War, the Boxer Rebellion, and the Philippine Insurrection are entitled, subject to specified requirements, to pension for permanent and total non-service-connected disability. The pension rates are \$60 per month, or \$72 if the veteran has received the basic rate for a continuous period of 10 years or reaches the age of 65. A rate of \$120 per month is authorized in the case of an otherwise eligible veteran who is, on account of age or physical or mental disability, helpless or blind or so nearly helpless or blind as to need or require the regular aid and attendance of another person. Payment cannot be made if the veteran's annual income exceeds \$1,000, if he is unmarried, or \$2,500 if married or with minor children. Section 1 of the bill would raise these income limitations from \$1,000 to \$1,800 and from \$2,500 to \$3,000, respectively. It would also introduce an entirely new factor by making the \$3,000 limitation applicable to a case where the person has a dependent parent or parents, even though unmarried and without children.

In connection with this proposal, your committee will undoubtedly desire to consider the basic purpose of the part III pension. It was intended primarily to afford a modest allowance to seriously disabled veterans who are in limited financial circumstances but whose condition is not the outgrowth of their military service. It was not intended to provide full support. The veteran who receives \$60 monthly pension (\$720 yearly), if subject to the \$1,000 income limitation, may receive an aggregate yearly income (including the pension) of \$1,720. If he is subject to the \$2,500 limitation he could receive as much as \$3,220. If paid the higher rates of \$72 or \$120 per month his potential aggregate income would be proportionately greater.

With reference to the provision for a \$3,000 income limitation where the veteran has a dependent parent or parents, it may be noted that this would require a factual determination in each claim of a living veteran with reference to whether he has a parent or parents actually dependent, as distinguished from the present situation where a mere showing of relationship is sufficient, namely that there is a wife or child. Whether dependent parents should be recognized as entitling the veteran to more liberal consideration in connection with the part III pension is a matter of policy concerning the extent of the Government's obli-

gation to this class in providing non-service-connected benefits. Attention is invited to the fact that while compensation is presently provided for dependent parents based on service-connected death of the veteran, there is no comparable provision for pension in their favor based on non-service-connected death.

Section 1 of the bill is also concerned with the manner in which income is computed for purposes of the mentioned income limitations. Annual income is presently determined in accordance with Veterans' Administration Regulation 1228 which, pursuant to law, provides certain exclusions in the computation of income. A copy of that regulation is enclosed for your ready reference. The bill proposes that in addition to the existing exclusions, any payments of retirement annuities based upon age or disability and of social security benefits based upon age shall not be considered. Under the mentioned Veterans' Administration Regulation (1228 (C)), payments such as civil-service retirement annuity, social-security benefits, and railroad-retirement benefits are treated generally as income. However, the cost of these benefits to the annuitant (as contributions to the fund) is not considered income and the benefits received by him are not classed as income until such cost is recovered. Since retirement annuities and social-security benefits are used for the support of the beneficiary, the bill presents the question whether it is consistent with the purpose of the income limitations to exclude the entire amount of such items as civil-service retirement annuities and social-security payments, including the net amounts contributed by the employer and the Government.

Section 2 of the bill would raise the amount of the annual income limitations which qualify eligibility of widows and children of deceased veterans of World War I, World War II, or of service in the Armed Forces of the United States on or after June 27, 1950, and prior to such date as shall thereafter be determined by Presidential proclamation or concurrent resolution of the Congress, for death pension (nonservice-connected) under the act of June 28, 1934, as amended, from \$1,000 to \$1,800 in the case of a widow without child or in the case of a child, and from \$2,500 to \$3,000 in the case of a widow with a child or children.

As in the case of the part III pension, it has been the consistent policy of the Congress to restrict the benefits of the act of June 28, 1934, as amended, to widows and children in limited financial circumstances, the theory of the legislation being to provide some measure of support to those primary dependents who survive the veteran and who are in need. Under the present law an eligible widow with no child receives \$42 monthly pension, or \$504 annually, which when combined with the permissible \$1,000 income could aggregate \$1,504 annually. A widow with one child receives \$54 monthly pension, or \$648 annually, which when combined with the permissible \$2,500 income would aggregate \$3,148 annually. For each additional child the pension increases \$6 per month. Pension rates for children, where there is no widow, are as follows: one child, \$21.60 monthly; two children, \$32.40, divided equally; three children, \$43.20, divided equally; and \$4.80 additional for each additional child, total divided equally.

Section 2 also deals with the manner in which income is computed for purposes of the mentioned income limitations in the 1934 act. Currently, computation of annual income is made in accordance with Veterans' Administration Regulation 1228, to which reference has been made above. This section would provide that in addition to existing exclusions, any payment made by the widow, child, or children for settlement of debts incurred by a veteran or for expense of last illness of a veteran, such expense of burial of a veteran as exceeds the amount of allowance (\$150) authorized by Veterans Regulation No. 9 (a), as amended, and life insurance payments from any source shall not be considered in determining annual income. It is believed that the adoption of this proposal would present administrative problems with respect to the amounts of allowable expenses incident to the veteran's terminal illness and funeral, and the amounts allowable for settlement of the veteran's debts. This would delay the final adjudication of claims. No change would be made by the bill in the proviso in section 1 (c) of the act of June 28, 1934, as amended, which provides that where payments to a widow are disallowed or discontinued, payment to a child or children of a deceased veteran may be made as though there were no widow.

It is noted that the provision for excluding "life-insurance payments from any other source" (line 1, p. 8) does not specify whether it is intended to apply only to life insurance considered in the strict sense of commercial life insurance or to include more broadly other types of benefits payable at death having life-insurance aspects, such as certain survivorship benefits under the Civil Service Retirement Act, as amended. It may be observed in connection with

this proposed exclusion that the life-insurance estate of veterans were served in World War I and World War II frequently is limited to Government insurance, issued by the Veterans' Administration, which is already excluded by law from the determination of annual income. The Congress has heretofore followed the policy of classifying commercial life insurance with other types of income which are not received because of disability or death under laws administered by the Veterans' Administration and are therefore included in computing income. Such commercial insurance, irrespective of amount, is only considered in relation to the year in which it is received and does not bar the recipient's eligibility for death pension in the subsequent year or years. Further, Veterans' Administration regulations provide that in those cases in which a claimant has the right to receive commercial life insurance in a lump sum it is considered that payment was made in a lump sum, in the year in which the veteran died, despite the fact that the claimant elected to receive the insurance in installments. The amount received in such installments is not considered as income until the claimant has received an amount equal to the face value of the policy, after which the full amount is considered income.

Section 8 of S. 2641 provides that the act shall be effective from January 1, 1952. From an administrative standpoint, it is desirable that any change in annual income limitations be made effective as of the beginning of a calendar year. It should be noted, however, that by reason of the retroactive effective date provided in the bill, S. 2641, if enacted, would require the Veterans' Administration to review all claims for disability or death pension which were disallowed, and awards of such pension which were discontinued, between January 1, 1952, and the date of enactment, because the claimant's income was in excess of the then applicable income limitation. Further, in those cases where eligibility for pension is established by reason of the liberalized income limitations provided by the bill, it would require the Veterans' Administration to make retroactive awards of such pension.

The subject bill, as well as several other bills which have been introduced during the Eighty-second Congress, presents a question of broad national policy for the determination by the Congress as to the extent to which the Government should undertake to provide pensions for veterans and their dependents. In this connection it is deemed appropriate to invite attention to the President's budget message for fiscal year 1953. The President, in discussing veterans' services and benefits, among other things, stated:

"Expenditures for veterans' services and benefits, which have declined 43 percent from the World War II peak of \$7.4 billion in 1947, are estimated at \$4.2 billion in the fiscal year 1953. The decline results from sharp reductions in expenditures for readjustment benefits and insurance outlays.

"In view of the large increase in the size of our Armed Forces since Korea, and the continued increase in expenditures for compensation and pensions, further large declines in veterans' outlays are unlikely. Our veteran population is increasing rapidly under the policy which requires nearly all able-bodied young men coming of military age to serve their turn in the armed services. As our commitments to our growing number of veterans increase, we should constantly inquire into how we can best meet their needs and the needs of their dependents. In considering legislation affecting veterans, we must take into account the prevailing economic and military situation, the relation of veterans' programs to the whole range of Government programs, the availability of other Government services, and the lessons learned from experience.

"The chief responsibility of the Government is to give medical care to veterans who have been injured in the service, to assist them to assume their place in society as productive and self-reliant citizens, and to give necessary aid to the families of veterans deceased or injured from service causes. We should also provide other demobilized servicemen with timely readjustment assistance on a sound basis.

"The needs of veterans and their families not resulting directly from military service can be best met through the welfare programs serving the whole population. These programs have been expanded and improved in recent years. Only the special and unique needs of servicemen and their dependents arising directly from military service should be provided for in special veterans' programs.

* * * * *

"The total of 2.1 billion dollars under present laws for the fiscal year 1953 includes 1.5 billion dollars in compensation payments to service-disabled veterans and families of those veterans who have died from service-connected

causes, as well as 618 million dollars in pension payments for non-service-connected disabilities. Under existing laws expenditures for compensation and pensions will more than double in future years, with the increase entirely in non-service-connected pensions. Legislation to increase further the number of non-service-connected pension beneficiaries should be reviewed in light of the fact that most veterans who need financial help will be covered by the old-age and survivors insurance program. In those cases where veterans are not covered by this program, the sensible remedy is to extend old-age and survivors insurance to include them."

With reference to the cost of the bill, if enacted, there is enclosed a cost analysis indicating that, subject to certain assumptions and limitations set forth herein, the enactment of S. 2641 would result in an additional cost during the first year of approximately \$88,038,000. It will be noted that this estimate is limited to World War I and World War II cases and does not include cases of veterans of the Spanish-American War or of service after June 26, 1950. As pointed out in the cost analysis, this estimate may be as much as 25 percent too high or too low, in view of the intangible factors involved.

Because of the necessity for expediting this report, there has not been sufficient time in which to ascertain from the Bureau of the Budget the relationship of the proposed legislation to the program of the President.

Sincerely yours,

CARL R. GRAY, JR., *Administrator.*

Estimated cost of S. 2641, 82d Cong.

	Estimated number of cases	Estimated first year's cost
Section 1:		
World War II veterans.....	20,300	\$14,679,000
World War I veterans.....	85,800	62,669,000
Total	106,100	77,348,000
Section 2:		
World War II deceased veterans.....	700	300,000
World War I deceased veterans.....	21,600	10,390,000
Total	22,300	10,690,000
Grand total.....	128,400	88,038,000

NOTES

1. This estimate includes veterans of World War I and World War II. A negligible number of veterans of the Spanish-American War are not included, and would not affect the total cost to any appreciable extent.

2. This estimate does not take into consideration the effect of Public Law 28, Eighty-second Congress, approved May 11, 1951, relating to veterans with service after June 26, 1950, for which it is not possible to make any estimate of cost at the present time.

3. It is not possible to determine the effect of excluding from annual income received those items so proposed in this bill. It would tend to increase the estimated cost but the amount of increase is not determinable.

4. This estimate does not take into consideration any person otherwise eligible to pension who has a dependent parent or parents and whose income does not exceed \$3,000, inasmuch as there are no available data relating to dependent parents of living persons which could be used in a current estimate of cost.

5. It is assumed that the income level of veterans and the dependents of deceased veterans is the same as that for the general population of comparable age and sex.

6. It is assumed that there will be no significant change in income levels from that indicated by the latest available data. This data indicates the income level for the year 1949 as published in Current Population Reports, Consumer Income, Bureau of Census, Feb. 18, 1951, series P-60, No. 7, p. 30, table 17.

7. It is assumed that the marital status of veterans is comparable to that of the total male population of comparable age brackets. Marital status data as published in Bureau of Census Release, Feb. 12, 1951, series P-20, No. 38, is accepted as authoritative thereon.

8. Due to the intangible factors involved, these estimates may be as much as 25 percent too high or too low.

[S. 503, 82d Cong., 1st sess.]

A BILL To revise the basis for award of death pension, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1 (a) of Public Law Numbered

484, Seventy-third Congress, June 28, 1934, as amended, be hereby amended to read as follows:

"(a) The surviving widow, child, or children of any deceased person who served in World War I before November 12, 1918, or if the person was serving with the United States military forces in Russia before April 2, 1920, or in World War II before January 1, 1947, or on or after June 27, 1950, and prior to such date as shall thereafter be determined by Presidential proclamation or concurrent resolution of the Congress, and who was discharged or released from active service under conditions other than dishonorable after having served ninety days or more or for disability incurred in the service in line of duty, or who at time of death was receiving or entitled to receive compensation, pension, or retirement pay for service-connected disability, shall, upon filing application and such proofs in the Veterans' Administration as the Administrator of Veterans' Affairs may prescribe, be entitled to receive pension as provided by this Act."

Sec. 2. Section 6 of Public Law Numbered 483 Seventy-eighth Congress, December 14, 1944, is hereby repealed.

Sec. 3. Section 1 (c), Public Law Numbered 484, Seventy-third Congress, as amended, is hereby amended to read as follows:

"(c) Payment of pension under the provisions of this Act shall not be made to any widow without child, or a child whose annual income exceeds \$1,800, or to a widow with a child or children whose annual income exceeds \$3,000. In determining annual income any payments made by widow, child, or children, for settlement of debts incurred by the veteran or for expenses of last sickness of the veteran and such expense of burial of the veteran as exceeds the amount of the allowance authorized by Veterans Regulation Number 9 (a), as amended, shall be excluded and any payments by the United States Government because of disability or death under laws administered by the Veterans' Administration shall not be considered nor shall life-insurance payments from any other source be considered: *Provided*, That where payments to a widow are disallowed or discontinued hereunder, payment to a child or children of the deceased veteran may be made as though there is no widow."

Sec. 4. Section 2 of Public Law Numbered 484, Seventy-third Congress, June 28, 1934, as amended, is hereby amended, effective on the first day of the first calendar month next succeeding date of this enactment, to read as follows:

"Sec. 2. The surviving widow, child, or children, entitled to receive pension as provided for in section 1 of this Act, shall be entitled to receive pension at 70 per centum of the rate specified for such dependents in paragraph IV, part I, Veterans Regulation Numbered 1 (a), as now or hereafter amended."

Sec. 5. Paragraph V of Veterans Regulation Numbered 10, as amended by section 6, Public Law Numbered 144, Seventy-eighth Congress, July 13, 1943, is hereby amended by striking out the period at the end thereof and substituting therefor a colon and the following: "of a person who served on or after June 27, 1950, and prior to such date as shall therefore be determined by Presidential proclamation or concurrent resolution of the Congress—who was married to the veteran prior to the expiration of ten years subsequent to the date to be so determined."

ANALYSIS OF S. 503

Increases income limitations applicable to non-service-connected death pension cases from \$1,000 to \$1,800 for a widow without children and from 2,500 to \$3,000 for a widow with children. Retains existing law excluding income of Veterans' Administration benefits.

Extends to widows of World War II and Korean service non-service-connected death pension on same basis as widows of World War I by removing the requirement that the veteran must have at the time of his death a disability due to service for which compensation would be payable if 10 percent or more in degree.

Increases the rates of non-service-connected death pension payable to widows and children to 70 percent of the rates specified for widows and children who receive compensation for service-connected death compensation.

COST

The Veterans' Administration estimates that the cost for the first year would be \$123,680,000.

The Bureau of the Budget reports that the bill is not in accord with the program of the President.

APRIL 18, 1951.

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

DEAR SENATOR GEORGE: Further reference is made to your request for a report by the Veterans' Administration on S. 503, Eighty-second Congress, a bill to revise the basis for award of death pension, and for other purposes.

The purposes of the bill are (a) to modify the eligibility requirements for payment of non-service-connected death pension to the widows and children of deceased World War II veterans so that they will correspond with the requirements applicable in World War I cases; (b) to authorize the payment of such death pension, under the same conditions, to the widows and children of any person who served on or after June 27, 1950, and prior to such date as shall thereafter be determined by Presidential proclamation or concurrent resolution of the Congress; (c) to liberalize existing income limitations governing the payment of non-service-connected death pension prescribed by the Act of June 28, 1934 (48 Stat. 1281), as amended (38 U. S. C. 503, 735); (d) to increase the rates of non-service-connected death pension payable to widows and children, prescribed by the said act of June 28, 1934; and (e) to establish a definition of the term "widow" of a person who served on or after June 27, 1950, and prior to such date as shall thereafter be determined by Presidential proclamation or concurrent resolution of the Congress.

Under existing law, non-service-connected death pension is payable to the widow, child, or children of a veteran who served in World War II whose death was not due to service therein, but who at the time of death was receiving or entitled to receive compensation or retirement pay for disability incurred in such service in line of duty. It is also payable to such dependents in the case of a World War II veteran, who, having served 90 days or more during such war period, was discharged under conditions other than dishonorable (or having served less than 90 days was discharged for disability incurred in line of duty during such service), and dies or has died from a disease or disability not service-connected, and at the time of death had a disability due to such service for which compensation would be payable if 10 per centum or more in degree. Eligibility for such pension is subject to an annual income limitation of \$1,000 with respect to any widow without child, or to a child, or \$2,500 with respect to a widow with a child or children. The monthly rates of pension are as follows: Widow with no child, \$42; widow with one child, \$54; with \$8 for each additional child; no widow but one child, \$21.60; no widow but two children, \$32.40, equally divided; no widow but three children, 43.20, with \$4.80 for each additional child, total equally divided.

Pension for non-service-connected death is payable to the widow, child, or children of a World War I veteran under the same conditions and at the same rates as those applicable in World War II cases, except that the requirement that the veteran must have at the time of his death a disability due to service for which compensation would be payable if 10 percent or more in degree is not applicable. Section 1 of S. 503, if enacted, would remove that requirement with respect to World War II cases, and would accordingly, make the eligibility requirements for the payment of death pension in World War I and World War II cases basically uniform.

In its consideration of the proposed liberalization of eligibility requirements for World War II cases, the committee may be interested in knowing the length of time following the termination of earlier wars before non-service-connected pension benefits were afforded to widows and children of deceased veterans of such wars. The history of service pension legislation shows that such benefits were first provided for widows and children of veterans of the Civil War in the Act of June 27, 1890 (26 Stat. 182), or 24 years after the termination of that war; and for widows and children of veterans of the Spanish-American War, Philippine Insurrection, and China Relief Expedition in the act of July 16, 1918 (40 Stat. 908), or 19, 16, and 17 years, respectively, after the termination dates.

With respect to World War I, the act of June 28, 1934, supra, was the first law granting death benefits to widows and children of deceased veterans of that war where the death was not shown to be due to service. Section 1 of that act provided for monthly payments to the widow, child, or children of any World War I veteran who, while receiving or entitled to receive compensation, pension, or retirement pay for 30 percent disability or more directly incurred in or aggravated by service in World War I, died from a disease or disability not service-connected and not the result of the veteran's own misconduct. The requisite

degree of service-connected disability was reduced from 30 percent to 20 percent by the act of August 16, 1937 (50 Stat. 660), then to 10 percent by the act of May 13, 1938 (52 Stat. 352), and then, under the act of July 19, 1939 (53 Stat. 1068), only a recognizable service-connected disability without reference to percentage evaluation was required to be shown. The requirements of the 1939 act, which was similar to the one in section 6 of the act of December 14, 1944 (58 Stat. 803), applicable to World War II cases (which requirement S. 503 proposes to eliminate), was eliminated as to World War I veterans by section 1 of the act of December 14, 1944. Thus, an outright service pension, as proposed for dependents of World War II veterans by section 1 of S. 503, was not afforded widows and children of World War I veterans until 26 years after the November 11, 1918 armistice.

It will be noted from the foregoing legislative history, that the liberal conditions which were prescribed for payment of non-service-connected death benefits in World War I cases by the Act of July 19, 1939, or some 21 years after the armistice, were provided for similar payments in World War II cases by section 4 of the Act of May 27, 1944 (58 Stat. 230), restated in section 6 of the Act of December 14, 1944, or while we were engaged in actual hostilities.

Generally, service pensions for widows of war veterans have been justified on the theory that such widows have reached an age which renders self-support difficult. Thus, there is for consideration whether as a class World War II widows are incapable of self-support because of age. Consideration should also be given to the fact that the number of persons in the Armed Forces of the United States during World War II greatly exceeded the numbers who participated in any prior war, and consequently the number of widows of World War II will be correspondingly greater than the widows of veterans of former wars.

Existing law does not contain any provision authorizing the payment of non-service-connected death pension to the widows and children of persons who served with the Armed Forces of the United States on or after June 27, 1950. Section 1 of the bill also proposes to extend such death benefits to the widows and children of persons within that group under the same conditions as those applicable to the widows and children of World War I veterans. With respect to those who served on or after June 27, 1950, it may be noted that in keeping with the policy of Congress to recognize a primary responsibility to veterans having service-connected disabilities and their dependents, such persons and their dependents are presently entitled to compensation for service-connected disability or death and at wartime rates under certain conditions. With reference to non-service-connected pension, it may be noted that it has been the long-established general policy of the Congress to restrict such pension to veterans of wars and dependents of war veterans. Inasmuch as there has been no formal declaration of war since June 27, 1950, it appears that the enactment of S. 503 would constitute a deviation from that policy. It is recognized, of course, that the Armed Forces of the United States are currently engaged in military operations in Korea as a part of the United Nations team. Whether this, and possibly other factors, would indicate a deviation from the mentioned congressional policy with respect to this group, is, of course, primarily a consideration for the Congress.

Insofar as the dependents of persons who served in the Armed Forces of the United States on or after June 27, 1950, are concerned, there is also for consideration what precedential effect the enactment of this bill might have with respect to requests for additional wartime benefits for that group, or requests for similar wartime benefits for other groups, including veterans who served in other campaigns, expeditions, or occupations, whose only service was rendered in other than a recognized war.

It is believed that in connection with its consideration of this proposal, the committee may be interested in knowing the benefits already available to veterans who performed service in the Armed Forces of the United States on or after June 27, 1950, and to their dependents. An enumeration of such benefits was set forth in the report of the Veterans' Administration to your committee on S. 864, Eighty-second Congress, dated March 28, 1951. In view of the length of this report, that material will not be repeated herein.

Section 2 of the bill proposes to repeal section 6 of the act of December 14, 1944, which, as stated above, currently authorizes the payment of non-service-connected death pension to the widows and children of World War II veterans. Such section 6 also provided that section 4 of the act of May 27, 1944 "is hereby

amended accordingly." It would appear that in the event S. 503 were enacted, the proposed repeal of the mentioned section 6 would present questions with respect to the authority of the Veterans' Administration (1) to continue to pay cases now on the rolls under both of the mentioned 1944 acts in the absence of an application pursuant to the liberalized provisions of S. 503; (2) to process pending applications for benefits filed pursuant to existing law; and (3) to pay in connection with both new and pending applications death pensions for any period prior to the effective date of S. 503. Under the circumstances, in the event the bill receives favorable consideration, clarification of these matters is indicated.

Section 3 of the bill would raise the amount of the annual income limitation which qualifies eligibility of widows and children of deceased World War I or World War II veterans for death pension (non-service-connected) under the act of June 28, 1934, as amended, from \$1,000 to \$1,800 in the case of a widow without child or in the case of a child, and from \$2,500 to \$3,000 in the case of a widow with a child or children. These limitations would also be made applicable to the widows and children of veterans who served after June 27, 1950.

This section would also provide that in determining annual income, any payment made by the widow, child, or children for settlement of debts incurred by a veteran or for expense of last illness of a veteran and such expense of burial of a veteran as exceeds the amount of the allowance (\$150) authorized by Veterans Regulation No. 9 (a), as amended, shall not be considered. It is believed that the adoption of this proposal would present administrative problems with respect to the amounts of allowable expenses incident to the veteran's terminal illness and funeral, and the amounts allowable for settlement of the veteran's debts. This would delay the final adjudication of claims.

In addition, life insurance payments from any source would not be considered in determining annual income. Payments because of disability or death under laws administered by the Veterans' Administration would continue to be excluded, and no change would be made in the proviso contained in section 1 (c) of the act of June 28, 1934, as amended, which provides that where payments to a widow are disallowed or discontinued, payment to a child or children of a deceased veteran may be made as though there were no widow.

It is noted that the provision for excluding "life-insurance payments from any other source" does not specify whether it is intended to apply only to life insurance considered in the strict sense of commercial life insurance, or to include more broadly other types of benefits payable at death having life insurance aspects, such as certain survivorship benefits under the Civil Service Retirement Act, as amended.

With respect to the exclusion of life insurance payments in computing income under the act of June 28, 1934, as amended, it may be observed that the life insurance estate of veterans who served in World War I, World War II, or on or after June 27, 1950, frequently is limited to Government insurance issued by the Veterans' Administration. Such Government insurance is already excluded by law from the determination of annual income in connection with the payment of death pension to the dependents of veterans of World Wars I and II.

The Congress has heretofore followed the policy of classifying commercial life insurance with other types of income which are not received because of disability or death under laws administered by the Veterans' Administration and are therefore included in computing income. Such commercial insurance, irrespective of amount, is only considered in relation to the year in which it is received and does not bar the recipient's eligibility for death pension in the subsequent year or years. In this connection, it may be noted that annual income is determined in accordance with Veterans' Administration regulations (R-1228), a copy of which is enclosed for your ready reference.

Section 4 of S. 503 proposes to prescribe the rates of death pension payable to eligible widows and children of persons who served in World War I, World War II, or on or after June 27, 1950, at 70 percent of the rates of wartime service-connected death compensation specified for such dependents in paragraph IV, part I, Veterans Regulation No. 1 (a), as now or hereafter amended. As a matter of interest, it may be noted that the rates of death pension proposed by section 4 would also be available to certain children of deceased Spanish-American War (including Philippine Insurrection and Boxer Rebellion) veterans, in view of section 1 of the act of July 13, 1943 (57 Stat. 554; 38 U. S. C. 727).

There are set forth below the rates of pension payable under the present laws and the rates as proposed by section 4 of S. 503 :

	World War I and World War II rate	Spanish- American War rate	Proposed rate
Widow.....	\$42.00		\$52.50
Widow, 1 child.....	54.00		73.50
Each additional child.....	6.00		17.50
No widow, 1 child.....	21.60	\$25.92	40.60
No widow, 2 children.....	32.40	38.88	57.40
No widow, 3 children.....	43.20	51.84	74.20
Each additional child.....	4.80	5.76	14.00

It will be noted from the above table that the bill, if enacted, would authorize increases in the rates of non-service-connected death pension ranging from 25 to approximately 200 percent. For the information of the committee, the most recent general increase in rates under the act of June 28, 1934, as amended, was provided by the act of August 8, 1946 (60 Stat. 910; 38 U. S. C. 471a-3), which authorized an increase of 20 percent. However, in addition, the act of July 30, 1947 (61 Stat. 610; 38 U. S. C. 276), authorized an additional increase of 20 percent for those children of Spanish-American War veterans mentioned above.

In connection with this proposal, your committee will desire to consider the principle upon which existing pension benefits under the act of June 28, 1934, as amended, are based. It has been the consistent policy of the Congress to restrict such benefits to those widows and children in limited financial circumstances, the theory being to provide some measure of support to those primary dependents who survived the veteran and who are in need. They are not intended to provide full support. The pension is terminated when the person's income exceeds the aforementioned applicable limits.

It is thought that the committee might be interested in examples of aggregate annual income potentially available to eligible pensioners in the light of existing rates and income limitation and those proposed by S. 503. Under the present law, an eligible widow with no child receives \$42 monthly pension or \$504 annually, which when combined with the permissible \$1,000 income would aggregate \$1,504 annually. The aggregate of \$1,504 would be increased to \$2,430 if S. 503 is enacted into law. A widow with one child receives \$54 monthly pension or \$648 annually, which when combined with the permissible \$2,500 income would aggregate \$3,148 annually. The aggregate of \$3,148 would be increased to \$3,882 if S. 503 is enacted into law. Based on the additional pension of \$6 per month or \$72 per year currently payable for each additional child, or the increase to \$17.50 per month or \$210 per year proposed by the bill, the widow's potential aggregate income would increase correspondingly with each additional child.

It may be noted that under paragraph III, part II, Veterans Regulation No. 1 (a), as amended, rates of peacetime service-connected death compensation are fixed at 80 percent of the wartime rates of death compensation prescribed by paragraph IV, part I of such regulation. S. 503 would establish certain rates of non-service-connected death pension on the same base, but at 70 percent thereof. Thus, there is for consideration what effect the enactment of the bill, thereby increasing certain non-service-connected death pension rates, might have with respect to requests for legislation to increase the death compensation rates.

Section 5 of the bill proposes to define the term "widow" of a person who served on or after June 27, 1950, and prior to such date as shall thereafter be determined by Presidential proclamation or concurrent resolution of the Congress, as a person who was married to the veteran prior to the expiration of 10 years subsequent to the date to be so determined, by adding such definition to paragraph V of Veterans Regulation No. 10, as amended. It is noted that that paragraph presently contains a definition of a widow of a peacetime veteran, for purposes of payment of service-connected death compensation. That definition is currently applicable, insofar as death compensation is concerned, to the widows of persons who served on or after June 27, 1950. The definition proposed by section 5 of the bill, of a widow of a person who served on or after June 27, 1950, would be applicable to such group, both for service-connected compensation and non-service-connected pension purposes.

The matter of establishing the basis upon which non-service-connected death pension shall be paid, as well as the amount of such pension, involve questions

of broad public policy. It is the view of the Veterans' Administration that any revision of that policy is primarily for the consideration of and determination by the Congress. In this connection it is deemed appropriate to invite attention to the President's budget message for fiscal year 1952. The President in discussing veterans' services and benefits, at page M57, among other things stated:

"In the fiscal year 1952 expenditures for veterans' services and benefits will be under 5 billion dollars for the first time in 6 years. This results from a further decline in requirements for the readjustment of veterans of World War II.

"During the coming years, because we shall need to maintain larger Armed Forces, virtually all our able-bodied young men may be required to serve their country in its military forces. Before many years nearly all the population may be veterans or the dependents of veterans.

"This means a profound change in the social and economic import of Government programs which affect veterans. It requires a clear recognition that many of the needs of our veterans and their dependents can be met best through the general programs serving the whole population. Therefore, in legislation directed particularly to the problems of servicemen and their dependents, we should provide only for those special and unique needs which arise directly from military service. We should meet their other needs through general programs of the Government."

In estimating the cost of S. 503, it is not possible to consider the effect of the proposal insofar as it relates to the widows and children of persons whose service was rendered on or after June 27, 1950, because of the many uncertain factors involved, including the lack of data as to the future strength of the Armed Forces of the United States during the present period of hostilities, and the unpredictable date of cessation of such hostilities. Further, in estimating the cost of section 3, no consideration can be given to the effect of excluding from annual income payments made in settlement of debts incurred by the veterans, expenses of last sickness and burial of the veteran, or life-insurance payments from any source. These exclusions would tend to increase the cost of the bill but the amount of such increase is not determinable. In estimating the effect of the increase in income limitations, the latest available income data (for the year 1949) as published in Current Population Reports, Consumer Income, Bureau of the Census, February 18, 1951, series P-60, have been utilized.

Based on fiscal year 1952 projections, and subject to the foregoing limitations, it is estimated that during the first year the enactment of the bill would affect approximately 83,500 World War II cases at an additional cost of approximately \$62,679,000, some 247,700 World War I cases at an additional cost of approximately \$60,886,000, and 600 Spanish-American War cases at an additional cost of approximately \$95,000. Summing up, it is estimated that, subject to the limitations discussed above, the enactment of S. 503 would affect some 351,800 cases during the first year at an increased cost of roughly \$123,660,000. In view of the lack of comparable World War I experience in the type of liberalization provided in section 1, the fact that the application of general income data to selected groups of the population is subject to a considerable margin of variation and of other variable factors involved, the foregoing partial estimate is presented, not as a firm estimate, but as the best practicable one under these limitations.

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

Sincerely yours,

O. W. CLARK,
Deputy Administrator
(For and in the absence of the Administrator).

[S. 505, 82d Cong., 1st sess.]

A BILL To revise the basis for award of disability pension, and for other purposes

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

"I. (a) Any person who served in the active military or naval service, for a period of ninety days or more, during either the Spanish-American War, the Boxer Rebellion, the Philippine Insurrection, World War I, World War II, or on or after June 27, 1950, and prior to such date as shall thereafter be deter-

mined by Presidential proclamation or concurrent resolution of the Congress, who is shown to have been in active service therein before the cessation of hostilities and to have been discharged or released from such service under conditions other than dishonorable, or who, having served less than ninety days, was discharged for disability incurred in the service in line of duty, or is entitled to receive compensation for wartime service-connected disability, shall be entitled to receive a pension during continuous total disability, which continues or has continued for six or more consecutive months, or for permanent total disability which is not shown to have incurred in any period of military or naval service: *Provided, That*".

Sec. 2. Paragraph I (e), part III, Veterans Regulation Numbered 1 (a), as amended, is hereby amended to read as follows:

"(e) Except as provided in paragraphs I (g) and I (h) hereof, no pension shall be payable under part III for disability less than total. Total disability will be considered to exist when there is present any impairment of mind or body which is sufficient to render it impossible for the average person to follow a substantially gainful occupation: *Provided, That* permanent total disability shall be taken to exist when the impairment is reasonably certain to continue throughout the life of the disabled person. Notwithstanding this definition, the Administrator of Veterans' Affairs is hereby authorized to classify as total or permanent and total those diseases and disorders, including physical, mental, or personality defects of congenital or developmental nature, the nature and extent of which in his judgment is such as to justify such a determination."

Sec. 3. Paragraph I (f), part III, Veterans Regulation Numbered 1 (a), as amended, is hereby amended, effective on the first day of the first calendar month next succeeding date of this enactment, to read as follows:

"(f) The amount of pension payable under the terms of part III shall be \$75 monthly, and, where the veteran shall have been entitled to pension for a continuous period of ten years, or shall have reached the age of sixty-five years, \$90 monthly: *Provided, That* any veteran who is determined to be entitled to such pension, and who is now or hereafter may become, on account of age or physical or mental disabilities, helpless or blind, or so nearly helpless or blind as to need or require the regular aid and attendance of another person, shall be given a rate of \$105 a month: *Provided further, That*".

Sec. 4. Paragraph II (a), part III, Veterans Regulation Numbered 1 (a), as amended, is hereby amended to read as follows:

"(a) Payment of pension provided by part III, except as provided in subparagraphs I (g) and (h), shall not be made to any unmarried person whose annual income exceeds \$1,800, or to any married person or any person with minor child or children, or dependent parent or parents, whose annual income exceeds \$3,000."

Sec. 5. Notwithstanding any other provision of law or veterans regulation in determining annual income under the provisions of paragraph II (a), part III, Veterans Regulation Numbered 1 (a) as amended, any payments of retirement annuities, based upon age or disability and of social-security benefits based upon age, shall not be considered.

ANALYSIS OF S. 505

Increases income limitations applicable to non-service-connected disability cases from present \$1,000 to \$1,800 to any unmarried person and from \$2,500 to \$3,000 to any married person or any person with minor child or children, or dependent parent or parents whose annual income does not exceed \$3,000. Income from retirement annuities or social security benefits will be excluded.

To liberalize eligibility requirements for non-service-connected pension benefits of World War I, World War II and Korean veterans. Existing law requires (1) veteran must have 90 days' service, or (2) if less than 90 days' service must have been discharged for disability due to service. This bill adds "or is entitled to receive compensation for wartime-service-connected disability."

Permits payment of pension for temporary total non-service-connected disability instead of permanent total disability.

Increases the pension of \$60 to \$75, the \$72 to \$90 and decreases the \$120 to \$105.

COST

The Veterans' Administration estimates that the cost for the first year would be \$180,739,000.

APRIL 25, 1951.

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

DEAR SENATOR GEORGE: This is in reply to your letter requesting a report by the Veterans' Administration on S. 505, Eighty-second Congress, a bill to revise the basis for award of disability pension, and for other purposes.

The purposes of the bill are: (a) To extend eligibility for non-service-connected disability pension under the provisions of part III, Veterans Regulation No. 1 (a), as amended, to certain persons entitled to receive compensation for war-time service-connected disability; (b) to provide pension under the mentioned part III for persons who served on or after June 27, 1950, and prior to such date as shall thereafter be determined by Presidential proclamation or concurrent resolution of the Congress; (c) to provide part III pension benefits for temporary total non-service-connected disability; (d) to increase the part III rates of pension payable for non-service-connected disability; (e) to establish a new rate of pension under part III, on account of the need of the regular aid and attendance of another person; (f) to increase the annual income limitation applicable to payment of pension under part III; and (g) to exclude payments of retirement annuities based on age or disability and Social Security benefits based upon age from consideration in the computation of annual income for purpose of determining entitlement to part III benefits.

Under existing law (Veterans Regulation No. 1 (a), part III, as amended), veterans of World War II, World War I, Spanish-American War, Philippine Insurrection, and Boxer Rebellion are eligible for pension based on permanent and total non-service-connected disability. Pension is payable to any such veteran who served in the active military or naval service for a period of 90 days or more during such wars and who was discharged therefrom under conditions other than dishonorable, or who, having served less than 90 days, was discharged for disability incurred in service in line of duty. The veteran must have been in active service before the cessation of hostilities and be suffering from non-service-connected permanent and total disability not incurred as a result of his own willful misconduct or vicious habits. The rate is \$60 per month, except that where the veteran shall have been rated permanent and total and has been in receipt of pension for a continuous period of 10 years or reaches the age of 65 years and is permanently and totally disabled, the rate is \$72 per month. Such pension is not payable to any unmarried person whose annual income exceeds \$1,000 or to any married person or any person with minor children whose annual income exceeds \$2,500.

In the administration of the aforementioned provisions, the determination of permanent total disability is made on a very liberal basis. Such a rating is granted (where the requirement of permanence is met) when there is a single disability of 60 percent or two or more disabilities one of which is 40 percent in degree, combined with other disability or disabilities to a total of 70 percent, and unemployability attributed thereto. Although age alone is not considered as a basis for entitlement to such pension, it is considered in association with disability and unemployability in determining permanent and total disability. The aforementioned percentage requirements are reduced on the attainment of age 55 to a 60 percent rating for one or more disabilities, with no percentage requirement for any one disability; at age 60 to a 50 percent rating for one or more disabilities; and at age 65 to one disability ratable at 10 percent or more. When these reduced percentage requirements are met and the disability or disabilities involved are of a permanent nature, a permanent and total disability rating will be assigned, if the veteran is determined to be unable to secure and follow substantially gainful employment by reason of such disability.

Section 1 of the bill proposes to extend to veterans otherwise qualified under part III eligibility for pension based on non-service-connected total disability which continues or has continued for six or more consecutive months. It will be recalled that part III pension is currently limited to cases of permanent and total disability. Under existing law a permanent total disability will be considered to exist when there is present any impairment of mind or body which is sufficient to render it impossible for the average person to follow a substantially gainful occupation and where it is reasonably certain that such impairment will continue throughout the life of the disabled person. The effect of the proposal would be to authorize favorable determinations in cases of total disability of the duration specified in the bill which are now deferred for a longer period or are not granted because there is recovery before a determination of permanence

would be warranted by the evidence. With respect to the rates of pension which would be payable under the bill in cases of temporary total disability, it is not clear when it is intended that such payment would commence. For example, would payment of pension be effective from the beginning of total disability upon completion of the specified 6 months' total disability period or would such payment be effective the first day after the completion of such specified period? If the bill is given favorable consideration, clarification of this matter is indicated.

Beneficiaries of pension benefits under part III of Veterans Regulation No. 1 (a), as amended, are veterans who because of the permanence of their totally disabling conditions would face serious economic stress without this assistance. There is for consideration whether a veteran who is totally though not permanently disabled would be likely to occupy the same position. A great number of temporarily disabled veterans are hospitalized by the Veterans' Administration during most or all of their period of disability. Certain benefits such as food, lodging, medical expenses, and other necessities of life are furnished during such hospitalization. Those veterans who are injured during the course of their employment in many cases would be governed by workmen's compensation laws and would receive benefits thereunder during the period of disablement. It is foreseeable that the bill, if enacted, would necessitate frequent reexaminations of veterans suffering total disability which continues or has continued for 6 or more consecutive months in order to determine whether their condition had changed. It would be exceedingly difficult for the Veterans' Administration to have such examinations conducted by trained medical personnel without detriment to the services which are now extended to veterans in accordance with provisions of existing law.

The legislative history of pension laws requiring disability as a prerequisite to entitlement shows that Congress has generally followed the policy of granting benefits only to those veterans with disabilities of a permanent nature. In this respect the bill, if enacted, would be a departure from this policy.

Section 1 of the bill would also render new groups potentially eligible for benefits under part III. First, persons entitled to receive compensation for wartime service-connected disability who did not have 90 days' service or were not discharged for disability incurred in service in line of duty. This would be an innovation in laws administered by the Veterans' Administration relating to payment of pension to veterans for non-service-connected disability. In this connection, it should be noted, however, that such a provision is not novel to laws authorizing payment of pension for non-service-connected death. Pursuant to the act of June 28, 1934 (48 Stat. 1281), as amended and supplemented (38 U. S. C. 503 et seq.), pension for non-service-connected death may be payable to otherwise eligible widows and children of World War I and World War II veterans who were discharged or released from active service, under conditions other than dishonorable, after having served 90 days or more during such war periods; or having less than 90 days' service were discharged for disability incurred in service in line of duty, or at the time of death were receiving or entitled to receive compensation or retirement pay for service-connected disability.

The second new group rendered potentially eligible for benefits under part III, by section 1, if enacted, would be composed of those persons who served on or after June 27, 1950, and prior to such date as shall thereafter be determined by Presidential proclamation or concurrent resolution of the Congress. In keeping with the policy of the Congress to recognize a primary responsibility to veterans having service-connected disabilities and their dependents, the persons in the second group and their dependents are presently entitled to compensation for service-connected disability or death and at wartime rates under certain conditions. With reference to non-service-connected pension, it may be noted that it has been the long-established general policy of the Congress to restrict such pension to veterans of wars and dependents of war veterans. Inasmuch as there has been no formal declaration of war since June 27, 1950, it appears that the enactment of S. 505 would constitute a deviation from that policy. It is recognized, of course, that the Armed Forces of the United States are currently engaged in military operations in Korea as a part of the United Nations team. Whether this, and possibly other factors, would indicate a deviation from the mentioned congressional policy is, of course, primarily a consideration for the Congress.

Insofar as persons who served in the Armed Forces of the United States on or after June 27, 1950, are concerned, there is also for consideration what precedential effect the enactment of this bill might have with respect to requests for additional wartime benefits for that group, or requests for similar wartime

benefits for other groups, including veterans who served in other campaigns, expeditions, or occupations, whose only service was rendered in other than a recognized war period.

It is believed that in connection with its consideration of this proposal, the committee may be interested in knowing the benefits already available to veterans who performed service in the Armed Forces of the United States on or after June 27, 1950, and to their dependents. An enumeration of such benefits was set forth in the report of the Veterans' Administration to your committee on S. 864, Eighty-second Congress, dated March 28, 1951. In view of the length of this report, that material will not be repeated herein.

The limitation contained in the first sentence of paragraph 1 (e), part III, Veterans Regulation No. 1 (a), as amended, that no pension except as provided in paragraphs 1 (g) and 1 (h) shall be payable for permanent disability less than total, would be modified by section 2 of the bill by removing the word "permanent" therefrom. A definition of total disability other than permanent would be added to the present definition of permanent total disability contained in said paragraph I (e). Section 2 of the bill would also authorize the Administrator of Veterans' Affairs to classify as total or permanent and total those diseases or disorders, including physical, mental, or personality defects of a congenital or a developmental nature. The incorporation of such defects within paragraph I (e) would specifically authorize but would not necessarily require the Administrator to classify them as total or permanent and total or to change the existing procedure, hereafter mentioned, by which they are given consideration in determining disability ratings.

The long-standing rule of the Veterans' Administration and its predecessor agencies has been that mere congenital or developmental defects, absent, displaced, or supernumerary parts, refractive error of the eye, psychopathic personality and mental deficiency, are not diseases or injuries within the meaning of applicable legislation. If such conditions are aggravated by the stress and strain of service, then monetary benefits might be paid in proportion to such aggravation. Further, such congenital defects or developmental abnormalities may be a contributing factor in producing unemployability.

In making determinations of entitlement to benefits under Veterans Regulation No. 1 (a), part III, as amended, rating agencies in the field have been required to make certain percentage findings of disability in addition to a finding of unemployability. However, cases of all veterans who fail to meet the percentage standards, who meet basic entitlement criteria, but who are unemployable, are referred to Central Office of the Veterans' Administration. The central office in making such determinations will consider cases in which congenital or developmental defects are involved without the percentage requirements of the rating schedule, except that there must be some physical disability in addition to such defects. In either instance, such constitutional defects may be a factor in establishing the unemployability of the individual veteran.

The rates of pension (\$60 and \$72) now authorized under part III for permanent and total non-service-connected disability would be increased to \$75 and \$90 per month for total or permanent and total non-service-connected disability by section 3 of the bill. This section would also authorize a new rate of \$105 per month for a veteran otherwise eligible who is or has become on account of age or physical or mental disability, helpless or blind, or so nearly helpless or blind, as to need or require the regular aid and attendance of another person. It is noted, however, that there is no provision for filing application by those persons currently in receipt of pension under part III who may be able to qualify for the proposed new rate of \$105. The absence of any such provision could be construed as requiring the Veterans' Administration to review cases currently on the part III rolls to determine eligibility for the new rate, and if so, would entail substantial additional administrative work. It is therefore recommended that in the event the bill is favorably considered, its provisions be clarified with respect to application and effective dates of awards in such a way as to minimize administrative problems and expense.

Payment of the \$75, \$90, or \$105 rate of pension would be subject to annual income limitations. In this connection, section 4 of the bill would increase the existing annual income limitations governing the payment of pension to unmarried persons from \$1,000 to \$1,800. The present income limitation of \$2,500 applicable to payment of pension to married persons or those with minor children would be increased to \$3,000. The \$3,000 annual income limitation would also be made applicable to payment of pension to any person with dependent parent or parents. Section 4 further proposes that payment of pension as provided in paragraph

I (h), part III, would not be subject to annual income limitation which is currently for application in such cases. Paragraph I (h) authorizes a pension of not less than \$15 per month to any veterans of the Spanish-American War, Boxer Rebellion, or Philippine Insurrection, who is 50 percent disabled and who meets the other requirements of part III. As of December 31, 1950, there were 11 veterans receiving pension pursuant to paragraph I (h).

With reference to the provision in section 4 for a \$3,000 income limitation where the pensioner has a dependent parent or parents, it may be noted that this would require a factual determination in each claim of a living veteran with reference to whether he has a parent or parents actually dependent, as distinguished from the present situation where a mere showing of relationship is sufficient, namely, that there is a wife or a child. Whether dependent parents should be recognized as entitling the veteran to more liberal consideration in connection with the part III pension is a matter of policy concerning the extent of the Government's obligation to this class in providing non-service-connected benefits. Attention is invited to the fact that, while death compensation is presently provided for dependent parents based on service-connected death of the veteran, there is no comparable provision for death pension in their favor based on non-service-connected death.

Section 5 of the bill would provide that payment of retirement annuities based on age or disability and of social-security benefits based on age shall not be considered in computing the amount of annual income under part III. Annual income is determined in accordance with Veterans' Administration Regulations (R-1228). Under such regulations (R-1228 (C)) payments such as civil-service-retirement annuities, social-security benefits, and railroad-retirement benefits are treated generally as income. However, the cost of these benefits to the annuitant (as contributions to the fund) is not considered income and the benefits received by him are not classed as income until such cost is recovered. Since retirement annuities and social-security benefits are used for the support of the beneficiary, the bill presents the question whether it is consistent with the purpose of the income limitations to exclude the entire amount of such items as civil-service-retirement pay and social-security payments, including the net amounts contributed by the employer and the Government.

In any event, the matter of authorizing non-service-connected pension for additional groups of beneficiaries and the extent to which the Government should undertake to provide pensions for veterans involves a question of broad public policy, and it is the view of the Veterans' Administration that any revision of that policy is primarily for the consideration of, and determination by, the Congress. In this connection, it is deemed appropriate to invite attention to the President's budget message for fiscal year 1952. The President, in discussing veterans' services and benefits, at page M57, among other things, stated:

"In the fiscal year 1952 expenditures for veterans' services and benefits will be under \$5 billion for the first time in 6 years. This results from a further decline in requirements for the readjustment of veterans of World War II.

"During the coming years, because we shall need to maintain larger Armed Forces, virtually all our able-bodied young men may be required to serve their country in its military forces. Before many years, nearly all the population may be veterans or the dependents of veterans.

"This means a profound change in the social and economic import of Government programs which affect veterans. It requires a clear recognition that many of the needs of our veterans and their dependents can be met best through the general programs serving the whole population. Therefore, in legislation directed particularly to the problems of servicemen and their dependents, we should provide only for those special and unique needs which arise directly from military service. We should meet their other needs through general programs of the Government."

Because of the many unknown factors involved, it is not possible to furnish an over-all estimate of the cost of the bill. Data are not available concerning temporary total disability cases, the effect of the liberalized income limitation with respect to persons with dependent parent or parents, the effect of the proposed exclusions from income computations or the strength of the Armed Forces of the United States during the indefinite period after June 27, 1950, referred to in the bill. Subject to the foregoing, it is estimated that the first year's additional cost of providing the increased amount of benefits to veterans now on the rolls and for benefits proposed to those permanently and totally disabled who would be entitled under S. 505 because of the income liberalization, would be \$180,739,000. This figure is based on an estimated 430,500 World War I and

62,000 World War II cases affected. In making this estimate, income data contained in the Current Population Reports, consumers income, series P-60, No. 7, dated February 18, 1951, and the marital status data contained in the Bureau of Census release, series P-20, No. 33, dated February 12, 1951, have been utilized. The bill, if enacted might benefit some Spanish-American War Veterans but the number would be small and would have no appreciable effect on the total estimated cost. The foregoing partial estimate of cost does not include the administrative cost of the bill.

Advice was received from the Bureau of the Budget with respect to a similar report on an identical bill, H. R. 1078, Eighty-second Congress, that there would be no objection by that office to the submission of the report to the committee.

Sincerely yours,

O. W. CLARK, *Deputy Administrator*
(For and in the absence of the Administrator).

[H. R. 2384, 82d Cong., 1st sess.]

AN ACT To provide that service of cadets and midshipmen at the service academies during specified periods shall be considered active military or naval wartime service for the purposes of laws administered by the Veterans' Administration

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 10 of the Act of July 13, 1943 (Public Law 144, Seventy-eighth Congress; 38 U. S. C. 730), is hereby amended to read as follows:

"SEC. 10. For the purposes of laws administered by the Veterans' Administration, service as a cadet at the United States Military Academy or as a midshipman at the United States Naval Academy or as a cadet at the United States Coast Guard Academy during the period from April 21, 1898, to July 5, 1902, shall be considered active military or naval service in the Spanish-American War; such service during the period from April 6, 1917, to November 12, 1918, shall be considered active military or naval service in World War I; and such service during the period December 7, 1941, to December 31, 1946, shall be considered active military or naval service in World War II."

Passed the House of Representatives June 20, 1951.

Attest:

RALPH R. ROBERTS, *Clerk*.

ANALYSIS OF H. R. 2384

(This bill is identical with S. 1198)

Provides that service of cadets and midshipmen at the service Academies during specified periods shall be considered active military or naval wartime service for the purpose of laws administered by the Veterans' Administration.

Existing law provides that service as a cadet or midshipman at West Point or Annapolis or as a cadet at the Coast Guard Academy, during World War II, shall be considered as active service for the purpose of laws administered by the Veterans' Administration. This bill would make the same provisions applicable to veterans who served in such places during the Spanish-American War and World War I.

JULY 12, 1951.

HON. WALTER F. GEORGE,

Chairman, Committee on Finance,

United States Senate, Washington 25, D. C.

DEAR SENATOR GEORGE: This is in further reply to your letter requesting a report by the Veterans' Administration on H. R. 2384, Eighty-second Congress, An act to provide that service of cadets and midshipmen at the service Academies during specified periods shall be considered active military or naval wartime service for the purpose of laws administered by the Veterans' Administration.

H. R. 2384 is identical with S. 1198, Eighty-second Congress, on which the Veterans' Administration submitted a report to your committee under date of May 2, 1951, copies of which are enclosed. The views expressed in the mentioned

report on S. 1198, Eighty-second Congress, are equally applicable to H. R. 2384, Eighty-second Congress.

Information is not available upon which to base an estimate of the cost of the bill, if enacted. However, it is believed that relatively small numbers of persons would be affected and that the cost of paying initial or increased benefits granted under the bill would not be great.

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

Sincerely yours,

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

[S. 1198, 82d Cong., 1st seas.]

A BILL To provide that service of cadets and midshipmen at the service Academies during specified periods shall be considered active military or naval wartime service for the purposes of laws administered by the Veterans' Administration

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 10 of the Act of July 13, 1943 (Public Law 144, Seventy-eighth Congress; 38 U. S. C. 730), is hereby amended to read as follows:

"SEC. 10. For the purposes of laws administered by the Veterans' Administration, service as a cadet at the United States Military Academy or as a midshipman at the United States Naval Academy or as a cadet at the United States Coast Guard Academy during the period from April 21, 1898, to July 5, 1902, shall be considered active military or naval service in the Spanish-American War; such service during the period from April 6, 1917, to November 12, 1918, shall be considered active military or naval service in World War I; and such service during the period December 7, 1941, to December 31, 1946, shall be considered active military or naval service in World War II."

ANALYSIS OF S. 1198

(This bill is identical with H. R. 2384)

Provides that service of cadets and midshipmen at the service Academies during specified periods shall be considered active military or naval wartime service for the purpose of laws administered by the Veterans' Administration.

Existing law provides that service as a cadet or midshipman at West Point or Annapolis or as a cadet at the Coast Guard Academy, during World War II, shall be considered as active service for the purpose of laws administered by the Veterans' Administration. This bill would make the same provisions applicable to veterans who served in such places during the Spanish-American War and World War I

MAY 2, 1951.

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

DEAR SENATOR GEORGE: This is in further reply to your request for a report by the Veterans' Administration on S. 1198, Eighty-second Congress, a bill to provide that service of cadets and midshipmen at the service academies during specified periods shall be considered active military or naval wartime service for the purposes of laws administered by the Veterans' Administration, which provides:

"That section 10 of the Act of July 13, 1943 (Public Law 144, Seventy-eighth Congress; 38 U. S. C. 730), is hereby amended to read as follows:

"SEC. 10. For the purposes of laws administered by the Veterans' Administration, service as a cadet at the United States Military Academy or as a midshipman at the United States Naval Academy or as a cadet at the United States Coast Guard Academy during the period from April 21, 1898, to July 5, 1902, shall be considered active military or naval service in the Spanish-American War; such service during the period from April 6, 1917, to November 12, 1918, shall be considered active military or naval service in World War I; and such service

during the period December 7, 1941, to December 31, 1946, shall be considered active military or naval service in World War II.'"

Section 10 of the act of July 13, 1943 (Public Law 144, 78th Cong.), which the bill proposes to amend, presently provides as follows:

"Sec. 10. Service as a cadet at the United States Military Academy or as a midshipman at the United States Naval Academy or as a cadet at the United States Coast Guard Academy on or after December 7, 1941, and before termination of hostilities incident to the present war as determined by proclamation of the President or by concurrent resolution of the Congress shall be considered active military or naval service in World War II for the purposes of laws administered by the Veterans' Administration."

For many years it has been the general rule that cadets at the United States Military Academy and midshipmen at the United States Naval Academy were not, while pursuing their regular courses of instruction, in the active military service within the meaning of that term as used in laws administered by the Veterans' Administration. By the enactment of section 10 of the mentioned act of July 13, 1943, Congress provided for an exception to this rule in the case of service at the Academies during World War II, but cadets and midshipmen who attended the Academies during the periods of other wars, and who were disabled by reason of wounds or injuries or diseases contracted while pursuing the prescribed course of instruction and in line of duty are not entitled to wartime rates of compensation authorized under the provisions of part I of Veterans Regulation No. 1 (a), as amended, or Public Law No. 141, Seventy-third Congress, unless they were so disabled while assigned to duties constituting war service, which includes practice cruises at sea, but excludes practice maneuvers at West Point. However, cadets and midshipmen who were disabled while attending the Military and Naval Academies during war periods or any other period are entitled to compensation at peacetime rates as prescribed in Veterans Regulation No. 1 (a), part II, by virtue of having had a "pensionable status" as officers of the Army and Navy under the general pension law. If suffering from permanent total disability not connected with any period of service, the pension rates prescribed in part III of Veterans Regulation No. 1 (a) are payable only if the service requirements thereof were met while such persons were assigned to practice cruises or otherwise actually assigned to active duty during the period of hostilities as specified in said regulation.

In connection with the legislation extending active service status to cadets and midshipmen who attended the Academies during hostilities of World War II (December 7, 1941, to noon December 31, 1946), the Committee on World War Veterans' Legislation, in House Report No. 463, to accompany H. R. 2703, Seventy-eighth Congress, first session, stated, in pertinent part, as follows:

"* * * As many of those who are now being enrolled or inducted in the active military or naval service are continued or enrolled in schools for prescribed courses of instruction as a part of their military training for service during the present war, it is believed that cadets at the United States Military Academy and midshipmen at the United States Naval Academy and cadets at the United States Coast Guard Academy, particularly in view of the intensive training programs prescribed for these groups, should occupy a similar status and that their service while pursuing courses of instruction at these Academies for any period on or after December 7, 1941, and prior to termination of hostilities incident to the present war, should be considered as active military or naval service."

If enacted, S. 1198 would render a cadet or a midshipman, disabled while attending a service academy as the result of injury or disease contracted in line of duty during the period from April 21, 1898, to July 5, 1902, or the period from April 6, 1917, to November 12, 1918, eligible to receive compensation at the wartime rate. Also, a cadet or a midshipman who attended a service academy between the specified dates would, if otherwise eligible, become entitled to pension for non-service-connected permanent total disability under part III, Veterans Regulation No. 1 (a), without the present requirement of having been assigned to the particular duty noted above. Further, service as a cadet or a midshipman between April 21, 1898, and July 5, 1902, would be cognizable for the purpose of service pension under the service pension acts reenacted by Public, No. 289, Seventy-fourth Congress. The benefit of hospitalization for non-service-connected disabilities, now available to veterans with war service, would also be authorized for the persons concerned if the bill is enacted.

With respect to death benefits, the widow, child, or dependent parent of an individual who died as the result of injury or disease incurred in or aggravated

by service as a cadet or midshipman during the specified periods would, if otherwise eligible, become entitled under S. 1198, if enacted, to compensation at the wartime rate prescribed by law. In addition, the surviving widow, child, or children of a deceased person who served at one of the service academies during the mentioned periods would apparently become entitled to the Spanish-American War service pension under the mentioned service pension acts or to the World War I service pension provided under Public, No. 484, Seventy-third Congress, June 28, 1934, as amended by Public Law 483, Seventy-eighth Congress, provided the other requirements thereof were met.

For the purpose of granting wartime rates of compensation based on service-connected disability incurred during such wars, part I, Veterans' Regulation No. 1 (a), as amended, requires (1) with respect to the Spanish-American War, an enlistment or employment entered into on or after April 21, 1898, and before August 13, 1898, where the injury or disease was incurred or aggravated prior to July 5, 1902; (2) actual participation in the Philippine Insurrection on or after August 13, 1898, and before July 5, 1902, or if serving in the Moro Province before July 15, 1903; and (3) actual participation in the Boxer Rebellion on or after June 20, 1900, and before May 13, 1901. It should also be noted that for the purposes of the Spanish-American War service pension the applicable war service dates are: Spanish-American War, April 21, 1898, to April 11, 1899; Philippine Insurrection, April 12, 1899, to July 4, 1902 (Moro Province, as to veterans only, July 15, 1903); and the Boxer Rebellion, June 16, 1900, to May 12, 1901. Accordingly, it would appear that in the event of the enactment of the bill certain cadets and midshipmen would be granted an active wartime service status for service during a period, a substantial portion of which is considered peacetime service for other categories of veterans.

The bill refers to service as a cadet at the United States Coast Guard Academy during the period from April 21, 1898, to July 5, 1902. The United States Coast Guard, as a constituent of the military forces of the United States, was created by the act of January 28, 1915 (14 U. S. C. 1) and effected a merger of the Revenue Cutter Service and the Life Saving Service. Therefore, although the Coast Guard Academy was founded in 1876 under the Revenue Cutter Service, persons in the latter Service, cadets or others, during the period in question are not considered to have been in the active military or naval service for the purpose of benefits administered by the Veterans' Administration.

The bill, if enacted, might be construed to entitle midshipmen and cadets who served on or after April 6, 1917, and before November 11, 1918, to automatic insurance under the provisions of section 401 of the War Risk Insurance Act as amended by section 12, Public No. 104, Sixty-sixth Congress, which granted automatic insurance to any person in the active service on or after April 6, 1917, and before November 11, 1918, who, prior to the expiration of 120 days after October 15, 1917, or 120 days after entrance into active service, died or was disabled without having applied for insurance. Due to the lapse of more than 30 years since the service in question was performed, provision for automatic insurance for such individuals who claim to have become permanently and totally disabled during the time such insurance was in force would require administrative determinations of facts which occurred many years ago, which facts are not now readily ascertainable.

It is not clear whether the bill is intended to render midshipmen or cadets of the World War I period eligible for adjusted compensation under the World War Adjusted Compensation Act, as amended. This act provides that adjusted service credit be computed upon the basis of active service after April 5, 1917, and before July 1, 1919 (38 U. S. C. 601); that application for benefits be filed on or before January 2, 1940 (38 U. S. C. 612); and that in computing adjusted service credit no allowance be made for service as a cadet or midshipman (38 U. S. C. 602).

Information is not available upon which to base an estimate of the cost of the bill, if enacted. However, it is believed that relatively small numbers of persons would be affected and that the cost of paying initial or increased benefits granted under the bill would not be great.

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

Sincerely yours,

O. W. OLARK,
Deputy Administrator
(For and in the absence of the Administrator).

[H. R. 316, 82d Cong., 1st sess.]

AN ACT To amend the Veterans Regulations to provide a minimum rate of compensation for World War II veterans who have arrested tuberculosis

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That paragraph II, part I, Veterans Regulation Numbered 1 (a), as amended, is hereby amended by adding a new subparagraph (q) thereto to read as follows:

"(q) If the disabled person is shown to have had a service-incurred disability resulting from an active tuberculous disease, which disease in the judgment of the Administrator of Veterans' Affairs has reached a condition of complete arrest, the monthly compensation shall be not less than \$60."

SEC. 2. This Act shall be effective from the first day of the second calendar month following the date of enactment of this Act.

Passed the House of Representatives April 17, 1951.

Attest:

RALPH R. ROBERTS, Clerk.

H. R. 316

EXISTING LAW

The additional compensation "statutory award for arrested tuberculosis" is only paid to World War I veterans. The veterans of other wars do not have title nor do the Regular Establishment veterans have title.

EFFECT OF BILL

1. To provide additional compensation "statutory award for arrested tuberculosis" to World War II veterans at \$60 per month. (World War I veterans now have title.)
2. To provide additional compensation "statutory award for arrested tuberculosis" to Regular Establishment veterans. (Nonwar veterans have never been granted "statutory award" benefits.)
3. Will apply to veterans of all wars.
4. The additional compensation "statutory award for arrested tuberculosis" will be paid even though disability does not exist in ratable degree of 10 percent or more.

COST OF BILL

One million, one hundred fifteen thousand dollars first year additional cost for World War II veterans and Regular Establishment.

Five thousand World War II veterans affected at cost of \$900,000.

One thousand three hundred Regular Establishment veterans affected at cost of \$215,000.

The Veterans' Administration reports that enactment would not be in accord with the program of the President.

Present law, Public Law 339, 81st Cong.

Ratings for arrested tuberculosis:

Period:	<i>Percent disability</i>
Two years after arrest (may be reduced to 50 percent for failure to follow prescribed treatment or to submit to examination when requested)-----	100
Next 4 years-----	50
After 5 years:	
(A) If veteran had far-advanced lesions, for life-----	30
(B) If veteran had moderately advanced lesions and residuals continue to show certain evidence of disability, for life-----	20
(C) Otherwise-----	0

Percentage	All wars	Peacetime
100-----	\$150	\$120
50-----	75	60
40-----	60	48
30-----	45	36
20-----	30	24

Additional rates for dependents of veterans 50 percent or more disabled.

MAY 4, 1951.

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

DEAR SENATOR GEORGE: Further reference is made to your letter of April 20, 1951, requesting a report by the Veterans' Administration relative to H. R. 316, Eighty-second Congress, an act to amend the Veterans Regulations to provide a minimum rate of compensation for World War II veterans who have arrested tuberculosis.

The purpose of the bill is to amend Veterans Regulation No. 1 (a), paragraph II, part I, by adding a new subparagraph (q) to provide that if a disabled person is shown to have had a service-incurred disability resulting from an active pulmonary or nonpulmonary tuberculous disease, which disease in the judgment of the Administrator of Veterans' Affairs has reached a condition of complete arrest, the monthly compensation shall not be less than \$60. Although the bill specifically amends only part I of Veterans Regulation No. 1 (a), pertaining to wartime cases, peacetime veterans similarly disabled would be entitled to 80 percent of \$60, or \$48, by virtue of part II of said regulation, as amended by Public Law 876, Eightieth Congress, July 2, 1948.

A statutory award of \$50 per month for arrested tuberculosis was provided for veterans of World War I by the World War Veterans' Act, 1924, as amended by Public, No. 448, Sixty-ninth Congress, approved July 2, 1926. While this benefit was repealed by Public, No. 2, Seventy-third Congress, approved March 20, 1933, it was restored with limitations by the act of March 28, 1934, Public, No. 141, Seventy-third Congress. Public Law 682, Seventy-ninth Congress, August 8, 1946, increased all rates of compensation and pension payable to World War I and World War II veterans and their dependants by 20 percent, thereby increasing the \$50 rate payable to World War I veterans for arrested tuberculosis to \$60 per month. The provisions of the World War Veterans' Act, 1924, as amended, are not applicable to World War II veterans. In order to be eligible for such benefit, the World War I veteran must have had service-connected tuberculosis (active) of a compensable degree (10 percent or more).

The Congress had considered from time to time a number of proposals to provide a minimum monthly compensation for World War II veterans for the condition of arrested tuberculosis, as well as legislation to establish certain minimum percentage ratings for arrested tuberculosis. In the first session of the Eighty-first Congress, action was taken on this subject by the enactment of Public Law 339, Eighty-first Congress, approved October 10, 1949. This act fixes certain minimum ratings for service-connected arrested tuberculosis under the Veterans Regulations by providing that after an active tuberculous condition has reached a state of complete arrest, the ex-service person shall, with certain limited exceptions not here pertinent, be rated as totally disabled for a period of 2 years following such date of arrest, as 50 percent disabled for an additional period of 4 years and 30 percent for a further 5 years. Following far advanced active lesions, the permanent rating is fixed at 30 percent, and following moderately advanced lesions, the permanent rating after 11 years is 20 percent, provided there is continued disability, dyspnea on exertion, impairment of health, and so forth; otherwise the rating is zero percent.

Under the current rates of disability compensation, increased by other provisions of the mentioned Public Law 339, the respective statutory ratings noted above entitle the veterans concerned to the following amounts per month if the disability was incurred in wartime service: 100 percent, \$150; 50 percent, \$75; 30 percent, \$45; and 20 percent, \$30. Peacetime veterans, similarly disabled, are entitled to 80 percent of the above monthly rates.

In addition to the amounts specified in the preceding paragraph, veterans who are rated as 50 percent or more disabled may receive, pursuant to the provisions of Public Law 877, Eightieth Congress, as amended by Public Law 339, Eighty-first Congress, additional allowances for certain dependents. These allowances range from \$14 to \$91 monthly in wartime cases, depending upon the degree of disability and the number and type of dependents. Similar allowances in peacetime cases range from \$11.20 to \$72.80 monthly.

It appears that the Congress in the enactment of Public Law 339 took into consideration the then demonstrated facts and assumed a realistic view predicated upon sound medical judgment as to the actual disablement attendant upon a disability of arrested tuberculosis. The modern methods of medicine, including early discovery of lesions by X-ray, maintenance of rest treatment aided by surgery in proper cases, and post-hospital follow-up, have resulted in marked

advances in the treatment of tuberculosis since World War I and a resulting improvement in conditions of arrest. The residuals of arrested tuberculosis not infrequently cause little disability, or disability of unascertainable degree. Residuals from other diseases or injuries such as general medical or surgical disorders and neuropsychiatric conditions often cause an equal or greater degree of disability. The bill, if enacted, would provide a special benefit to certain veterans who have minimal or no residual disability as a concomitant of arrested tuberculosis which special benefit would not be provided for veterans suffering from other diseases. Statutory awards and special allowances providing specific amounts of money for certain types of disability without respect to the degree of disability, create inequalities in a system designed to provide benefits in proportion to the degree of disability. Such provisions frequently result in payment of greater benefits to persons having the lesser disability.

It is estimated that H. R. 316, if enacted, would provide increases to approximately 5,000 veterans of World War II at an additional cost for the fiscal year 1952 of approximately \$900,000. In addition, it is estimated that approximately 1,300 peacetime veterans would become eligible during the fiscal year 1952 to increased rates at an additional cost of approximately \$215,000. This is a minimum estimate with respect to peacetime cases and might be greatly increased by the return to the rolls of peacetime veterans who at one time had a tuberculous disability which is now arrested and rated at less than 10 percent disabling. The number of such veterans is not known and no estimate of cost for these cases can be made. The total ascertainable cost of the bill, if enacted, is therefore estimated to be approximately \$1,115,000 for the fiscal year 1952.

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

Sincerely yours,

O. W. CLARK,
Deputy Administrator
(For and in the absence of the Administrator).

[H. R. 318, 82d Cong., 1st sess.]

AN ACT To amend the Veterans Regulations and the World War Veterans' Act, 1924, as amended, to provide additional compensation for the loss or loss of the use of a creative organ

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

"(k) If the disabled person, as the result of service-incurred disability, has suffered the anatomical loss or loss of use of a creative organ, or one foot, or one hand, or blindness of one eye, having only light perception, the rate of compensation therefor shall be \$42 per month independent of any other compensation provided in part I, paragraph II, subparagraphs (a) to (j); and in the event of anatomical loss or loss of use of a creative organ, or one foot, or one hand, or blindness of one eye, having only light perception, in addition to the requirement for any of the rates specified in subparagraphs (l) to (n), inclusive, of part I, paragraph II, the rate of compensation shall be increased by \$42 per month for each such loss or loss of use, but in no event to exceed \$360 per month."

SEC. 2. The last paragraph of section 202 (3) of the World War Veterans' Act, 1924, as amended (38 U. S. C. 473), is hereby amended to read as follows:

"There shall be paid to any person who suffered the loss of the use of a creative organ or one or more feet or hands as the result of an injury received in the active service in line of duty between April 6, 1917, and November 11, 1918, compensation of \$42 per month, independent of any other compensation which may be payable under this Act: *Provided, however,* That if such injury was incurred while the veteran was serving with the United States military forces in Russia, the dates herein stated shall extend from April 6, 1917, to April 1, 1920."

SEC. 3. This Act shall be effective from the first day of the second calendar month following the date of enactment of this Act.

Passed the House of Representatives April 17, 1951.

Attest:

RALPH R. ROBERTS, Clerk.

[H. R. 318, 82d Cong., 2d sess.]

AMENDMENTS Intended to be proposed by Mr. DOUGLAS to the bill (H. R. 318) to amend the Veterans Regulations and the World War Veterans' Act, 1924, as amended, to provide additional compensation for the loss, or loss of the use of, a creative organ, viz:

On page 1, line 8, after "creative organ," insert "lung,".
On page 2, line 3, after "creative organ," insert "lung,".

H. R. 318

EFFECT OF BILL

1. To provide a "statutory award" of \$42 per month of additional compensation for World War II veterans in the case of the loss, or loss of use, of a creative organ.
2. To provide the rate of compensation for the "statutory award" (creative organ) for World War I veterans from \$30 to \$42 per month.
3. To provide a "statutory award" (creative organ) for veterans in the Regular Establishment at the rate of \$33.60 per month of additional compensation.
4. The additional compensation "statutory award" (creative organ) will be paid even though disability does not exist in a ratable degree of 10 percent or more.

EXISTING LAW

The additional compensation "statutory award" (creative organ) is only paid to World War I veterans under the World War Veterans' Act of 1924. The rate is \$30 per month.

COST

The cost would be approximately \$8,000,000 for the first year.

MAY 18, 1951.

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

DEAR SENATOR GEORGE: This is with further reference to your letter of April 20, 1951, requesting a report by the Veterans' Administration relative to H. R. 318, Eighty-second Congress, an act to amend the Veterans Regulations and the World War Veterans' Act, 1924, as amended, to provide additional compensation for the loss or loss of the use of a creative organ.

The purposes of the bill are (1) to amend part I of Veterans Regulation No. 1 (a), as amended, to provide a statutory award of compensation in the amount of \$42 monthly to male or female veterans for the loss or loss of use of a creative organ; and (2) to increase from \$30 to \$42 the compensation payable for such condition under the World War Veterans' Act, 1924, as amended. By virtue of Public Law 876, Eightieth Congress, approved July 2, 1948, peacetime veterans would be entitled to \$33.60 monthly for such condition if otherwise qualified to receive compensation under part II of Veterans Regulation No. 1 (a), as amended. Part II provides that the rates of compensation for disability incurred in peacetime service shall be 80 percent of the compensation now or hereafter payable had such disability been incurred during a period of war as provided in part I of the regulations.

Section 13, Public Law No. 522, Seventy-first Congress, July 3, 1930, amended section 202 (3), World War Veterans' Act, 1924, as amended, to provide, among other things, additional compensation of \$25 per month for the loss of use of a creative organ or one or more feet or hands. Certain provisions of the World War Veterans' Act, 1924, as amended, including those granting compensation, were repealed by Public. No. 2, Seventy-third Congress, March 20, 1933, but restored with limitations by Public, No. 141, Seventy-third Congress, March 28, 1934. The benefits provided under this act are not available to World War II veterans.

Under subparagraph (k), paragraph II, part I, Veterans Regulation No. 1 (a), issued pursuant to Public, No. 2, Seventy-third Congress, supra, additional compensation of \$25 per month was payable for the anatomical loss or loss of use of only one foot, or one hand, or one eye, incurred in wartime service.

Subparagraph (k) is comparable to section 202 (3) of the World War Veterans' Act, 1924, but contains no provision for the loss of use of a creative organ.

Section 6, Public No. 198, Seventy-sixth Congress, July 19, 1939, amended subparagraph (k) of paragraph II, part I, Veterans Regulation No. 1 (a) so as to increase from \$25 to \$35 per month the additional compensation payable to the wartime service disabled for the anatomical loss or loss of use of only one foot, or one hand, or one eye. Section 6, Public No. 866, Seventy-sixth Congress, October 17, 1940, increased the additional compensation payable to World War I service-connected disabled under section 202 (3) of the World War Veterans' Act, 1924, as amended, for the loss of use of one or more feet or hands from \$25 to \$35 per month, thus equalizing benefits for loss or loss of use of one foot or hand under the World War Veterans' Act, 1924, as amended, and under the Veterans Regulations. Subparagraph (k), paragraph II, part I of Veterans Regulation No. 1 (a), as amended, again was amended by Public Law 182, Seventy-ninth Congress, approved September 20, 1945, but again no provision was made for the loss of use of a creative organ.

Although the legislative history of these amendments indicates that the Congress was aware of the provisions made in section 202 (3) of the World War Veterans' Act, 1924, as amended, for loss of use of a creative organ, it may be noted that in amending section 202 (3), the amount provided for such condition was not increased and no additional allowance for such condition has been provided under the Veterans Regulations.

With certain exceptions not here involved, section 2 of Public Law 662, Seventy-ninth Congress, approved August 8, 1946, increased by 20 percent, effective September 1, 1946, all monthly rates of compensation and pension payable to veterans of World War I and World War II and dependents of such veterans, which are payable under any laws or regulations administered by the Veterans' Administration. Under this general increase, the amount of additional compensation payable to a veteran of World War I for the loss of use of a creative organ was increased to \$30 monthly.

From a medical viewpoint the loss of use of a creative organ, for example, that which commonly results from mumps with orchitis, does not necessarily destroy the procreative power of a person nor does it have any ascertainable effect upon earning capacity. Under the Veterans' Administration Schedule for Rating Disabilities, 1945, the evaluation of zero percent disability is provided for atrophy of one testis and no ratable disability is provided for removal of one testis, undescended, or congenitally undeveloped.

It is currently estimated that section 2 of the bill, if enacted, would provide increased payments the first year to approximately 3,300 World War I veterans, at an approximate cost of \$475,000. Specific information is not available as to the service-connected incidence of this disability among veterans of World War II, the Spanish-American War, or the Regular Establishment (peacetime). If it be assumed that the incidence among World War II veterans generally is comparable to experience in the World War I group, the cost of section 1 as to World War II veterans would approximate \$7,762,000 the first year, affecting about 15,400 veterans. However, in view of a number of differing factors involved, it is not believed that a reliable estimate even as to that group would follow from such an assumption. Accordingly, the Veterans' Administration is unable to estimate the total cost of the bill, if enacted.

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

Sincerely yours,

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

The CHAIRMAN. Mr. Birdsall, will you please come around.

**STATEMENT OF GUY H. BIRDSALL, ASSISTANT ADMINISTRATOR
FOR LEGISLATION, VETERANS' ADMINISTRATION, ACCOMPANIED
BY DONALD C. KNAPP AND HOWARD BERNSTEIN, DIRECTORS OF
LEGISLATIVE PROJECTS, OFFICE OF LEGISLATION, AND WILLIAM
B. DYESS, DIRECTOR OF CLAIMS STATISTICS SERVICE**

Mr. BIRDSALL. May I introduce at this time, with your permission, Mr. Chairman, the members of the staff here who are present.

We have Mr. Donald C. Knapp and Mr. Howard Bernstein of my office, and also Dr. Dyess, who is the claims statistician and who makes the estimates.

The CHAIRMAN. Yes, sir, you may be seated, and you may proceed now, Mr. Birdsall, to give us such analyses of these three bills as you wish to do at this time.

Mr. BIRDSALL. Mr. Chairman, this first bill, H. R. 4394, is of broad coverage and I believe the report is integrated in such a manner that it will not take long to present it, and it will give you the picture in better form than if I would attempt to digest it, because it has all the pertinent information.

The CHAIRMAN. Yes.

Mr. BIRDSALL. The purposes of the bill are as follow:

1. To increase the monthly rates of compensation for disability rated 10 percent to 49 percent by 5 percent, and for disability rated 50 percent to 100 percent by 15 percent, excluding any increases in special awards and allowances, dependency allowances, or subsistence allowances.

2. To increase the amount of pension payable under part III of Veterans' Regulation No. 1 (a) as amended, from \$60 to \$63 monthly and from \$72 to \$75 monthly for those in receipt of pension for a continuous period of 10 years or reach the age of 65. That is the benefit that is provided for permanent and total non-service-connected disability.

3. To increase the compensation for widows with children, and children where there is no widow, by approximately 15 percent.

4. To increase the amount of pension payable under Public No. 484, Seventy-third Congress, as amended, to a widow but no child from \$42 to \$48 per month; widow and one child from \$54 to \$60 per month, and from \$6 to \$7.20 for each additional child; and where there is no widow from \$21.60 to \$26 per month for one child; from \$32.40 to \$39 per month for two children; from \$43.20 to \$52 per month for three children, and from \$4.80 to \$7.20 for each additional child.

The increases proposed by the bill would be effective from the first day of the second calendar month following its enactment.

The majority of cases now on the rolls are receiving compensation and pension under Public Law 2, Seventy-third Congress, March 20, 1933, as amended, and the Veterans Regulations issued pursuant thereto. Benefits payable under Public Law 2, as amended, are available to veterans and the dependents of veterans of those who served in the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, World War I, World War II, and those who shall have served on or after June 27, 1950 and prior to such date as shall thereafter be determined by Presidential proclamation or concurrent resolution of the Congress. By virtue of subparagraph (c), paragraph I, part II of Veterans Regulation No. 1 (a), as amended, any veteran or the dependents of any deceased veteran otherwise entitled to compensation under Part II of Veterans Regulation No. 1 (a), as amended, or the general pension law, are entitled to receive the rate of compensation provided in part I of such Regulation—that Part I has to do with wartime rates—if the disability or death of such veteran resulted from an injury or disease incurred in line of duty (1) as the 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. This provision makes

veterans and the dependents of veterans of all wars eligible for the rates of part I for service-connected disability or death.

The enactment of H. R. 4394 would also effect corresponding increases in compensation rates for disability incurred in peacetime service because paragraph II, part II, Veterans Regulation No. 1 (a), as amended by Public Law 876, Eightieth Congress, July 2, 1948, provides:

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 80 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.

That is the legislation, you probably recall, where you elevated the relationship of peacetime rates to wartime rates, where you established them at 80 percent of the wartime rates.

Section 1 of the bill, if enacted, would increase the monthly basic rates of disability compensation for service-connected conditions prescribed by paragraph II, part I, Veterans Regulation No. 1 (a), as amended. These basic rates under this paragraph were last increased by section 3 (a) of Public Law 339, Eighty-first Congress, October 10, 1949. The proposed increases in the present rates are shown in the following table:

Degrees of disability	Present rate	Proposed rate	Degrees of disability	Present rate	Proposed rate
10 percent.....	\$15	\$15.75	60 percent.....	\$90	\$103.50
20 percent.....	30	31.50	70 percent.....	105	120.75
30 percent.....	45	47.25	80 percent.....	120	138.00
40 percent.....	60	63.00	90 percent.....	135	155.25
50 percent.....	75	86.25	100 percent.....	150	172.50

If the disabled person has suffered the anatomical loss or loss of use of one foot, or one hand, or blindness of one eye, having only light perception, the above rates are increased by \$42. Rates ranging from \$240 to \$360 per month are provided for the loss or loss of use of two or more extremities, certain degrees of blindness, combinations of such disabilities, and total deafness in combination with total blindness. Under the provisions of the bill, no increase in these specific amounts would be authorized.

Section 1 of Public Law 877, Eightieth Congress, July 2, 1948, as amended by section 4 of Public Law 339, Eighty-first Congress, October 10, 1949, provides additional disability compensation on account of dependents in the case of a veteran having a disability incurred in or aggravated by service as provided in part I, or paragraph I (c), Part II of Veterans Regulation No. 1 (a), as amended, who is rated not less than 50 percent, in the following monthly amounts:

If and while rated totally disabled and—

- (a) has a wife but no child living, \$21;
- (b) has a wife and 1 child living, \$35;
- (c) has a wife and 2 children living, \$45.50;
- (d) has a wife and 3 or more children living, \$56;
- (e) has no wife but 1 child living, \$14;
- (f) has no wife but 2 children living, \$24.50;
- (g) has no wife but 3 or more children living, \$35;
- (h) has a mother or father, either or both dependent upon him for support, then, in addition to the above amounts (each), \$17.50.

If and while the veteran is rated partially disabled, but not less than 50 percent, the additional compensation authorized on account of dependents is in an amount having the same ratio to the amount provided for total disability as the degree of disability bears to the total disability—in other words, if they are less than total we take the percentage less than total, but not below 50 percent of the total disability rate to add to the compensation—H. R. 4394 would not authorize any increase in the amounts shown above.

Section 2 of the bill would increase the rates of pension under part III of Veterans Regulation No. 1 (a), as amended, which provides pension for non-service-connected permanent total disability at the rate of \$60 monthly except that where such veteran shall have been rated permanently and totally disabled and in receipt of pension for a continuous period of 10 years or reach the age of 65 years the amount of pension is \$72 monthly. Under the provisions of the bill, if enacted, these rates would be increased to \$63 and \$75, respectively.

Attention is invited to the recent enactment of Public Law 149, Eighty-second Congress, September 18, 1951, which continues the mentioned pension rates of \$60 and \$72 monthly now authorized, but adds a provision for payment of pension in the amount of \$120 monthly for those entitled under part III who are in need of regular aid and attendance. The provisions of section 2 of the bill do not take cognizance of this new pension rate—It is obvious the bill was drafted prior to the enactment of this increase.

Section 3 of the bill would authorize an increase in the rates payable to the dependents of veterans entitled to compensation based on wartime service-connected death. The increases proposed by the bill and the rates payable under existing law are shown in the following table:

	Present rate	Proposed rate
Widow, but no child.....	\$75	\$75
Widow, 1 child.....	105	121
Each additional child.....	25	29
No widow, 1 child.....	58	67
No widow, 2 children.....	82	94
No widow, 3 children.....	106	122
Each additional child.....	20	23
Dependent mother or father.....	60	60
Both parents dependent (each).....	35	35

The rates for peacetime service-connected death are 80 percent of the wartime rates.

Section 4 of the bill would increase the pension payable to widows and children of World War I and World War II veterans (and veterans of service on or after June 27, 1950) whose deaths are not the result of service-connected disability under Public Law 484, Seventy-third Congress, June 28, 1934, as amended. The rates of pension presently payable under this act and the rates as proposed to be increased under the bill, are shown in the following table:

	Present rate	Proposed rate
Widow.....	\$42.00	\$48.00
Widow, 1 child.....	54.00	60.00
Each additional child.....	6.00	7.20
No widow, 1 child.....	21.60	26.00
No widow, 2 children.....	32.40	39.00
No widow, 3 children.....	43.20	52.00
Each additional child.....	4.80	7.20

There is enclosed a table showing the estimated cost for fiscal year 1952 of the increases in monthly rates of compensation and pension as proposed by H. R. 4394, if enacted. This estimate does not include any increases which may be involved under Public Law 28, Eighty-second Congress, May 11, 1951.

Advice has been received from the Bureau of the Budget that there would be no objection to the presentation of this report to the committee. Further, that insofar as the Bureau of the Budget is concerned, that part of the bill which would increase compensation rates up to 15 percent is without objection. However, it is the view of the Bureau of the Budget that favorable consideration should not be given to the remaining portion of the bill which would provide increased pension benefits.

Senator MILLIKIN. What is the view of the Veterans' Administration on this legislation?

Mr. BIRDSALL. The Veterans' Administration is under the policy of the Administrator. We do not recommend for or against the direct benefits, but do present the full statement of facts and estimates, Senator.

Senator MILLIKIN. That is a rather strange policy. You have the most experience on which to give us advice and yet that agency seems to withhold advice.

Mr. BIRDSALL. Of course I might refer to the fact, Senator, as far as the Bureau of the Budget is concerned, we have that advice, and then of course we do have the message of the President on the budget for the fiscal year ending June 30, 1953, wherein the recommendation was affirmatively made for increases in the service-connected compensation benefits for disability and death, and in another part of the budget message \$100 million was set aside for the fiscal year 1953 to meet such increases.

Senator MILLIKIN. That is the President's message recommendation?

Mr. BIRDSALL. Yes, sir.

Senator MILLIKIN. I assume the budget recommendations are identical to those of the President's recommendations.

Mr. BIRDSALL. Yes.

Senator MILLIKIN. We still do not have advice from the agency best fitted and most competent to give it to us. I am not going to argue with you about that. You haven't set that policy.

Mr. BIRDSALL. I wanted to say, Senator, we will do all in our power to assist you and to make certain that you get all the information and technical advice that we can possibly offer.

The CHAIRMAN. Have you the complete cost of this bill as it passed the House?

Mr. BIRDSALL. Yes, sir. We make the estimate for 1 year, Senator. The CHAIRMAN. Will you just give it to us?

Mr. BIRDSALL. On H. R. 4394 the estimated cost for the fiscal year 1952 of the proposed increases in monthly rates of compensation and pension, taking the living veterans first, we break that down as to living and deceased, and give the total.

As to living veterans of World War II, there will be a total of 1,697,600 cases, at an estimated cost of \$78,169,000. That is made up of compensation 1,656,100 cases in an amount of \$76,675,000, and pension 41,500 cases in an amount of \$1,494,000, the total of those two making the first figure I read. That is World War II veterans.

World War I veterans, there would be a total of 575,500 cases, with an estimated cost of \$29,947,000. That is made up of compensation 237,500 cases in an amount of \$17,779,000, and 338,000 pension cases in an amount of \$12,168,000.

The Regular Establishment, peacetime group, 67,600 cases in an amount of \$4,216,000. The total estimated cost for that year is made up of 67,600 compensation cases in an amount of \$4,216,000 and no pension cases. They are not eligible for pension.

The Spanish-American War, there would be 800 cases at a total estimated cost of \$114,000, made up of 500 compensation cases at \$103,000 and 300 pension cases in the amount of \$11,000.

Senator MILLIKIN. Mr. Chairman, may I ask whether these costs are expected to increase or decrease in the future?

The CHAIRMAN. Could you give us your judgment on that?

Mr. BIRDSALL. May I have Dr. Dyess cover that?

Mr. DYESS. May I have the question again, Senator?

Senator MILLIKIN. Would the cost increase or decrease in the future?

Mr. DYESS. For different groups that would vary, sir, but on the total we would think it would increase in the future.

Senator MILLIKIN. Of what magnitude would be the increase?

Mr. DYESS. I haven't calculated that, sir.

Senator MILLIKIN. Would it be unimportant, or would it be very substantial? Give us some kind of idea of what you would expect it to be.

Mr. DYESS. The pension cost increase would be substantial, sir.

Senator MILLIKIN. What would you guess? Give us some kind of figure. We have got to take these matters into consideration.

The CHAIRMAN. Let me get it clear. These estimates you have given us are for what?

Mr. BIRDSALL. Fiscal year 1952.

The CHAIRMAN. I see. Now what is your question?

Senator MILLIKIN. My question is will these costs increase or decrease. I don't care in the first instance whether you take them all together or whether you want to break them down. What I want to get at is whether they will increase or decrease or be stationary, and if they increase what would be the size of the increase, when will we reach the peak, or when will we reach the decline.

Mr. DYESS. There are so many controlling factors, sir, that are not predictable. For example, the pension entitlement is restricted by the income. If we attempt to project in the future years the income level and whether or not a person would be barred from pension as a result of income, it becomes very difficult.

Senator MILLIKIN. Assume, as you started with the assumption—of course it would have a lot of inaccuracies in it—that the income levels would remain the same for a certain period of time, then what result would you reach? There is bound to be a decrease in the number of persons who will get the benefits, and on the assumption that the income remains the same you should be able to get somewhere. Although I am willing to concede that the figure may not have much usefulness we would like to know on the best estimate you can make what the future costs are for this assistance.

Mr. BIRDSALL. Senator, I think if you will give us a little time so we can insert at this juncture an explanation, we could prepare something that probably would be helpful.

Senator MILLIKIN. We should have it.

Mr. BIRDSALL. At least we can state the facts as we can see them, as to the possibilities.

The CHAIRMAN. Yes; you will have the time, Mr. Birdsall. We will be glad to have you do it. We would like them broken down by classes here, because in some there would certainly be some increase and in others there might not be a marked increase in future years.

Mr. BIRDSALL. You would have your mortality factor there also in in your World War I group, where you would have your reduction.

The CHAIRMAN. Yes.

Mr. BIRDSALL. I just gave you the living veterans.

The CHAIRMAN. Yes.

Mr. BIRDSALL. Now the deceased veterans cases. You had a total of World War II of 102,600 cases that would be affected by the bill at an estimated cost of \$15,636,000. That would be made up of 86,700 compensation cases at an estimated cost of \$14,293,000, and 15,900 pension cases at an estimated cost of \$1,243,000.

World War I deceased cases would be 250,800 at an estimated cost of \$19,086,000. That is made up of 4,700 compensation cases at an estimated cost of \$905,000, and pension cases 246,100, at an estimated cost of \$18,181,000.

Regular Establishment, peacetime group, 6,400 at an estimated cost of \$1,014,000. That is made up of 6,400 compensation cases at an estimated cost of \$1,014,000, they not being entitled to pension.

Spanish-American War, 640 cases at an estimated cost of \$8,000. That is made up of 40 compensation cases at an estimated cost of \$7,000, and 600 pension cases at an estimated cost of \$1,000.

The over-all cost of living and deceased veterans is 2,701,940 cases at an estimated cost of \$148,090,000. That particular total cost is made up of 2,059,540 compensation cases at an estimated cost of \$114,992,000, and 642,400 pension cases at an estimated cost of \$33,098,000.

(The tables referred to follow:)

The following comparative estimate of cost between fiscal year 1952 and fiscal year 1975 is limited in consideration to World War I and World War II. The future numbers entitled for peacetime service, including service on or after June 27, 1950, is too indeterminate to permit of any reasonable basis of forecast. The estimated cost for fiscal year 1975 is presented not as a firm figure but solely for comparative purposes to indicate an estimated probability that the cost insofar as compensation benefits are concerned will be materially less than in 1952, and the cost insofar as pension benefits are concerned will be substantially greater.

Comparison of estimated cost of H. R. 4394 in fiscal year 1952 and fiscal year 1975, World War I and World War II only

	Fiscal year 1952	Fiscal year 1975
Compensation:		
Living veterans.....	\$94,454,000	\$72,344,000
Deceased veterans.....	15,198,000	4,992,000
Pension:		
Living veterans.....	13,662,000	40,151,000
Deceased veterans.....	19,424,000	38,239,000
Total.....	142,738,000	155,726,000

Estimated cost, fiscal year 1952, of proposed increases in monthly rates of compensation and pension

LIVING VETERANS

	Total		Compensation		Pension	
	Cases	Estimated Cost	Cases	Estimated Cost	Cases	Estimated Cost
World War II.....	1,697,600	\$78,169,000	1,656,100	\$76,675,000	41,500	\$1,494,000
World War I.....	575,500	29,947,000	237,500	17,779,000	338,000	12,168,000
Regular Establishment.....	67,600	4,216,000	67,600	4,216,000		
Spanish-American War.....	800	114,000	500	103,000	300	11,000
Total.....	2,311,500	112,446,000	1,961,700	98,773,000	379,800	13,673,000

DECEASED VETERANS

World War II.....	102,600	\$15,536,000	86,700	\$14,293,000	15,900	\$1,243,000
World War I.....	230,800	19,086,000	4,700	905,000	246,100	18,181,000
Regular Establishment.....	6,400	1,014,000	6,400	1,014,000		
Spanish-American War.....	640	8,000	40	7,000	600	1,000
Total.....	360,440	35,644,000	97,840	16,219,000	262,600	19,425,000

TOTAL LIVING AND DECEASED VETERANS

World War II.....	1,800,200	\$93,705,000	1,742,800	\$90,968,000	57,400	\$2,737,000
World War I.....	826,300	49,033,000	242,200	18,684,000	584,100	30,349,000
Regular Establishment.....	74,000	5,230,000	74,000	5,230,000		
Spanish-American War.....	1,440	122,000	540	110,000	900	12,000
Total.....	2,701,940	148,090,000	2,059,540	114,992,000	642,400	33,088,000

Mr. BIRDSALL. I have also the division of the total cost as to wars, if you care to have it.

Senator MILLIKIN. Are these figures intended to reflect the increase in population?

Mr. BIRDSALL. That is my understanding, Senator. At this particular juncture, if you care to have it—you have already mentioned one of the factors that would bear on projection—I thought maybe I might insert in this record for you the projected number of living World War I and World War II veterans, running to the end of the century. We usually put that in for your reference, if you care to have it.

The CHAIRMAN. Yes.

Mr. BIRDSALL. They are not long tables, they are very short tables.

The CHAIRMAN. We are very glad to have you insert them at this point in the record.

(The tables referred to are as follows:)

Projected number of living World War I veterans, by age, 1955-95,¹ as of June 30

[In thousands]

Age	1955	1960	1965	1970	1975	1980	1985	1990	1995
All ages.....	3, 156	2, 728	2, 211	1, 582	933	423	137	29	3
50-54.....	14	13							
55-59.....	1, 091	984	12						
60-64.....	546	1, 259	868	11					
65-69.....	42	435	1, 013	704	9				
70-74.....	14	29	300	700	488	6			
75-79.....	3	7	15	160	375	261	3		
80-84.....	(²)	1	3	6	60	141	98	1	
85-89.....	(²)	(²)	(²)	(²)	1	15	36	28	3
90 and over.....									
Average age (years).....	61. 3	66. 1	70. 7	75. 3	79. 6	83. 9	88. 2	92. 5	96. 8

¹ Estimated by a chain computation starting with the 1950 age distribution and involving the use of 5-year survival rates (low mortality) for native white males shown in the Bureau of the Census publication, *Forecasts of the Population of the United States, 1945-75*. The age distribution for 1950 was estimated by the application of appropriate 1-year survival rates for white males (derived from Bureau of the Census life tables for 1919-21, 1920-29, 1929-31, 1930-39, and 1939-41) to the 1918 distribution of World War I veterans by year of age based on records of 3.7 million War Risk Insurance applicants (U. S. Army Medical Department, *The Medical Department of the U. S. Army in the War, vol. XV, "Statistics, Part I: Army Anthropology"*).

² Less than 1,000.

Projected number of living World War II veterans, by age, 1955-2000,¹ as of June 30

[In thousands]

Age	1955	1960	1965	1970	1975	1980	1985	1990	1995	2000
All ages.....	15, 695	15, 404	15, 040	14, 561	13, 894	12, 894	11, 463	9, 558	7, 224	4, 724
20-24.....	(²)									
25-29.....	2, 244	(²)								
30-34.....	5, 147	2, 225	(²)							
35-39.....	4, 147	5, 088	2, 202	(²)						
40-44.....	2, 184	4, 079	5, 013	2, 173	(²)					
45-49.....	1, 284	2, 137	4, 003	4, 930	2, 139	(²)				
50-54.....	434	1, 238	2, 073	3, 897	4, 808	2, 086	(²)			
55-59.....	210	410	1, 180	1, 986	3, 747	4, 624	2, 005	(²)		
60-64.....	30	190	375	1, 088	1, 848	3, 486	4, 303	1, 864	(²)	
65-69.....	10	26	167	334	976	1, 657	3, 127	3, 860	1, 671	(²)
70-74.....	4	8	21	136	273	797	1, 353	2, 554	3, 153	1, 363
75-79.....	1	3	5	14	94	190	553	940	1, 774	2, 191
80-84.....	(²)	(²)	1	3	8	51	102	297	504	952
85-89.....	(²)	(²)	(²)	(²)	1	3	19	38	112	190
90 and over.....		(²)	(²)	(²)	(²)	(²)	1	5	10	28
Average age (years).....	36. 2	41. 1	46. 0	50. 8	55. 5	60. 2	64. 6	68. 9	73. 0	77. 1

¹ Estimated by a chain computation starting with the 1950 age distribution of males and females involving the use of 5-year survival rates (low mortality) for native white males and females shown in the Bureau of the Census publication, *Forecasts of the Population of the United States, 1945-75*. The 1950 composite age distribution was estimated by application of appropriate survival rates (computed from 1947 and 1948 mortality data for white males compiled by the National Office of Vital Statistics and from Bureau of the Census 1930-41 life tables for white females) to the male and female components of the "potential" World War II veteran population as of July 25, 1947, i. e., persons who served in the Armed Forces at any time between Sept. 16, 1940, and July 25, 1947, including those still in service on the latter date.

² Less than 1,000.

The CHAIRMAN. Now have you an estimated cost of the recommendation made by the Bureau of the Budget?

Mr. BIRDSALL. In reporting to us on this particular bill they indicated they would not object to increases up to 15 percent on service-connected benefits, that is, disability compensation, death compensation.

The CHAIRMAN. Have you an estimate of that cost?

Mr. BIRDSALL. I think that would be your compensation total here, would it not? You see the difficulty in this is that your bill does not carry an across-the-board increase. It is a 5-percent increase up to 50-percent disability. We have to estimate if you want to apply 15 percent. I believe we do have that on compensation. Don't you have 15 percent as well as 10 percent?

Mr. DYESS. Yes.

The CHAIRMAN. I thought you would have the estimate.

Mr. BIRDSALL. We thought you would ask that and a table has been constructed. We have the figures on the 5-percent increase, 10-percent increase, 15-percent increase, and 20-percent increase. That is compensation for living and death cases.

Senator MILLIKIN. Service-connected?

The CHAIRMAN. Service-connected only?

Mr. BIRDSALL. Yes.

Senator MILLIKIN. Give us those figures.

Mr. BIRDSALL. We are not able to estimate on the Korean service. This takes care of all the veterans except the Korean service. The Korean service we are not able to estimate.

The CHAIRMAN. I see.

Mr. BIRDSALL. This is the estimated cost for fiscal year 1953 to increase the monthly disability and death rates of compensation currently available to all veterans and their dependents.

If the 5-percent increase were applied across the board you would have a total cost of \$74,251,000 for fiscal year 1953, affecting 2,304,000 cases. That would be broken down as follows:

For World War II it would be 1,899,900 cases; World War I, 324,800 cases; Regular Establishment, 77,300 cases; Spanish-American War, 1,800 cases; and Civil War, 200 cases.

If you were to apply the 10-percent increase across the board on those cases you would have a total estimated cost for fiscal year 1953 of \$148,502,000, affecting 2,304,000 cases.

Senator MILLIKIN. I don't quite follow that figure. Your estimated cost of the whole bill is \$140 million.

Mr. BIRDSALL. Well, this is across the board. You see, you have 5 percent and 15 percent.

The CHAIRMAN. It is not following the line of the bill at this point?

Mr. BIRDSALL. No.

Senator MILLIKIN. I see.

Mr. BIRDSALL. On the 15-percent increase you have a total cost estimated for fiscal year 1953 of \$222,753,000, affecting 2,304,000 cases. That would be broken down again with the majority of them World War II, 1,899,900 cases, which would be the same figures I gave you on the other.

On the 20-percent increase across the board you would have an estimated cost of \$297,004,000 for fiscal year 1953, affecting 2,304,000 cases.

Senator MILLIKIN. In what way does the bill fail to be across the board?

Mr. BIRDSALL. H. R. 4394 gives the 15-percent increase only from 50 percent to 100 percent, inclusive. We have many rates above that which run up to \$360 a month that are not touched by H. R. 4394.

Senator MILLIKIN. Can you give us an itemization of the cost under H. R. 4394 as to service-connected compensation?

Mr. BIRDSALL. Yes. The total cost there was \$114,992,000.

Senator MILLIKIN. So the difference between that and \$148 million obviously represents the additional cost for non-service-connected pensions.

Mr. BIRDSALL. That is part of it. You mean the \$148 million includes the pensions. That is nonservice-connected, \$33,098,000.

Senator MILLIKIN. I want to get this straight. I understood you to say that the cost under the bill of service-connected compensation was \$114 million, is that correct?

Mr. BIRDSALL. That is correct.

Senator MILLIKIN. Then deducting that from the total cost of the bill, which you estimate would be \$148 million, the difference represents non-service-connected pensions?

Mr. BIRDSALL. That is correct.

The CHAIRMAN. But the rate of increase in the House bill is 5 percent for disabilities from 10 percent up to 49 percent.

Mr. BIRDSALL. Yes.

The CHAIRMAN. And then from 49 percent up to 100 percent, or from 50 percent up to 100 percent it is 15 percent.

Mr. BIRDSALL. Yes.

The CHAIRMAN. And it stops there, doesn't it?

Mr. BIRDSALL. Yes. We have other rates for the double amputations and blindness.

The CHAIRMAN. I understand, but they did not increase those.

Mr. BIRDSALL. They did not increase those; no. There is another factor, Senator, that I just asked Dr. Dyess about. He has included in this over-all estimate by percentages an increase in the additional amount of compensation in service-connected cases for dependents, and that is not increased under the bill.

The CHAIRMAN. That is not increased under the House bill?

Mr. BIRDSALL. That is right.

The CHAIRMAN. But that is the estimated across-the-board cost, is that correct?

Mr. BIRDSALL. Yes, sir.

Mr. DYESS. This is everything except additional subsistence allowances.

The CHAIRMAN. Yes, sir.

Mr. BIRDSALL. I would like to submit this table for the record.

The CHAIRMAN. Yes, sir; we will be glad to have that.

(The table referred to is as follows:)

Estimated cost, fiscal year 1953, to increase the monthly disability and death rates of compensation currently available to all veterans and their dependents

5-PERCENT INCREASE

	Compensation					
	Total		Living veterans		Deceased veterans	
	Cases	Estimated cost	Cases	Estimated cost	Cases	Estimated cost
World War II.....	1,899,900	\$58,283,000	1,637,900	\$45,855,000	262,000	\$12,428,000
World War I.....	324,800	13,202,000	264,600	10,604,000	60,200	2,598,000
Regular Establishment.....	77,300	2,651,000	58,800	1,879,000	18,500	772,000
Spanish-American War.....	1,800	106,000	500	47,000	1,300	59,000
Civil War.....	200	9,000			200	9,000
Total.....	2,304,000	74,251,000	1,961,800	58,385,000	342,200	15,866,000

10-PERCENT INCREASE

World War II.....	1,899,900	\$116,566,000	1,637,900	\$91,710,000	262,000	\$24,856,000
World War I.....	324,800	26,404,000	264,600	21,208,000	60,200	5,196,000
Regular Establishment.....	77,300	5,302,000	58,800	3,758,000	18,500	1,544,000
Spanish-American War.....	1,800	212,000	500	94,000	1,300	118,000
Civil War.....	200	18,000			200	18,000
Total.....	2,304,000	148,502,000	1,961,800	116,770,000	342,200	31,732,000

15-PERCENT INCREASE

World War II.....	1,899,900	\$174,849,000	1,637,900	\$137,565,000	262,000	\$37,284,000
World War I.....	324,800	39,606,000	264,600	31,812,000	60,200	7,794,000
Regular Establishment.....	77,300	7,953,000	58,800	5,637,000	18,500	2,316,000
Spanish-American War.....	1,800	318,000	500	141,000	1,300	177,000
Civil War.....	200	27,000			200	27,000
Total.....	2,304,000	222,753,000	1,961,800	175,155,000	342,200	47,598,000

20-PERCENT INCREASE

World War II.....	1,899,900	\$233,132,000	1,637,900	\$183,420,000	262,000	\$49,712,000
World War I.....	324,800	52,808,000	264,600	42,416,000	60,200	10,392,000
Regular Establishment.....	77,300	10,604,000	58,800	7,516,000	18,500	3,088,000
Spanish-American War.....	1,800	424,000	500	188,000	1,300	236,000
Civil War.....	200	36,000			200	36,000
Total.....	2,304,000	297,004,000	1,961,800	233,540,000	342,200	63,464,000

The CHAIRMAN. Mr. Birdsall, is there something else you wish to furnish us at this time?

Mr. BIRDSALL. I had one more figure to insert. I thought possibly you would want to insert it in the record, probably, with the projections I gave you. It is an interesting item. As of January 31, 1952, it is estimated that the number in the military services since June 27, 1950, were 4,100,000, and separations to civilian life since June 27, 1950, were 600,000. It is estimated that of this 600,000 about 70 per cent are veterans of World War II. Of course that ratio will go down as time passes.

Senator MILLIKIN. Have the service-connected disabilities of World War II been pretty well established now, or do you continue having a heavy load of service-connected disabilities of World War II?

Mr. BIRDSALL. We still have a substantial number of World War II claims, Senator.

Senator MILLIKIN. Are they pretty heavy?

Mr. BIRDSALL. I have it here, I think. In December 1951, they received 4,757 new claims.

Senator MILLIKIN. How does that compare to the comparable period of the year before, say? I am trying to get whether this is an increasing load or whether it has steadied now.

Mr. DYESS. It is a definitely decreasing load.

Senator MILLIKIN. World War I has pretty well steadied down, hasn't it? It is a little difficult to establish initially now service-connected disabilities for World War I, isn't it?

Mr. DYESS. That is right, sir.

Senator MILLIKIN. It is 35 years. That is a pretty long time since World War I.

Mr. DYESS. We have a considerable volume of new claims for World War I, but they are primarily pension claims.

Senator MILLIKIN. I see.

Senator MARTIN. You brought up the number that have been discharged from the service since June, 1950.

Mr. BIRDSALL. Yes.

Senator MARTIN. Since Korea.

Mr. BIRDSALL. Yes.

Senator MARTIN. How many of that number were discharged by reason of service-connected disability?

Mr. BIRDSALL. I don't think we have that broken down, but I might insert this in the record right now, if you care to have it. It is the status as of December 31, 1951, of the ones on the rolls. It is broken down as to service-connected and non-service-connected.

The CHAIRMAN. What date?

Mr. BIRDSALL. As of December 31, 1951. It is a spot check as of that time of just what we had on the rolls.

The CHAIRMAN. Yes.

Mr. BIRDSALL. We had on December 31, 1951, 878,807 World War I cases on the rolls, that is living and deceased combination.

The CHAIRMAN. What is that?

Mr. BIRDSALL. That is living and deceased, both.

The CHAIRMAN. That is service-connected?

Mr. BIRDSALL. The service-connected cases were 339,392 out of that 878,807. Of non-service-connected World War I cases we had 539,415. That is a combination of living and deceased cases.

The CHAIRMAN. How many non-service-connected cases?

Mr. BIRDSALL. 539,415 non-service-connected and 339,392 service-connected, making that total of 878,807.

The CHAIRMAN. That is World War I?

Mr. BIRDSALL. That is World War I. Of World War II we had a total of 1,939,009 on the rolls of cases living and deceased. Out of that 1,890,603 are service-connected, and the nonservice-connected is 48,406. A very small number in the nonservice connected.

Senator MILLIKIN. How many men at the peak of World War I were in the service?

Mr. BIRDSALL. Approximately 4,500,000.

Senator MILLIKIN. How many at the peak of World War II?

Mr. BIRDSALL. I believe the figure is around 12,300,000.

Mr. DYESS. I think the total number of participants was around 16 million, but I don't know how many at the peak at any one time.

Mr. BIRDSALL. Fifteen to sixteen million is usually the figure we get as to total participants.

Senator MILLIKIN. What is the latest figure on Korea?

Mr. BIRDSALL. Do you mean the casualties?

Senator MILLIKIN. Yes. I think I saw some figure like 125,000 some time ago. I am talking about the dead, wounded, and missing.

Senator MARTIN. You see, they are putting out seemingly two groups: One that they term battle casualties, but there is another group that are casualties from frost bite and things like that that are not considered battle casualties. I think it would be very helpful information if you would get that for us, because it shows what is coming up in the future. We have got to lay plans for the future, because this Korean casualty list is enormously large for the number of troops involved, probably more so than any war in which our country has ever taken part.

Senator MILLIKIN. I think it would be a good idea, Mr. Chairman.

The CHAIRMAN. If you can supply us with that it would help. Of course, you have to get it from the services. You would not have it in the Bureau.

Mr. BIRDSALL. No.

Senator MARTIN. I wish you would get that information. I have been trying to get it in my own office, Mr. Chairman. Of course you know we had a great number of men lose their feet and hands through frost and, as I understand it, they are not considered battle casualties, although it may occur on the front line. As I understand it, they are not entitled to the Purple Heart decoration. I may be wrong in that.

I would just like to have, Mr. Chairman, the total number of casualties. It does not make any difference, as far as the United States is concerned. These men are entitled to consideration whether it be a battle casualty or whether it come from frost bite, because they are over there trying to help in this great cause and they are entitled to consideration.

The CHAIRMAN. Will you get us a full statement on the Korean casualties? It may be broken down, if they give them to you in broken-down form, but we would like to have them as close to this date, or some last fixed date on which you can get these estimates. We would like to have that in the record, because, as Senator Martin properly observes, they are all potential applicants for some benefits under our veterans' pension and compensation laws.

Mr. BIRDSALL. Our compensation and pension roll as of December 31, 1951, is not a very good indication of the extent of casualties, because many of these cases we do not get immediately, and some men are being treated in the service, they are not discharged. We did have, as of December 31, 1951, a total of 12,835 service-connected, and 48 nonservice-connected cases.

The CHAIRMAN. A total of what?

Mr. BIRDSALL. Twelve thousand eight hundred and eighty-three.

The CHAIRMAN. As of December 31, 1951?

Mr. BIRDSALL. As of December 31, 1951.

The CHAIRMAN. Those are on your rolls?

Mr. BIRDSALL. Those are on our rolls receiving benefits, compensation, or pension.

Senator MARTIN. A great percentage of them are still in hospitals, probably.

Mr. BIRDSALL. Yes.

Senator MARTIN. And of course some of them are being taken back. As I understand it, a lot of them are being returned to duty. I realize it is a pretty difficult assignment we have given you.

The CHAIRMAN. Did you give us the Spanish-American War veterans?

Mr. BIRDSALL. I would be very glad to, sir. The Spanish-American War is not broken down as to service-connected and non-service-connected, but we had 163,210 on the rolls.

The CHAIRMAN. As of what date?

Mr. BIRDSALL. As of December 31, 1951.

Senator MILLIKIN. That is pensions and everything else?

Mr. BIRDSALL. Yes. A small number of them service-connected. Most of them are pension.

Senator MILLIKIN. We had heavier losses, that is as far as service-connected disabilities are concerned, in the Korean war than we had in the Spanish-American War.

Mr. BIRDSALL. I do not have the total figure on that.

Senator MILLIKIN. Do you have the total casualties in World War I, the dead, wounded, and missing? Wasn't it 350,000, something like that?

Mr. BIRDSALL. I don't recall. We can insert it in the record. I do not recall the exact figure.

Senator MILLIKIN. I have carried it roughly in my memory as being around 350,000 casualties.

Mr. BIRDSALL. Of course we ran over that in the rolls.

Senator MILLIKIN. Has anybody in the audience a figure on the World War I casualties, of the dead, wounded, and missing?

The CHAIRMAN. A complete casualty list of World War I. Mr. Miller can get that for us.

Mr. BIRDSALL. I can insert it.

The CHAIRMAN. Colonel Miller, have you got that?

Colonel MILLER. Sir?

The CHAIRMAN. Have you got the total casualty list of dead, wounded, and missing, and so forth, of World War I?

Colonel MILLER. Of World War I?

The CHAIRMAN. Yes.

Colonel MILLER. I may have it down in my office.

The CHAIRMAN. I mean you don't remember?

Colonel MILLER. No.

Senator MILLIKIN. In World War II I think it was 1,250,000 of dead, wounded, and missing. Does that strike a responsive chord? It would be interesting to have that.

Mr. BIRDSALL. It certainly would, sir.

The CHAIRMAN. If you will get those figures for us we would appreciate it.

Senator MARTIN. Mr. Chairman, I think it would be helpful to us in our consideration of this legislation if we had the total number that were in the service in World War I, the total number that were

in the service in World War II, and then the total casualties of killed, wounded, and missing, and then if we had similar information for Korea up to date, say January 1, 1952, something like that, it seems to me it would help us in the consideration of this bill, because we have got to take into consideration the future load.

Mr. BIRDSALL. Senator, if I might make one remark there. You take your figure on actually reported casualties, whatever the report is, that does not necessarily indicate your service-connected load, because we have many cases where records were not made at the time the men were injured or contracted a disease, and later on that case has to be built up by evidence.

Senator MILLIKIN. I suggest it does give you a pretty good picture.

Mr. BIRDSALL. It gives you a very broad approach to it; yes, sir.

Senator MILLIKIN. On the factors that generate these later claims.

Senator MARTIN. Mr. Chairman, if I might interject this observation, a great number of men are so anxious to get out of the service that they almost swear to a lie about their physical condition, and a lot of them are in very bad condition, and that comes up later. That is a thing I never felt ought to be held against the man. He thought he was going to be all right, and after he got out and worked a little while his wounds broke out again.

Mr. BIRDSALL. Yes.

Senator MARTIN. I realize it is an awfully difficult thing.

The CHAIRMAN. Can you give us any idea of the number of claims allowed, for instance, in World War I? You said there were some 4,000 new claims filed in December, or some date in December. Can you give us some idea of the percentage of those claims which have been allowed? I know of course many of those applications are still pending, they are not disposed of yet.

Mr. DYESS. We have records, Mr. Senator, of the number of cases of new claims adjudicated each month, and the percentage of these that are allowed or disallowed, and I could give them for a period of however many months you desire, back a few years, at least.

The CHAIRMAN. At least the total, say, of 1951.

Mr. DYESS. Yes.

The CHAIRMAN. We would be very glad if you would put that in the record.

Mr. DYESS. That is World War I only, or also World War II?

The CHAIRMAN. World War II and World War I, but of course your World War II claims are running very much heavier than World War I, aren't they?

Mr. BIRDSALL. Yes, sir.

Mr. DYESS. Not on new claims now, sir.

The CHAIRMAN. Not on new claims?

Mr. DYESS. No, sir. If you are limiting it to compensation, the answer is "Yes," but if you are including pension, they are not.

The CHAIRMAN. I limited it to compensation.

Mr. DYESS. You have limited it to compensation only?

The CHAIRMAN. Yes.

(The following information was furnished later:)

In calendar year 1951, approximately 67,000 new World War II disability compensation claims were adjudicated with approximately 19 percent of them allowed. In the same year, some 1,850 new World War I disability compensation claims were adjudicated with about 13 percent allowed.

Mr. BIRDSALL. The Administrator's annual report indicates that the peak for the service-connected numbers of World War I veterans on the rolls was 1941, when there were 349,724. That was the peak year of service-connected cases on the rolls of World War I for compensation.

The CHAIRMAN. That was World War I?

Mr. BIRDSALL. Yes.

The CHAIRMAN. 1941?

Mr. BIRDSALL. Yes.

The CHAIRMAN. You haven't the peak year for World War II, have you?

Mr. BIRDSALL. No, sir.

Mr. DYESS. I have made a projection on it, sir, but I don't remember the date now. It is based on an historical analogy and may be right or wrong.

The CHAIRMAN. Well, if you could give us that it would give us approximately the peak year, anyway pretty close to it.

(The following information was furnished later:)

The greatest number of veterans receiving service-connected disability compensation as result of service in the Spanish-American War and World War I was evidenced 17 and 23 years, respectively, following the end of the war. If comparable conditions can be expected in the case of World War II, the peak load for disability compensation for World War II may be anticipated to be existent about 1965, with the number in receipt of benefits at that time not materially in excess of the number in receipt of such benefits in 1952.

The CHAIRMAN. Are there any other questions of Mr. Birdsall?

Senator Flanders, you were not here at the beginning of the statement. Have you any questions that you would like to ask?

Senator FLANDERS. No.

The CHAIRMAN. Senator Millikin, any further questions?

Senator MILLIKIN. No.

Mr. BIRDSALL. There are two more tables here. I don't know whether you care to put them in the record, but I did think this morning I would take them along. This one is a very brief comparison and shows the eligibility in a nutshell, and the rate for the World War II veterans, which of course applies also to Korean veterans, and peacetime. It shows it broken down, and gives all the rights, not just compensation, but all the rights they have under the rules. It is a comparative statement.

The CHAIRMAN. Yes, sir; we would be very glad to have it in the record.

(The table referred to is as follows:)

Comparison of major benefits authorized for World War II veterans and peacetime veterans

Benefit	World War II	Peacetime
<p>Compensation (service-connected disability or death).</p>	<p>Rates—\$15 to \$360 for disability. (Plus allowance for dependents if 50 percent or more disabled.) Death rates, \$75 widow alone; \$68 child alone; \$60 one parent. Higher rates where additional children or both parents are involved.</p> <p>Presumptions—</p> <ol style="list-style-type: none"> 1. Sound condition at time of enrollment. 2. Service-connection of chronic diseases within 1 year (tuberculosis, 3 years, multiple sclerosis, 2 years) of separation from active service of 90 days or more. 3. Service-connection of tropical diseases within 1 year of separation from active service of 90 days or more. <p>Public 300, 78th Cong. (service incurrence where injury or disease suffered after ordered to report, but prior to acceptance), available Aug. 27, 1940-Dec. 31, 1946.</p>	<p>Service prior to June 27, 1950: Rates—80 percent of wartime rates and allowances for dependents. Same as wartime rates if—</p> <ol style="list-style-type: none"> (1) Disability direct result of armed conflict. (2) While engaged in extra-hazardous service; or (3) While United States engaged in war. <p>Presumptions—</p> <ol style="list-style-type: none"> 1. Sound condition at time of enrollment if there was 6 months or more active service. 2. No presumption for chronic diseases. 3. Service-connection of tropical diseases within 1 year of separation, if veteran served 6 months and was honorably discharged. <p>No provision available today similar to Public Law 300. Service in or after June 27, 1950: Same as World War II.</p>
<p>Pension (non-service-connected disability or death).</p>	<p>\$60 and \$72 per month, for permanent and total non-service-connected disability; 90 days service or disability discharge, income limitation. \$120 per month if in need of regular aid and attendance of another person.</p> <p>Death pension for widows and children if veteran at time of death had service-connected disability (examples of rates: widow alone, \$42; child alone \$21.60), income limitation.</p>	<p>Service prior to June 27, 1950: No pension provisions. Service on or after June 27, 1950: Same as World War II.</p>
<p>Hospitalization.</p>	<p>For service-connected disabilities. Non-service-connected disabilities if</p> <ol style="list-style-type: none"> (1) Bed available. (2) Unable to defray expenses. <p>Presumption of service connection for this purpose and outpatient treatment in active psychosis cases within 2 years after separation.</p>	<p>Service prior to June 27, 1950: For service-connected disabilities. For non-service-connected disability only if discharged for line of duty disability or in receipt of compensation for service-connected disability. Service on or after June 27, 1950: Same as World War II.</p>
<p>Domiciliary care.</p>	<p>Same as above, plus incapacity of veteran to earn a living.</p>	<p>Service prior to June 27, 1950: Peacetime cases must also show no adequate means of support. Service on or after June 27, 1950: Same as World War II.</p>
<p>Vocational rehabilitation.</p>	<p>Public Law 16, 78th Cong., as amended. For service-connected disabilities incurred between September 16, 1940, and July 25, 1947.</p>	<p>Public Law 16, 78th Cong., as amended. For service-connected disabilities incurred between June 27, 1950, and such date as shall thereafter be determined by Presidential proclamation or concurrent resolution of the Congress.</p>
<p>Education and training.</p>	<p>Public Law 346, as amended (Title II).</p>	<p>No.</p>
<p>Guaranteed loans.</p>	<p>Public Law 346, as amended. (Title III.)</p>	<p>No.</p>
<p>Readjustment allowances.</p>	<p>Public Law 346, as amended. (Title V.)</p>	<p>No.</p>
<p>Employment (placement and job counseling)</p>	<p>Public Law 346, as amended. (Title IV.)</p>	<p>No.</p>

Automobiles (or other conveyances)	Not to exceed \$1,000 on purchase price if veteran entitled to compensation for loss or permanent loss of use of one or both hands or feet or permanent impairment of vision of both eyes to a prescribed degree resulting from World War II service. (Application must be made within 3 years after Oct. 20, 1951, or within 3 years after separation from active service, whichever is the later.)	Service prior to June 27, 1950: No. Service on or after June 27, 1950: Same as World War II.
National service life insurance.	Prior to Apr. 25, 1951: Available to persons in active service after Oct. 7, 1940. Available to veterans who had active service between Oct. 8, 1940, and Sept. 2, 1945. Gratuitous insurance, maximum \$5,000 for death, total disability or if captured, between Oct. 8, 1940, and Apr. 20, 1942. After Apr. 25, 1951: No new NSLI available except under certain limited conditions.	Prior to Apr. 25, 1951: Available to persons in active service. Not available after separation (provided they had no World War II service.) No gratuitous insurance provision. After Apr. 25, 1951: Certain types of NSLI after discharge only. Free indemnity of \$10,000 less Government insurance, for death in service on or after June 27, 1950.
Civil relief.	Benefits of Soldiers and Sailors Civil Relief Act of 1940, including article IV (guaranty of civilian insurance premiums).	Same benefits available under sec. 14, Selective Training Act, 1948, as amended. (Public Law 759, 80th Cong.)
Burial expenses.	Not exceeding \$150. Payable on behalf of any wartime veteran, with other than dishonorable discharge.	Service prior to June 27, 1950: Payable for peacetime veteran only if he was in receipt of compensation at time of death or he was discharged or retired for disability in line of duty. Service on or after June 27, 1950: Same as World War II.
Burial flag.	For any wartime veteran.	Service prior to June 27, 1950: Peacetime veteran must have served at least one enlistment or been discharged for disability in line of duty. Service on or after June 27, 1950: Same as World War II.
Civil-service preference.	Certain preferences in Federal civilian employment available to: 1. Veteran. 2. Wife of veteran who is unable to qualify by reason of a service-connected disability. 3. Unmarried widow. 4. Mothers (under certain conditions), if veteran died on active duty, or of service-connected, permanently and totally disabled veterans.	(See note 2.) 1. Veteran—only if he served in campaign or expedition (for which a campaign badge has been authorized) or he has a service-connected disability. 2. Wife—same. 3. Unmarried widow—only if veteran served in campaign or expedition. 4. Mothers (under certain conditions), only if veteran died on active duty during a campaign or expedition or veteran has a service-connected, permanent and total disability.
Mustering-out pay.	Payments from \$100 to \$300 upon termination of honorable service. (Certain categories of persons specifically excluded.)	No.
Homestead preference.	Preference in acquisition and establishment of homestead rights to public lands. Veteran must have had 90 days, service or service-connected disability. Widow and minor children also eligible.	No.

NOTES

1. Benefits not listed herein which are available in like manner to both wartime and peacetime veterans are: Outpatient treatment for service-connected disabilities; prosthetic appliances; seeing-eye dogs plus certain equipment for the blind; special housing assistance (paraplegics, etc.); burial in a national cemetery; headstones or markers, and the death gratuity of 6 months' active duty pay for dependents.

2. For the purpose of sec. 2, Veterans' Preference Act of 1944, as amended, the terminal date of World War II has not been fixed by either statute or administrative regulation. Accordingly, persons currently being separated from the Armed Forces are not considered peacetime veterans for this purpose.

The CHAIRMAN. That is one of the tables. Now do you have another one?

Mr. BIRDSALL. There is one more, sir.

The CHAIRMAN. Yes.

Mr. BIRDSALL. Inasmuch as you are dealing with increases, this table takes your compensation rate increases from 1940 through to date, and takes it by years, and gives the act number, and exactly what the increases were on your disability compensation.

The CHAIRMAN. Yes, sir; you may put that in the record. We will be glad to have it in the record.

(The table referred to is as follows:)

Table of disability compensation rate increases, 1940-51, World Wars I and II, and service on or after June 27, 1950¹

Disability compensation, Veterans Regulation No. 1 (a), as amended, pt. I, par. II, subpars. (a) to (j), basic rates 10-100 percent disability	Disability compensation, Veterans Regulation No. 1 (a), as amended, pt. I, par. II, subpars. (k) to (p), special awards and allowances for specific disabilities
1940—\$10-\$100.	1940—(k) \$35, (l) through (o) \$150-\$250.
1944—\$11.50-\$115; (15 percent increase by Public Law 312, 78th Cong., approved May 27, 1944).	1944.
1945.	1945—(k) \$35; (l) through (p) \$200-\$300; (Public Law 182, 79th Cong., approved Sept. 20, 1945, added new subpar. (p)).
1946—\$13.80-\$138; (20 percent increase by sec. 2, Public Law 662, 79th Cong., approved Aug. 8, 1946).	1946—(k) \$42; (l) through (p) \$240-\$360; (20 percent increase by sec. 2, Public Law 662, 79th Cong., approved Aug. 8, 1946).
1948—By Public Law 877, 80th Cong., July 2, 1948, as amended by Public Law 339, 81st Cong., Oct. 10, 1949, the following additional compensation for dependents is payable to the veteran, if he is totally disabled: Wife, no child..... \$21.00 Wife, 1 child..... 35.00 Wife, 2 children..... 45.50 Wife, 3 or more children..... 56.00 No wife, 1 child..... 14.00 No wife, 2 children..... 24.50 No wife, 3 or more children..... 35.00 Each dependent parent..... 17.50 If the veteran is partially disabled, but not less than 50 percent, the additional compensation for dependents is a proportion of the above amounts.	1948—By Public Law 877, 80th Cong., July 2, 1948, as amended by Public Law 339, 81st Cong., Oct. 10, 1949, the following additional compensation for dependents is payable to the veteran, if he is totally disabled: Wife, no child..... \$21.00 Wife, 1 child..... 35.00 Wife, 2 children..... 45.50 Wife, 3 or more children..... 56.00 No wife, 1 child..... 14.00 No wife, 2 children..... 24.50 No wife, 3 or more children..... 35.00 Each dependent parent..... 17.50 If the veteran is partially disabled, but not less than 50 percent, the additional compensation for dependents is a proportion of the above amounts.
1949—\$15-\$150, (Public Law 339, 81st Cong., Oct. 1949)	1949.

¹ Service on or after June 27, 1950, and prior to such date as shall thereafter be determined by Presidential proclamation or concurrent resolution of the Congress (Public Law 28, 82d Cong., May 11, 1951).

NOTE.—Under existing law, peacetime rates are 80 percent of wartime rates, except that if the disability was incurred (1) as a direct result of armed conflict, or (2) while engaged in extra hazardous service, or (3) while the United States is engaged in war, the wartime rates are payable.

The CHAIRMAN. Is there any other material that you think may be helpful to us?

Mr. BIRDSALL. There is one more table I will insert. That has to do with the pension increases, so you will have them all together, if that is your wish.

The CHAIRMAN. Yes.

(The table referred to is as follows:)

Chronological listing of laws enacted since 1940 pertaining to rates of pension for widows and children of veterans of Indian wars, Civil War, Spanish-American War, World War I, World War II, or service on and after June 27, 1950

Law	Rate for widow or widow with child	Rate for child
Civil War (Mar. 4, 1861-Aug. 20, 1866):		
Act of Dec. 8, 1944.....	\$30 plus \$6 for each child (widow must be over 60 years of age). \$40 plus \$6 for each child (widow must be 70 years of age).	\$36 (widow's rate, plus \$6).
Act of July 30, 1947.....	\$36 plus \$7.20 for each child (widow must be over 60 years of age). \$48 plus \$7.20 for each child (widow must be 70 years of age).	\$43.20 (widow's rate, plus \$7.20).
Indian wars:		
Act of Mar. 3, 1944.....	\$30 plus \$6 for each child. \$40 age 70 years. \$50 wife during service.	\$36 plus \$6 for each additional child, equally divided.
Act of Jan. 10, 1948.....	\$36 plus \$7.20 for each child. \$48 age 70 or over. \$60 wife during service.	\$43.20 plus \$7.20 for each additional child, equally divided.
Spanish-American War, Philippine Insurrection, Boxer Rebellion (Apr. 21, 1898-July 4, 1902):		
Act of July 13, 1943.....	No provisions.	\$15, 1 child from age 16. \$22, 2 children from age 16. \$30, 3 children from age 16. \$3, each additional child from age 16. \$64, limitation on amount from age 16.
Act of Mar. 1, 1944.....	\$40 age 65 years. \$50 wife during service.	No provision.
Act of May 27, 1944.....	No provisions.	\$18, 1 child from age 16. \$27, 2 children from age 16 (equally divided). \$36, 3 children from age 16 (equally divided). \$4, each additional child; total amount equally divided.
Act of Dec. 14, 1944.....	-----	Same as act of May 27, 1944.
Act of Aug. 7, 1946.....	\$40 (under age 65 years.)	\$74 limitation on amount. No provision. (If no widow, child takes widow's rate plus \$6 to age 16. Act of May 1, 1926.)
Act of Aug. 8, 1946.....	No provision.	\$21.60, 1 child from age 16. \$32.40, 2 children from age 16 (equally divided). \$43.20, 3 children from age 16 (equally divided). \$4.80 each additional child (equally divided).
Act of July 30, 1947.....	Widows and former widows..... \$48.00 Wife during service..... 60.00 Additional for each child.. 7.20 No widow: 1 child (to age 16)..... 55.20 Each additional child (to age 16), total equally divided..... 7.20	1 child (age 16 or over)..... \$25.92 2 children (age 16 or over).. 38.88 3 children (age 16 or over).. 51.84 Each additional child (age 16 or over), total equally divided..... 5.76
Act of Aug. 4, 1951 (Spanish-American War, Philippine Insurrection, Boxer Rebellion, Apr. 21, 1898-July 4, 1902; Moro Province, July 15, 1903).	Effective Oct 1, 1951, in determining eligibility to pension under the service pension laws reenacted by the act of Aug. 13, 1935 (Public Law 269, 74th Cong.), as amended and supplemented, delimiting dates of the war with Spain, Philippine Insurrection, or Boxer Rebellion shall be as noted in law column; in computing active service there shall be counted continuous active service which commenced prior to and extended into the applicable periods, or which commenced within the applicable periods; and a discharge or release from active service under conditions other than dishonorable shall be a prerequisite. The service pension laws have no income or dependency requirements with respect to those widows who married prior to Jan. 1, 1938, but do set forth a dependency requirement applying to widows who married on and after Jan. 1, 1938.	

INCREASED VETERANS' BENEFITS

Chronological listing of laws enacted since 1940 pertaining to rates of pension for widows and children of veterans of Indian wars, Civil War, Spanish-American War, World War I, World War II, or service on and after June 27, 1950—Continued

Law	Rate for widow or widow with child	Rate for child
World War I (Apr. 6, 1917–Nov. 11, 1918, or to Apr. 2, 1920, service in Russia): Act of May 27, 1944.....	\$35, widow only. \$45, widow, 1 child. \$5, each additional child. \$64, total limit.	\$18, no widow, 1 child. \$27, 2 children (equally divided). \$36, 3 children (equally divided). \$4, each additional child (equally divided).
Act of Dec. 14, 1944.....	\$35, widow only. \$45, widow, 1 child. \$5, each additional child. \$74, total limit.	\$18, 1 child. \$27, 2 children (equally divided). \$36, 3 children (equally divided). \$4, each additional child (equally divided).
Act of Aug. 8, 1946.....	\$42, widow only. \$54, widow, 1 child. \$6, each additional child. No limitation.	\$21.60, 1 child. \$32.40, 2 children (equally divided). \$43.20, 3 children (equally divided). \$4.80, each additional child (equally divided).
World War II (Dec. 7, 1941–Dec. 31, 1946): Act of May 27, 1944.....	\$35, widow only. \$45, widow, 1 child. \$5 each additional child. \$64, total limit.	\$18, no widow, 1 child. \$27, 2 children (equally divided). \$36, 3 children (equally divided). \$4, each additional child (equally divided).
Act of Dec. 14, 1944.....	\$35, widow only. \$45, widow, 1 child. \$5, each additional child. \$74, total limit.	\$18, no widow, 1 child. \$27, 2 children (equally divided). \$36, 3 children (equally divided). \$4, each additional child (equally divided).
Act of Aug. 8, 1946.....	\$42, widow only. \$54, widow, 1 child. \$6, each additional child. No limitation.	\$21.60, 1 child. \$32.40, 2 children (equally divided). \$43.20, 3 children (equally divided). \$4.80, each additional child (equally divided).
Service on and after June 27, 1950: Act of May 11, 1951.	\$42, widow only. \$54, widow, 1 child. \$6, each additional child. No limitation.	\$21.60, 1 child. \$32.40, 2 children (equally divided). \$43.20, 3 children (equally divided). \$4.80, each additional child (total equally divided).

Chronological listing of laws enacted since 1940 pertaining to rates of pension for veterans of Indian wars, Civil War, Spanish-American War, World War I, World War II, or service on and after June 27, 1950

Law	Rates
Indian wars: Act of Mar. 3, 1944 (38 U. S. C., sec. 381) ..	\$20 to \$60 per month based upon disability. \$30 per month, age 62. \$60 per month, age 65 or over. \$100 per month, helpless or blind requiring regular aid and attendance.
Act of Jan. 19, 1948 (38 U. S. C. 374a).....	\$24 to \$72 per month based upon disability. \$36 per month, age 62. \$72 per month, age 65 or over. \$120 per month, helpless or blind requiring regular aid and attendance.
Civil War (Mar. 4, 1861–Aug. 20, 1866): Act of July 30, 1947 (38 U. S. C. 276).	\$90 per month, regardless of age or disability. \$120 per month, helpless or blind, or requiring regular aid and attendance.
War with Spain (Apr. 21, 1898–Apr. 11, 1899), Philippine Insurrection (Apr. 12, 1899–July 4, 1902), China Relief Expedition (June 16–Oct. 1, 1900): Act of June 10, 1942 (Public Law 601, 77th Cong., 38 U. S. C., ch. 12). Act of Mar. 1, 1944 (38 U. S. C., secs. 365, 370, Public Law 242, 78th Cong.).	\$40 per month, permanent total disability (pt. III, Veterans Regulation No. 1 (a), amended). \$75 per month total disability. \$75 per month, age 56. \$75 per month, age 75, payable under act of June 2, 1930 (74 Solicitor's Opinion 78).

Chronological listing of laws enacted since 1940 pertaining to rates of pension for veterans of Indian wars, Civil War, Spanish-American War, World War I, World War II, or service on and after June 27, 1950—Continued

Law	Rates																						
<p>War with Spain, etc.—Continued Act of May 27, 1944 (38 U. S. C., ch. 12)</p>	<p>\$50 per month, permanent total disability. \$60 per month, permanent total disability and in receipt of pension for a continuous period of 10 years. \$90 per month, permanent and total, age 65 years (pt. III Veterans Regulation No. 1 (a)).</p>																						
<p>Act of Aug. 7, 1946 (Public Law 611, 79th Cong.).</p>	<p>90 days or more service or discharge for disability incurred in line of duty: <table border="0"> <tr> <td>\$24, No disability.</td> <td>\$14.40, No disability.</td> </tr> <tr> <td>\$30, 1/4 disability.</td> <td>\$18, 1/4 disability.</td> </tr> <tr> <td>\$42, 1/2 disability.</td> <td>\$21.60, 1/2 disability.</td> </tr> <tr> <td>\$60, 3/4 disability.</td> <td>\$28.80, 3/4 disability.</td> </tr> <tr> <td>\$36, age 62.</td> <td>\$50, total disability.</td> </tr> <tr> <td>\$48, age 68.</td> <td>\$14.40, age 62.</td> </tr> <tr> <td>\$60, age 72.</td> <td>\$50, age 65 or over.</td> </tr> <tr> <td>\$86.40, aid and attendance.</td> <td>\$65, aid and attendance.</td> </tr> </table> </p>	\$24, No disability.	\$14.40, No disability.	\$30, 1/4 disability.	\$18, 1/4 disability.	\$42, 1/2 disability.	\$21.60, 1/2 disability.	\$60, 3/4 disability.	\$28.80, 3/4 disability.	\$36, age 62.	\$50, total disability.	\$48, age 68.	\$14.40, age 62.	\$60, age 72.	\$50, age 65 or over.	\$86.40, aid and attendance.	\$65, aid and attendance.						
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<p>Act of Aug. 8, 1946 (Public Law 662, 79th Cong.).</p>	<p>\$60 per month, permanent total disability. \$72 per month, permanent total disability and in receipt of pension for a continuous period of 10 years. \$72 per month, permanent and total, age 65 (pt. III, Veterans Regulation No. 1 (a)).</p>																						
<p>Act of July 30, 1947 (Public Law 270, 80th Cong.).</p>	<p>90 days or more service or discharge for disability incurred in line of duty: <table border="0"> <tr> <td>No disability... \$28.80</td> <td>No disability..... \$17.28</td> </tr> <tr> <td>1/4 disability.... \$36.00</td> <td>1/4 disability..... \$21.60</td> </tr> <tr> <td>1/2 disability.... \$50.40</td> <td>1/2 disability..... \$25.92</td> </tr> <tr> <td>3/4 disability.... \$72.00</td> <td>3/4 disability..... \$34.56</td> </tr> <tr> <td>Total disability. \$90.00</td> <td>Total disability.. \$60.00</td> </tr> <tr> <td>Age 62..... \$43.20</td> <td>Age 62..... \$17.28</td> </tr> <tr> <td>Age 65¹. \$90.00 (\$43.20)</td> <td>Age 65..... \$60.00</td> </tr> <tr> <td>Age 68¹. \$90.00 (\$57.60)</td> <td>Age 68..... \$60.00</td> </tr> <tr> <td>Age 72¹. \$90.00 (\$72.00)</td> <td>Age 72..... \$60.00</td> </tr> <tr> <td>Age 75¹. \$90.00 (\$90.00)</td> <td>Age 75..... \$60.00</td> </tr> <tr> <td>Aid and attendance¹. \$120.00 (\$103.68)</td> <td>Aid and attendance..... \$78.00</td> </tr> </table> </p>	No disability... \$28.80	No disability..... \$17.28	1/4 disability.... \$36.00	1/4 disability..... \$21.60	1/2 disability.... \$50.40	1/2 disability..... \$25.92	3/4 disability.... \$72.00	3/4 disability..... \$34.56	Total disability. \$90.00	Total disability.. \$60.00	Age 62..... \$43.20	Age 62..... \$17.28	Age 65 ¹ . \$90.00 (\$43.20)	Age 65..... \$60.00	Age 68 ¹ . \$90.00 (\$57.60)	Age 68..... \$60.00	Age 72 ¹ . \$90.00 (\$72.00)	Age 72..... \$60.00	Age 75 ¹ . \$90.00 (\$90.00)	Age 75..... \$60.00	Aid and attendance ¹ . \$120.00 (\$103.68)	Aid and attendance..... \$78.00
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Age 75 ¹ . \$90.00 (\$90.00)	Age 75..... \$60.00																						
Aid and attendance ¹ . \$120.00 (\$103.68)	Aid and attendance..... \$78.00																						
<p>Act of Aug. 4, 1951 (Public Law 108, 82d Cong.) (war with Spain, Philippine Insurrection, or Boxer Rebellion, Apr. 21, 1898–July 4, 1902; Moro Province, July 15, 1903).</p>	<p>Establishes minimum rates in service pension laws as follows: <table border="0"> <tr> <td>90 days or more service, or discharge for disability incurred in line of duty: \$90.</td> <td>70 days or more service but less than 90 days: \$60.</td> </tr> <tr> <td>\$120, aid and attendance.</td> <td>\$78, aid and attendance.</td> </tr> </table> </p>	90 days or more service, or discharge for disability incurred in line of duty: \$90.	70 days or more service but less than 90 days: \$60.	\$120, aid and attendance.	\$78, aid and attendance.																		
90 days or more service, or discharge for disability incurred in line of duty: \$90.	70 days or more service but less than 90 days: \$60.																						
\$120, aid and attendance.	\$78, aid and attendance.																						
<p>Act of Sept. 18, 1951 (Public Law 149, 82d Cong.).</p>	<p>\$60 per month, permanent total disability \$72 per month, permanent total disability and in receipt of pension for a continuous period of 10 years. \$72 per month, permanent and total, age 65. \$120 per month, helpless or blind, requiring regular aid and attendance (pt. III, Veterans Regulation No. 1 (a)).</p>																						
<p>World War I (Apr. 6, 1917–Nov. 11, 1918, or to Apr. 2, 1920, service in Russia). Act of June 10, 1942 (Public Law 601, 77th Cong., 38 U. S. C., ch. 12). Act of May 27, 1944 (38 U. S. C., ch. 12, Public Law 313, 78th Cong.).</p>	<p>\$40 per month, permanent total disability (pt. III, Veterans Regulation No. 1 (a), as amended). \$50 per month, permanent total disability. \$60 per month, permanent total disability and in receipt of pension for a continuous period of 10 years. \$60 per month, permanent total disability. \$72 per month, permanent total disability and in receipt of pension for a continuous period of 10 years. \$72 per month, permanent and total, age 65 years. \$120 per month, helpless or blind, requiring regular aid and attendance.</p>																						
<p>Act of Aug. 8, 1946 (Public Law 662, 79th Cong.).</p>	<p>\$60 per month, permanent total disability. \$72 per month, permanent total disability and in receipt of pension for a continuous period of 10 years.</p>																						
<p>Act of Sept. 18, 1951 (Public Law 149, 82d Cong.).</p>	<p>\$72 per month, permanent and total, age 65 years. \$120 per month, helpless or blind, requiring regular aid and attendance.</p>																						

¹ The \$90 rate at age 65 and \$120 rate for regular aid and attendance are payable to those only who served between Apr. 21, 1898, and July 4, 1902, and are not payable to those who served in the Moro Province between July 5, 1902, and July 15, 1903. Rates applicable to the Moro Province group are shown in parentheses.

Chronological listing of laws enacted since 1940 pertaining to rates of pension for veterans of Indian wars, Civil War, Spanish-American War, World War I, World War II, or service on and after June 27, 1950—Continued

Law	Rates
World War II (Dec. 7, 1941–Dec. 31, 1946): Act of May 27, 1944 (Public Law 313, 78th Cong.).	\$50 per month, permanent total disability. \$60 per month, permanently and totally disabled and in receipt of pension for a continuous period of 10 years. \$60 per month, permanently and totally disabled and age 65 years.
Act of Aug. 8, 1946 (Public Law 662, 79th Cong.).	\$60 per month, permanent total disability. \$72 per month, permanent total disability and in receipt of pension for a continuous period of 10 years.
Act of Sept. 18, 1951 (Public Law 149, 82d Cong.)	\$72 per month, permanent and total disability, and age 65. \$120 per month, helpless or blind, requiring regular aid and attendance.
Service on and after June 27, 1950: Act of May 11, 1951 (Public Law 28, 82d Cong.).	\$60 per month, permanent total disability. \$72 per month, permanent total disability and in receipt of pension for a continuous period of 10 years
Act of Sept. 18, 1951 (Public Law 149, 82d Cong.).	\$72 per month, permanent and total disability, and age 65. \$120 per month, helpless or blind, requiring regular aid and attendance.

Senator MARTIN. Mr. Chairman, I would like to ask, how did you handle the cases that came out of the Philippine Insurrection and the Boxer uprising? Under which head do they come? Do they come under the Spanish-American War?

Mr. BIRDSALL. Yes; they get the same rate as the Spanish-American War veterans.

Senator MARTIN. Do you have it broken down as to how many casualties there were, dead, wounded, and missing, in the Philippine Insurrection and also the Boxer uprising?

Mr. DYESS. I think we do, sir. I think we have received such figures from the service departments.

Senator MARTIN. On what date did we quit considering the Spanish-American War?

Mr. BIRDSALL. 1902 is the termination date of the Philippine Insurrection, except as to the hostilities in the Moro Province. Except for that, the Spanish-American War ended on July 2, 1903. It began in 1898.

Senator MARTIN. We were through in 1903, were we, in the Philippine Insurrection?

Mr. BIRDSALL. That was the date that was set by agreement between the United States and the government of Moro Province, as holding at that time that the insurrection had terminated. It is true that there was some isolated uprising after that but the Moro government had taken over and indicated in their agreement they could handle the situation. But the fact is the American forces had to help them police their own territory. However, they never changed the date of 1903, predicated on the diplomatic understanding.

Senator MILLIKIN. Well, the dead and wounded in the insurrection were far greater, were they not, than in the Spanish-American War proper?

Mr. BIRDSALL. That I don't know, but we will see what figures we can insert on the casualties, and break it down, if possible. In those cases also they had a very different situation in the handling of records, and they fought under conditions that did not obtain later on.

That was taken cognizance of by the Congress and the President when there was approved the restoration of their service pensions.

Senator MILLIKEN. What were the dead, wounded, and missing in the War Between the States? Will you give us that, please?

Mr. BIRDSALL. Yes, sir.

The CHAIRMAN. Very well, Mr. Birdsall. You will supply these missing links that we directed your attention to?

Mr. BIRDSALL. Yes, sir.

Armed Forces casualties since June 27, 1950¹

Casualties	Total	Resulting from enemy action in Korean area ²	Other
Deaths.....	26,689	17,754	³ 8,935
In action.....	15,879	15,879
From wounds.....	1,688	1,688
Other.....	9,122	187	8,935
Wounded (nonfatal).....	73,392	73,392

¹ As of Dec. 31, 1951.

² Based on notifications to next of kin.

³ Includes about 1,000 deaths in Japan and Korean area.

Source: Research Division, Coordination Service, Veterans' Administration, Mar. 7, 1952. Based on Army, Navy, Air Force, and Marine Corps data.

NOTE.—An estimated 67,500 persons have been discharged or retired from the Armed Forces for disability between June 27, 1950, and Dec. 31, 1951.

Estimated number of participants¹ and casualties in wars, campaigns, expeditions, and insurrections

War, campaign, expedition, or insurrection	Number of participants	Casualties				Wounded (nonfatal)
		Deaths				
		Total	Killed in action	Died of wounds	Died of disease and other causes	
Since June 27, 1950 ²	4,100,000	26,689	15,879	1,688	³ 9,122	73,392
World War II.....	16,535,000	409,000	232,714	29,987	146,299	663,017
World War I.....	4,744,000	131,000	39,362	14,009	77,629	203,460
War with Spain ⁴	313,000	6,658	880	106	5,672	1,664
Philippine Insurrection ⁴	116,000	4,165	777	227	3,161	2,911
Boxer Rebellion ⁴	7,000	43	43	(⁵)	(⁵)	480
Civil War.....	2,192,000	364,332	68,464	43,410	252,458	277,401

¹ A person who served in more than 1 war, campaign, etc., is counted as a participant in each.

² As of Dec. 31, 1951.

³ Includes 187 persons who died while missing in action.

⁴ The unduplicated total of participants in all 3 phases of the Spanish-American War is estimated to have been about 392,000.

⁵ Not available.

Source: Research Division, Coordination Service, Veterans' Administration, Mar. 7, 1952. Based on Army, Navy, Marine Corps, Air Force, and Coast Guard data.

Senator FLANDERS. The troops engaged is of pertinent value there also.

The CHAIRMAN. We have asked for that, Senator Flanders. If there are no further questions, thank you very much, Mr. Birdsall.

Is there anything else that either of you gentlemen wish to add to this record?

Mr. BIRDSALL. Are you going to have the other witnesses on this bill before you proceed with the other bills, Senator?

The CHAIRMAN. Yes, sir. We said we would consider these bills more or less together because they are somewhat related. You had in mind now what bill?

Mr. BIRDSALL. This is S. 2451 that we just delivered the report on today. That is broadly carrying a 20-percent over-all increase, and there are some other amendments also.

Senator MILLIKIN. Mr. Chairman, if it does not inconvenience the Veterans' Bureau too much, I think we would proceed more orderly if we considered both sides, or all sides that are offered on each bill as we go along.

The CHAIRMAN. Very well. I suppose these other witnesses are on this bill.

Mr. C. H. Olson, we would like to hear you now on H. R. 4394.

STATEMENT OF C. H. OLSON, ASSISTANT DIRECTOR, NATIONAL LEGISLATIVE COMMISSION, THE AMERICAN LEGION

Mr. OLSON. My name is C. H. Olson. I am in the legislative division. We are going to call on Mr. E. V. Cliff, of the national rehabilitation commission.

Mr. Chairman and gentlemen of the committee, the American Legion is grateful that you busy men are considering this important legislation and for the opportunity of coming before you at this time. We have with us today Mr. E. V. Cliff, of Ortonville, Minn., who is the national chairman of our rehabilitation commission, which is in session in Washington at this time. Mr. Cliff has been connected with the veterans' rehabilitation program since World War I and has a wealth of knowledge. I am sure you will be satisfied with the information he gives.

We have Mr. T. O. Kraabel, director, national rehabilitation commission and his assistant, Mr. Charles W. Stevens, assistant director, national rehabilitation commission, to answer any questions that may be raised.

I thank you very much.

The CHAIRMAN. Very well, Mr. Cliff.

STATEMENT OF E. V. "PAT" CLIFF, CHAIRMAN, NATIONAL REHABILITATION COMMISSION, ACCOMPANIED BY T. O. KRAABEL, DIRECTOR, NATIONAL REHABILITATION COMMISSION, AND CHARLES W. STEVENS, ASSISTANT DIRECTOR, NATIONAL REHABILITATION COMMISSION, THE AMERICAN LEGION

Mr. CLIFF. Mr. Chairman and members of the committee, I want to state at the outset on behalf of our organization that we appreciate very much this privilege. I am always somewhat embarrassed when somebody is introducing us and tell you how much I know. I am not so sure of that, but I have with me this morning my associates on the Washington staff.

May I say in my capacity as chairman of the national rehabilitation commission of the Legion, I am not a paid employee of the Legion, but only acting in a voluntary capacity as chairman.

Now I believe, in the interest of conservation of time of the committee, Mr. Chairman, we have some prepared statements which I would like to file rather than take up the time of the committee in reading them.

The CHAIRMAN. Yes.

Mr. CLIFF. I would like to make a general statement covering this situation. There is before the committee this morning S. 2451 and H. R. 4394, which pertain to disability and death compensation and pension increases. Also S. 2640 and H. R. 4108 revise the requirement for award of additional disability compensation to veterans with dependents. And S. 2641 and H. R. 4387 concern annual-income limitations governing disability and death pension payments.

May I state in the beginning that the American Legion, by convention-enactment mandate, supports the Senate bills rather than the House bills, for the reason that we believe it is more equitable to provide increases across the board instead of attempting to single out groups, with all the ramifications of trying to reach an increase for some that may affect others very adversely. Of course these increases are being recommended based upon the cost-of-living index as it has affected almost all segments of our economy.

Now S. 2451 would increase all disability and death compensation and pension rates, with the exception of a special disability-pension rate established by this Congress in the first session effective October 1, 1951.

In contrast to that may I state that H. R. 4394 would increase the compensation of only those service-connected disabled veterans whose disabilities are rated from 10 to 100 percent. It would not increase disability-compensation awards of thousands of other service-connected disabled. It would not increase death-compensation awards of widows alone or of dependent parents.

In order that the committee might get specifically those cases that I am referring to; H. R. 4394 does not increase the pension award, it does not increase the award to those veterans suffering from total blindness; those in need of regular aid and attendance; those who have lost an eye, a foot, or hand; those who have lost both hands and both feet, and the so-called basket cases would continue to receive compensation at the statutory rate established at September 1, 1946. We believe that this group should be included as is provided in the Senate bill rather than being left out under the House bill.

Now, S. 2640 would provide for award of additional disability compensation to all veterans with dependents have compensable disabilities.

Senator MILLIKIN. Mr. Chairman.

The CHAIRMAN. Senator Millikin.

Senator MILLIKIN. What was the reason assigned in the House for not having the across-the-board increase?

Mr. CLIFF. I don't believe, Senator, I can answer that question. I will ask one of my associates here if they know the reason.

Mr. KRAABEL. We haven't been able to ascertain the reason, Senator. I imagine, considering the amount of dollars involved if they went across the board, they tried evidently to find a formula by which they could make token increases for certain segments and not all of them. We have always worked on the proposition that when advocating

increases and adjustments for all disabled, we include the lower group as well as the higher group.

Senator MILLIKIN. Could it be due to the type of cases you have been describing, the theory that the Congress has dealt with them with sufficient generosity under all the circumstances?

Mr. KRAABEL. That may well have been the consideration.

Mr. CLIFF. S. 2640 would provide for award of additional disability compensation to all veterans with dependents having compensable disabilities. Presently, this award is limited to veterans 50 percent or more disabled, and the House bill provides for those who are not less than 40 percent disabled. The bill which we support, and distinguishing between that, as the Director has just stated to you, and the across-the-board of those not less than 10 percent—and when we state not less than 10 percent, that limits it to all compensable cases, because there is no compensation awarded for less than 10-percent disability—we believe again that that is a more equitable distribution and a fairer method of arriving at increasing the compensation. We cannot understand how you can say to one veteran who has a disability of 40 or 50 percent that he is entitled to an increase, although that might indicate a greater disability, and still say to the other veteran who is suffering a disability less than that, that “You are not entitled to it because you are not in a certain bracket.” That has never been our policy, may I say, Mr. Chairman and members of the committee, as the Director has stated, but when we asked for increases it has always been across-the-board.

Senator MILLIKIN. Mr. Chairman, I think perhaps the theory of the 5-percent raise on disabilities from 10 to 49 percent and then a higher increase from 49 to 100 percent is based upon the proposition that from 9 to 49 percent they have certain self-help powers which those in the upper percentages do not have.

Mr. CLIFF. The idea being, I take it, Senator, that you believe—

Senator MILLIKIN. Not that I believe. I haven't said what I believe.

Mr. CLIFF. I withdraw that. Now following on, as I say, we have taken the position that the increase should be generally across the board.

Now with reference to S. 2641, on the increase of the exemption of income, that would raise the present \$1,000 and \$2,500 annual income limitations for disability and death pension purposes to \$1,800 and \$3,000, respectively, and would continue the present exemptions of income from the annual computation as well as excluding certain additional income.

H. R. 4387 would fix the same limitations as the Senate bill, but include all income. So it would appear to us that by including all income under the House bill you would, in effect, nullify to a certain extent the liberalization of the income permitted by an increase from \$1,000 to \$1,800, and from \$2,500 to \$3,000. Now we feel that the most equitable way is that presented in the Senate bill, which excludes some income, and I believe in this bill it has recommended some additional exclusions.

Is that correct?

Mr. KRAABEL. That is right.

Mr. CLIFF. Now we have covered all this in these statements, Mr. Chairman, which we are filing, and unless there are some questions

that the chairman or members of the committee would like to ask me, I would like to terminate my general statement on this.

Senator FLANDERS. I would like to inquire what is the significance of these three different statements.

The CHAIRMAN. They relate to different bills, Senator. We are conducting these hearings on the bills before us dealing with the same general subject.

Senator FLANDERS. I see.

Mr. CLIFF. If there are no questions, may I again express my appreciation, Mr. Chairman, for this opportunity of appearing before you this morning.

The CHAIRMAN. We are very glad to have you. You may furnish to the reporter the full statements.

Mr. CLIFF. We have done so.

The CHAIRMAN. Very well. Is there anything else you wish to add?

Mr. KRAABEL. Only thanks to the committee for hearing us. We are very deeply interested. We have around 500 practicing service officers in session all week. They are working on the problem of compensation and pension adjustments as well as many other related problems for the veterans whom they serve, and the dependents, the widows and orphans and dependent parents. It is rather significant that we had the opportunity of appearing here just at the start of our annual rehabilitation conference.

Senator MILLIKIN. I think the chairman of this committee arranged it that way. He should receive credit for it.

The CHAIRMAN. At any rate, we are glad to have you here, and we are very glad to have your statement.

Senator MILLIKIN. Mr. Chairman, I would like to ask one question. Is this a fair summary of your main difference between H. R. 4394 and S. 2451, that you favor the across-the-board treatment?

Mr. KRAABEL. That is right, sir.

Senator MILLIKIN. That is the main difference?

Mr. KRAABEL. Yes. An analysis has been made by the assistant director who is a long-time expert in this whole field, Mr. Stevens.

The CHAIRMAN. Thank you very much.

(Mr. Cliff submitted the following statements:)

STATEMENT BEFORE THE COMMITTEE ON FINANCE, UNITED STATES SENATE, MARCH 4, 1952, ON THE BILLS S. 2451 AND H. R. 4394, BY E. V. CLIFF, CHAIRMAN OF THE NATIONAL REHABILITATION COMMISSION, THE AMERICAN LEGION

Mr. Chairman and members of the committee, there is a vital need at this time for the enactment of legislation providing increases of disability and death compensation and pension. The American Legion has definite ideas on this subject so that I appreciate this opportunity to be heard.

Thorough study was given this important subject by our annual national convention, expressing the will of several thousand delegates assembled last fall as representatives of the membership of 3 million men and women, veterans of World Wars I and II and of service in the present emergency.

Senator Martin introduced S. 2451 on January 17, 1952. This bill would provide those increases which the American Legion believes to be necessary and just. H. R. 4394 passed the House of Representatives June 21, 1951. It provides increases for some veterans and dependents but is unsatisfactory, in our opinion. We support enactment of S. 2451 as it would increase all disability and death compensation and pension rates of veterans of both World Wars, and of service after June 26, 1950, in the present emergency, as well as those of their dependents, with the sole exception of a special disability pension rate this Congress recently established.

We are critical of the provisions of H. R. 4394. It is discriminatory as concerns service-connected disabled veterans. It fails to provide increases for thousands of them. Such increases as are proposed are inequitable.

Increases of monthly compensation rates would be provided only for those veterans whose disability are evaluated from 10 to 100 percent under rating schedules. Rates would be increased 5 percent for disabilities evaluated as less than 50 percent and would be increased 15 percent for disabilities evaluated from 50 to 100 percent.

These increases cannot be justified, in our opinion, on the basis proposed. Disability ratings are based upon average impairments in earning capacities and it has been the practice for over 30 years, a proper one in our judgment, to award compensation in an amount having the same ratio to the amount provided for total disability as the degree of disability bears to the total disability. We contend that it is only fair and just to provide an identical percentage increase across the board.

This bill would grant no increase in the additional disability compensation awards for veterans with dependents.

This bill would not increase monthly statutory awards for certain specific disabilities. Veterans suffering total blindness; those in need of regular aid and attendance; those who have lost an eye, foot, or hand; those who have lost both hands and both feet, the so-called basket cases; would continue to receive compensation at statutory rates established September 1, 1946. We fail to see the logic of depriving these veterans of an increased award.

Widows without children would be given no increase of service-connected death compensation; neither would dependent parents.

The proposed \$3 increase of the \$60 and \$72 monthly pension awards for permanently and totally disabled war veterans is far from generous. The proposed meager increases of monthly rates of death pension payable to widows and orphans of war veterans won't help them much. The increases range from \$1.20 to \$8.80 monthly; not enough. Present rates are hopelessly inadequate; it being conceded that these widows and orphans need help, the help should be adequate.

Before discussing the provisions of S. 2451, I ask permission to insert in the record at this point statistical information which will give the committee an idea of the number of awards of disability and death compensation and pension that would be affected currently were this bill approved. It will be noted that peacetime cases are included. While disability or death pension is not payable in such cases, compensation for service-connected disability or death is payable, the awards by virtue of existing law being 80 percent of the rates established for wartime cases. There is a commensurate increase of peacetime rates when wartime rates are increased.

These are the figures to which I invite attention; I will not need to read them.

Disability and death cases with running awards on Dec. 31, 1951

	Disability compensation	Disability pension	Death compensation	Death pension
World War I.....	276, 824	300, 690	62, 568	238, 725
World War II.....	1, 632, 558	33, 233	258, 045	15, 173
Korea.....	3, 941	47	8, 894	1
Peacetime.....	59, 240	None	10, 028	None

Section 1 of S. 2451 would increase all disability compensation rates payable to veterans of World Wars I and II, and to veterans entitled to wartime rates for service on or after June 27, 1950, by 20 per cent. Present monthly awards range from \$15 for the least disabled to \$360 for the most profoundly disabled. The increases would apply not only in cases where the service-connected disabilities are rated from 10 to 100 percent under the schedules but also to statutory awards for specific disabilities and for disabilities in excess of total. The additional disability compensation payable for dependents would be increased.

Section 2 would accomplish two purposes. It would increase all compensation payments to widows, children, and dependent parents, in service-connected deaths. It would also provide—and this is new—for the payment of death compensation to widows, children, and dependent parents in those cases where veterans, rated as

of the date of death as permanently and totally disabled on a wartime service-connected basis, die of causes held not the result of service.

Following are the existing and proposed compensation rates for wartime service-connected deaths:

	Present	Proposed
Widow, no child.....	\$75	\$85
Widow, 1 child.....	105	115
Each additional child.....	25	30
No widow, 1 child.....	58	70
No widow, 2 children.....	82	100
No widow, 3 children.....	105	130
Each additional child.....	20	30
Dependent mother or father.....	60	70
Dependent mother and father (each).....	35	40

Section 3 would increase the present \$60 monthly pension rate to \$75 and the existing \$72 rate to \$90. It is not proposed that the special monthly rate of \$120 be increased for the reason that the rate was just established by this Congress in the first session effective October 1, 1951. This section would also revise the basis for award of the present \$72 rate which this bill proposes be increased to \$90. Presently this rate is payable only when a veteran has been rated permanent and total and in receipt of pension for a continuous period of 10 years or attains age 65. The bill would authorize award of this rate at age 65 and also when a rating of permanent and total for disability compensation or pension purposes has been in effect for an aggregate of 10 years.

Section 4 would increase death pension rates for widows and orphans so that these would be 70 percent of the wartime rates of death compensation. Present death pension rates are: Widow, no child, \$42; widow, one child, \$54; each additional child, \$6; no widow, one child, \$21.60; no widow, two children, \$32.40; no widow, three children, \$43.20; each additional child, \$4.80.

Section 5 would make the provisions of the enactment effective the first day of the first calendar month following approval.

There is full justification for the proposal in section 2 that death compensation be awarded surviving widows, children, and dependent parents in those cases where veterans, rated as of the date of death as permanently and totally disabled on a wartime service-connected basis, die of causes held not the result of service.

These veterans have been handicapped in earning a livelihood since their separation from active wartime service with disability and then, with rare exceptions, were in no position to engage in any gainful employment whatever as their disabilities progressed to the point they were rated permanent and total. Because they had so much less an opportunity than others to make provisions for the dependents surviving them, and because in their lifetimes the dependents shared with them discomforts brought about by their inability because of disability to earn substantial livings, we strongly advocate approval of this revised basis for award.

The death of a veteran is considered service-connected when evidence establishes that a service-connected disability was a principal or contributory cause of death. In determining whether the service-connected disability contributed to death, it is not sufficient to show that it was merely concurrent or coexistent, but rather it must be shown that it contributed substantially or materially; that it combined to cause death; that it aided or lent assistance to the production of death. It is not sufficient to show that it casually shared in producing death, but rather it must be shown that there was a causal connection.

This is an important reason for our recommending approval of this revised basis for award. When the veteran is permanently and totally disabled at time of death, who knows for certain that the service-connected disability was not contributory, regardless of the cause cited on a death certificate?

The need for the revised basis, contained in section 3, for award of disability pension at the higher rate, when a veteran has been rated permanent and total for an aggregate of 10 years should be explained. The present requirement, that a veteran shall have been rated permanent and total and in receipt of pension for a continuous period of 10 years, is preventing grant of the increased award to veterans who have been permanently and totally disabled so long

they truly need it. We believe that rating of permanent and total for an aggregate of 10 years should suffice.

A veteran's attempt at gainful employment of a few months duration might be the basis for a rating of less than permanent and total. In such a case, although returned to the pension rolls when proved to be unemployable, the qualifications that he be rated permanent and total and in receipt of pension for a continuous period of ten years are not met. A windfall, say a small inheritance, might elevate the annual income in 1 year above the statutory limit so the veteran would be removed from the pension rolls. Although restored to the rolls the next year, the requirement of the receipt of pension continuously for 10 years would not be met, even though the permanent and total rating had continued. There are other examples which I could cite but these are illustrative.

It is the sincere hope of the American Legion that this Congress, at the earliest possible date, will enact legislation essential to the well being of disabled war veterans, their dependents, and the surviving dependents of those who have died. The cost of living has soared. Skyrocketing prices are working grave hardships on the disabled and his family, the widow, and the orphan.

From time to time, disability and death compensation and pension rates have been increased, as succeeding Congresses have given thoughtful consideration to the plight of the recipients of these benefits. The increases have failed to keep up with rising costs of living through the years, however.

The consumers' price index was 189.1 on December 15, 1951. It was 178.8 on December 15, 1950. Just before the Korean hostilities commenced, it was 170.2 on June 15, 1950. This cost of living index was 100 in the base years 1935-39. This information is a matter of official record, reported by the Bureau of Labor Statistics of the United States Department of Labor.

When the cost of living index was 100, the compensation award for total disability was \$100. It is \$150 today. The rate was increased from \$100 to \$115 effective June 1, 1944; to \$138, September 1, 1946, to \$150, December 1, 1949, the last increase. We recommend the increase of this particular rate to \$180 at this time and this is still a conservative recommendation, considering the cost of living. There is the same definite and reasonable basis for establishing other new rates of disability and death compensation and pension that are proposed in S. 2451. We urgently recommend enactment of this bill.

Enactment of the bill would cost a lot of money. We know this. We are now in possession of facts which would enable us to estimate the approximate cost currently and prospectively. We do know that money, by the millions and billions, is found for a great many things. There is surely no more important cost that the Nation bears than the cost of the defense of the country. The care of the disabled war veteran, of the widow and orphan of the deceased war veteran, is, we insist, a part of this cost of defense.

Thank you.

STATEMENT BEFORE THE COMMITTEE ON FINANCE, UNITED STATES SENATE, MARCH 4, 1952, ON THE BILLS S. 2641 AND H. R. 4387, BY E. V. CLIFF, CHAIRMAN OF THE NATIONAL REHABILITATION COMMISSION, THE AMERICAN LEGION

Mr. Chairman and members of the committee, for the past several years the American Legion has sponsored and supported enactment of legislation proposing an elevation of the annual-income limitations governing the payment of pension for disability or death. Remedial legislation is so obviously necessary that we are indeed pleased to be afforded this opportunity to present our views to the distinguished members of this committee.

The present limitations were fixed in the depression years. They are unrealistic today. They have been for some years. Too many disabled veterans, too many widows and orphans of deceased veterans, are barred from pension payment by the existing limitations, so that they are actually in want.

S. 2641 was introduced by Senator George February 11, 1952, at the request of the American Legion. This bill would elevate the present annual-income limitations, for a person alone, of \$1,000, and for a person with dependents, of \$2,500, to \$1,800 and \$3,000, respectively, for disability and death pension purpose, and would authorize exclusion, in the annual-income computations, of certain income in addition to that presently exempted by statute or regulations. This is the bill we support.

H. R. 4387 passed the House of Representatives on June 21, 1951, in the first session of this Eighty-second Congress. This bill elevates the annual-income

limitations to \$1,800 and \$3,000 for both disability and death pension purposes. This is what we want. However, this bill would eliminate exclusion of income, from whatever source derived, in the annual computation. To this, we are opposed. As a matter of fact, the present language of the bill could be construed as requiring that any of these pension payments to disabled veterans, widows, and orphans, be included.

The purpose of my appearance today is: to summarize briefly the provisions of S. 2641, the bill which we support; to show the need for this amendatory legislation; and, to urge early enactment.

Section 1 of this bill concerns veterans; section 2, widows and orphans. The veterans are those, who served in World War I, World War II, or in the present emergency after June 26, 1950, and some Spanish American war veterans, who are rated permanently and totally disabled by the Veterans' Administration because of disabilities which that agency has held not to be service-connected. The widows and orphans are the surviving dependents of deceased veterans of the first or second World War, or of service after June 26, 1950 in the present emergency, whose deaths are held to be the result of causes not related to service.

Section 1 would fix \$1,800 as the annual income limitation for disability pension purposes for a veteran without dependents; \$3,000, for a veteran with dependents. It would recognize the dependency of a parent, not presently the case, so that the higher income limitation would apply in the case of a veteran with such a dependent.

Any payments by the United States Government because of disability or death under laws administered by the Veterans' Administration and the few remaining so-called World War I Federal bonus payments under the World War Adjusted Compensation Act of 1924 or Adjusted Compensation Payment Act of 1936 are presently excluded by Veterans' Administration regulation in computing the yearly income to determine if it is within the statutory limitation. Section 1 would provide for their exclusion by statute. It would also provide that any payments of retirement annuities, based upon age or disability, from whatever source, and of Federal Social Security benefits based upon age, would not be counted as income. This is new. Such income enters into the present computation.

Section 2 would also establish an annual income limitation of \$1,800 for determining entitlement of a widow with no child or of a child to death pension. The yearly limitation would be \$3,000 for a widow with a child or children. This section would continue the present statutory exclusion of any payments by the United States Government because of disability or death, including insurance, under laws administered by the Veterans' Administration, in the annual income computation. This section would also provide for the exclusion of these new items: life insurance payments from any source; payments, made by the widow or child, for settlement of the veteran's debts, for expense of the veteran's burial beyond that authorized for payment by the Veterans' Administration.

Little need be said before this committee in support of the proposal for elevation at this time of the \$1,000 limitation to \$1,800 for a veteran alone, a widow alone, or each child when there is no widow or when the widow is barred and for elevation from \$2,500 to \$3,000 for a veteran with dependents or a widow with children.

This committee, we believe, just will not agree that it is reasonable to deprive disabled veterans, widows and orphans, of needed pensions because of incomes in excess of limitations prescribed by laws enacted two decades ago, in the early 1930's. This committee knows full well that \$10 would buy a basket of groceries in the late 1930's that costs over \$25 today.

While it has always been considered in veterans' legislation that wives or widows and minor or helpless children are the primary dependents, cognizance has been taken of the obligation children owe parents who are dependent. Upon a showing of the dependency of a parent, provision has been made in various laws relating to members of the Armed Forces and veterans of such forces for monetary awards to dependent parents. What we seek here is only recognition of parents as dependents so that permanently and totally disabled veterans, who are attempting to fulfill their obligation to them by contributing to their support, will be allowed the greater instead of the lesser income, in determining their pension entitlement.

There are few who have retirement annuities of any great substance. Those veterans receiving such payments, whether by virtue of age or disability, could

look forward to a somewhat brighter future in their declining years, were their annuity payments augmented by these disability-pension payments, small as they are. This is true also of social-security benefits payable at an age when most men's productive years have passed, awarded only when the person has no, or minimal earnings. Years spent in active military or naval service by many veterans prevented their husbanding resources which would see them through the latter years of their lives.

As to widows and orphans, it is a known fact that most veterans leave to them life-insurance benefits of but a couple of thousand dollars from commercial sources. Some do, but this is rare. These sums are sufficient only for meeting limited needs and we feel that, like Government life insurance, payments of such insurance should be excluded in determining income. Widows and children feel obligated to pay such debts owed by the husband and father at his death. They pay them from such earnings or other income as they may have. We do not think they should be considered in determining income for the annual computation. Funerals cost money today. Bereaved widows and orphans, revering the memory of the husband and father, want to honor him with a fitting service. Too often they expend too much in excess of the Government allowance for a veteran's burial, which is \$150 today. We think it reasonable to exclude from consideration such costs as they have defrayed.

The House of Representatives recognized the need for a modest increase of the statutory income limitations, although that body removed existing income exclusions, in approving H. R. 4387 more than 7 months ago. We urge sincerely that action be taken by the Senate at an early date to approve S. 2641. Thank you.

STATEMENT BEFORE THE COMMITTEE ON FINANCE, UNITED STATES SENATE, MARCH 4, 1952, ON THE BILLS S. 2640 AND H. R. 4108, BY E. V. CLIFF, CHAIRMAN OF THE NATIONAL REHABILITATION COMMISSION, THE AMERICAN LEGION

Mr. Chairman and members of the committee, the American Legion appreciates the opportunity to testify in support of legislation to revise the requirement for award of additional disability compensation to veterans who have dependents.

Senator George kindly introduced S. 2640 in this second session of the Eighty-second Congress on February 11, 1952, at the request of the American Legion. This bill would include veterans, whose service-connected disabilities are rated not less than 10 percent, among those for whom additional disability compensation will be granted because of dependents.

H. R. 4108 passed the House of Representatives on June 21, 1951, in the first session of this Eighty-second Congress. The purpose of this bill is to authorize award of disability compensation for dependents to veterans whose service-connected disabilities are rated not less than 40 percent.

Public Law 877, Eightieth Congress, approved July 2, 1948, provided a basis for award on or after September 1, 1948, of additional disability compensation for dependents. That law limited the payment to veterans having service-connected disabilities rated not less than 60 percent. Public Law 839, Eighty-first Congress, approved October 10, 1949, in section 4, authorized payment on or after December 1, 1949, of the additional compensation for dependents to veterans whose service-connected disabilities were rated not less than 50 percent.

Thus, additional compensation is payable under existing law to veterans rated 50 percent or more disabled from disabilities incurred in or aggravated by service, for a wife, child (but not more than three children), and dependent parent or parents. Dependency of a parent must be proved.

For totally disabled veteran entitled to compensation at wartime rates, the additional amount payable is \$21, life, no child; \$35, wife, 1 child; \$42.50, wife, 2 children; \$56, wife, 3 or more children; \$14, no wife, 1 child; \$24.50, no wife, 2 children; \$35, no wife, 3 or more children; and, \$17.50, each dependent parent. A totally disabled veteran entitled to compensation at peacetime rates is allowed 80 percent of these amounts.

If a veteran is partially disabled, the award is in an amount having the same ratio to the amount provided for total disability as the degree of disability bears to the total disability.

Enactment of H. R. 4108 would be beneficial in that a further group of deserving veterans would be awarded this benefit. The discrimination now evident would not be removed, however, for there would still be a group of veterans with dependents who would be deprived of the award.

We firmly believe that there is a definite basis and need for granting this benefit to all veterans who are in receipt of compensation for service-connected disabilities. The amounts payable, when disabilities are rated 10, 20 or 30 percent, may not appear large, but a veteran would find the small additional benefit helpful in buying necessities of life for his dependents.

The American Legion favors, and urgently recommends, enactment of S. 2640, as it provides for the award to any veteran suffering from a compensable disability who has dependents.

Granting additional disability compensation for dependents to all veterans rated 10 percent or more was a pattern established October 6, 1917, during the First World War. That was most equitable, in our opinion, for all veterans with dependents were allowed the benefit according to the extent of their disability.

The following figures were gleaned from the annual report of January 10, 1952, to the Congress by the Administrator of Veterans' Affairs covering Veterans' Administration activities for the fiscal year ending June 30, 1951. It was our thought that this information might prove helpful to the committee in its consideration of this proposed legislation. I ask insertion in the record at this point; I need not read them.

Veterans receiving compensation June 30, 1951, for service-connected disability, showing the number by degree of impairment

Disability evaluation	Spanish-American	World War I	World War II	Korea	Peace-time
Total number.....	549	282,080	1,636,731	213	58,337
Percent:					
0.....	4	1,675			
10.....	3	62,969	710,320	41	18,672
20.....		79,998	248,386	25	6,750
30.....	5	36,929	265,661	32	11,381
40.....	28	23,172	128,528	19	4,190
50.....	12	18,899	86,371	34	3,589
60.....	47	14,149	62,983	6	2,960
70.....	46	7,613	29,436	3	1,290
80.....	77	4,545	17,706	3	720
90.....	8	936	5,160	1	107
100.....	319	31,195	82,180	49	8,668

Veterans receiving compensation June 30, 1951, for service-connected disability, showing those receiving additional compensation for dependents, by class of dependent

	Spanish-American War	World War I	World War II	Korea	Peace-time
Total number of veterans.....	549	282,080	1,636,731	213	58,337
Veterans less than 50 percent disabled.....	40	204,743	1,352,895	117	40,993
Veterans 50 percent or more disabled.....	509	77,337	283,836	96	17,344
Without dependents.....	181	22,928	73,454	67	6,946
With dependents.....	328	54,409	210,382	29	10,398
Total number of dependents for whom additional compensation is being paid.....	361	80,656	465,074	50	20,760
Wives.....	325	51,210	183,205	26	8,643
Children.....	36	27,014	253,402	23	10,348
Parents.....	0	2,432	28,377	1	1,769

The number of veterans rated 10, 20, 30 or 40 percent disabled, about whom we are concerned, can be readily seen. It will be observed also that this constitutes the largest group of service-connected veterans, 1,604,748 of the 1,983,870 total. Of the 379,122 veterans rated 50 percent or more disabled, 103,576 have no dependents, it will be noted.

We are unable to estimate the cost of the legislation proposed in these bills. We are of the fixed opinion that it is an integral part of the cost of war and defense. We have a firm belief in the American people; we believe they are

ready and willing to bear this cost; they want the American veteran and his dependents cared for properly, the service-connected disabled above all.

Thank you.

The CHAIRMAN. Mr. A. M. Downer, of the Veterans of Foreign Wars.

STATEMENT OF A. M. DOWNER, ASSISTANT LEGISLATIVE REPRESENTATIVE, VETERANS OF FOREIGN WARS OF THE UNITED STATES

The CHAIRMAN. Will you identify yourself for the record?

Mr. DOWNER. My name is A. M. Downer. I am assistant legislative representative of the Veterans of Foreign Wars of the United States.

Mr. Chairman, I have a prepared statement and, with your permission, I would like to present it.

The CHAIRMAN. Do you wish to read it or present it for the record?

Mr. DOWNER. With your permission I would like to read it, sir.

The CHAIRMAN. Yes, sir. We will be glad to have you read it.

Mr. DOWNER. Mr. Chairman and members of the committee, I am grateful for the opportunity and privilege to appear before your committee as the legislative spokesman for the Veterans of Foreign Wars of the United States—an organization composed of men who have served in the Armed Forces of the United States, on foreign soil or in hostile waters during wartime—to present our views with respect to increases of compensation and pension, income limitations, and dependency allowances.

The various bills now under consideration all have the effect of increasing the amount of compensation or pension to be paid, either by increasing the rates or by increasing the number of persons eligible. Since these bills all have this common result, it seems proper that they should be considered together. However, because of the variety and number of the bills, and the relationship of the questions involved, I shall not attempt in this written statement to present a complete and specific discussion of each of the bills but shall confine myself to generalizations on each of the separate questions. I shall then, or during the presentation of this statement, be pleased to answer any questions the committee may desire to ask.

A veteran's pension is money that is paid to a veteran with honorable wartime service in the Armed Forces for a disability that is not proven to have been caused by his military service or, as we say, is non-service-connected. Compensation is money that is paid for a disability that is "service-connected."

There seems to be no objection from any source to the principle of compensation. In fact, the old common law rule of the liability of master to servant has been abrogated by statute in all of the States through the enactment of workmen's compensation laws. Under these laws it is recognized that the employer has a liability to the employee for any injury or disability that arises in the course and scope of his employment. We also have a Federal Employees Compensation Act under the provisions of which civilian employees of the Government are compensated for injuries or disabilities that so occur. In many instances the compensation paid a civilian employee under these acts exceeds the compensation which a veteran receives under our present

laws for disability incurred on the battlefield in defense of his country. While there is universal acceptance of the principle of compensation, we regret that there has recently been a tendency to place the non-service-connected disabled in the same category with the nonveteran population.

Senator MILLIKIN. Mr. Chairman, may I ask him a question?

The CHAIRMAN. Yes.

Senator MILLIKIN. Do you know whether the civilian employee in the Government pays anything for his compensation?

Mr. DOWNER. No, sir.

Senator MILLIKIN. You mean he does not pay?

Mr. DOWNER. I think he does not, sir. I think it operates the same as the various State workmen's compensation laws.

Senator MILLIKIN. Thank you.

Mr. DOWNER. The advocates of this theory propose that these disabled veterans should be taken care of through social-security legislation and various industrial pension plans on the same basis as the non-veteran population, for the mere reason that their disability was not proven to have been caused during the period of service to their country. We reject the theory that the veteran with a non-service-connected disability and the nonveteran should now be treated on an equal basis for the reason that they were not treated on an equal basis in time of war. If we are to achieve equality, then the equality should commence in time of war and not after the sacrifices of the veteran have already been made. The achievement of equality is the sole and only purpose of our veterans' pension program. We know of no other means whereby the social dislocation and financial losses, the sacrifices and hardships endured by these veterans in the defense of their country can be equalized with the high wages and advantages of the nonveteran population during this same period of time.

It is for this reason that we endorse pensions for the disabled veterans of our Nation's wars. If the time ever comes that all persons are conscripted into the service of their country in time of war, with equal sacrifices from all, we will abandon any program for special pension for the non-service-connected disabled.

The last national encampment of the Veterans of Foreign Wars, held in New York City, August 26-31, 1951, adopted a resolution calling for a 25-percent increase in compensation and pension rates for veterans of World War I and World War II and for those in service since January 26, 1950. Compensation rates have not been increased since October 1949, when the Eighty-first Congress granted an increase approximating 8.7 percent.

Senator MARTIN. Mr. Downer, may I ask you a question there?

Mr. DOWNER. Yes.

Senator MARTIN. How did you arrive at the date January 26, 1950? What is the reason for that date?

Mr. DOWNER. Since January 26, 1950, sir. In other words, from and including January 27.

Senator MARTIN. I mean why did you fix the date of January 26, 1950?

Mr. DOWNER. Well, that is to include the veterans of the Korean war, sir.

Senator MARTIN. I know it is, but the Korean war did not start until June.

Mr. DOWNER. Oh, that is a misprint, Senator.

Senator MARTIN. All right.

Mr. DOWNER. That should be June.

The CHAIRMAN. You mean June 26?

Mr. DOWNER. Yes, sir.

Senator MARTIN. I couldn't follow you.

Mr. DOWNER. Yes, sir; that is a mistake. Thank you.

Senator MARTIN. That is all right.

Mr. DOWNER. Compensation rates have not been increased since October 1949, when the Eighty-first Congress granted an increase approximating 8.7 percent. Pension rates have not been increased since August 1946, when a general 20 percent increase was authorized that established the present disability pension rate at \$60 and \$72 per month.

A comparison of the cost of military pensions in relation to total national income, or ability to pay, some 50 to 60 years ago and in the year 1951 is illustrated by the following table. The term "military pensions," as used, includes service-connected compensation to living veterans, pensions to living veterans, as well as both compensation and pensions payable to eligible dependents of deceased veterans. The table of comparison is as follows:

Year	National income	Amount spent for military pension	Percentage of income
1890	\$10,701,000,000	\$106,070,000	0.99
1900	15,364,000,000	138,000,000	.89
1951	278,000,000,000	2,000,000,000	.72

Source: Department of Commerce and Veterans' Administration.

Senator MILLIKIN. Mr. Chairman, may I ask the gentleman a question?

The CHAIRMAN. Yes.

Senator MILLIKIN. I note you say the compensation rates have not been increased since October 1949 and the pension rates have not been increased since August 1946. I would like to invite your attention to the fact that in 1948 we increased the benefits to wives and dependent children.

Mr. DOWNER. Yes, sir. A study of the foregoing table reveals that in proportion to total national income, or ability to pay, a smaller percentage of the national income is being used today to pay military pensions than back in 1890 or in 1900. When you consider the percentage of veteran population in relation to total population of the United States in these same years the comparison is even more startling.

For example, the percentage of veteran population in 1890 was 2.3 and in 1900 it was 2.1, while in 1951 it was approximately 13.2. In other words, a smaller percentage of total national income in 1951 was used to pay military pensions to 13.2 percent of the population than in 1890 and 1900 when the veteran population amounted to slightly more than 2 percent of the total population. This would seem to refute loose statements that pensions paid to veterans or dependents of veterans is jeopardizing the economy of the Nation.

Senator MILLIKIN. When did we start to pay pensions to the Union veterans of the War Between the States?

Mr. DOWNER. I believe it was 1890.

Senator MILLIKIN. Thank you.

Mr. DOWNER. Under existing income limitations pensions are not payable to any single person who has an annual income in excess of \$1,000 or to any married person or persons with minor children whose annual income exceeds \$2,500. These rates were established in March of 1933 and have not been increased since that time. They were established by the Economy Act during a period of severe depression, when the intent and purpose of the Congress was to reduce Federal expenditures to the lowest possible minimum. Consequently, it seems reasonable to assume that the income limitations then established were not excessive. If we accept the income limitations as of that time as fair and reasonable and allow at this time an increase equal to the increase that has since occurred in the cost of living, we find that the income limitations should now be established at \$2,080 and \$5,200. This is based on the computations of the Bureau of Labor Statistics, showing an average cost of living in 1933 of 90.8 and a cost on December 15, 1951, of 189.1.

The last national encampment of the Veterans of Foreign Wars adopted a resolution calling for income limitations of \$2,000 for a veteran without dependents, a widow without children, or a child and \$3,000 for a widow with children or a veteran with dependents, and excluding therefrom any Government or commercial life insurance up to \$10,000. The question of increase of income limitations was given thorough consideration by the House Committee on Veterans' Affairs in the first session of this Congress. The recommendations of that committee are included in H. R. 4387, which passed the House of Representatives on June 20, 1951. This bill establishes the income limitations at \$1,800 and \$3,000 and provides that income from all sources shall be considered in determining annual income.

The exclusions and the \$1,800 limitation in H. R. 4387 are not in accord with the present position of the Veterans of Foreign Wars. I feel, however, that in all fairness to you and to the House Committee on Veterans Affairs, I should inform you that in hearings before the House committee, which were held before the encampment that established our present position, we more or less agreed to the amounts established in that bill and the inclusion of all income in determining annual income for pension purposes. It seemed the best compromise that could be worked out.

Senator MILLIKIN. Mr. Chairman, I would like to take the liberty of pointing out to the witness that the income limitation has not gone unnoticed. When you get into the settlement of the controversy you take everything into consideration that you can put your finger on and you make the compromise that seems to you is right at the time.

Mr. DOWNER. Yes.

Senator MILLIKIN. In other words, increasing the limitation and increasing the other benefits suggested, or letting the income limitation stand and increasing the other benefits. That has always been the problem.

Mr. DOWNER. So, while I must at this time recommend the exclusion of Government or commercial insurance payments up to \$10,000 as provided by the resolution of our organization, and the increase of the

\$1,800 limitation to \$2,000, I feel I should frankly admit the agreement reached with the House committee.

A brief consideration of the pertinent cost-of-living figures discloses that the request we make for an increase in income limitations does not equal the cost-of-living increase since the present limitations were established. This is not because of any belief that the veteran is not justly entitled to a larger income limitation than we urge from this committee, but rather because of our recognition that the tremendous cost of the defense of our Nation in the present perilous time calls for this concession from our veteran population.

The last national encampment of the Veterans of Foreign Wars endorsed the extension of dependency allowances to the 40 percent disabled as provided in H. R. 4108. For this reason we are unable to endorse the Senate bills before this committee which call for an extension of dependency allowances to those 10 percent or more disabled. While we do not specifically oppose the granting of dependency allowances to 10 percent disabled, if this committee and the Congress feel so inclined, it is not an official legislative objective of the Veterans of Foreign Wars.

Senator MILLIKIN. Mr. Chairman, may I ask for a little further explanation of that last paragraph that the witness just read?

The CHAIRMAN. Yes.

Senator MILLIKIN. You do not agree with the Senate version, which is across the board?

Mr. DOWNER. No, sir; on the dependency allowances, sir, we do not agree to the extension of the dependency allowances to the 10 percent disabled.

Senator MILLIKIN. Do you agree with H. R. 4394, which makes a 5 percent increase in rates of disability from 10 to 49 percent, and a 15 percent increase in disabilities from 50 to 100 percent?

Mr. DOWNER. Senator, that falls short of our recommendations of the bills that are before the committee. S. 2451 more nearly complies with the recommendations of the Veterans of Foreign Wars.

Senator MILLIKIN. You have not had what you would call an agreement with the House committee on this?

Mr. DOWNER. No, sir; that is correct, we have not.

The CHAIRMAN. Is it the general recommendation of your organization that we should have across-the-board increases?

Mr. DOWNER. Yes.

The CHAIRMAN. Rather than breaking it up in stages, by steps?

Mr. DOWNER. Yes, sir.

The CHAIRMAN. I see. All right.

Are there any further questions from Mr. Downer? If not, thank you very much, Mr. Downer.

Mrs. Jordan.

STATEMENT OF MRS. MARIE JORDAN, NATIONAL LEGISLATIVE CHAIRMAN, GOLD STAR WIVES OF AMERICA, INC.

Mrs. JORDAN. I am Mrs. Marie Jordan of the Gold Star Wives of America, Inc.

We appreciate the interest that you have shown in benefits for dependents of deceased servicemen, and ask that the members of your

committee consider the granting of certain modest cost-of-living increases such as those provided in H. R. 4394 and S. 2451.

It has always been the opinion of the members of our organization, the Gold Star Wives of America, that the greatest assistance possible be given to those who find it most difficult to supplement their incomes with employment outside the home—the widows with dependent children to support. When establishing the rates which are to be allocated to dependents of men who die in service or as a result of a service-connected disability, we ask, therefore, that the children be given the principal consideration.

H. R. 4394 recommends compensation of \$67 per month for the group referred to as “no widow but one child.” This, to us, would be a fair amount for the child whose mother has remarried. There are a small number of children, however, whose benefits fit into this same category—but who should receive special attention. These are the children whose both parents are deceased. Children, we feel, who have neither father nor mother, should receive the greater assistance. For them we would recommend an amount at least equal to the amount granted to a widow who has no children.

At present dependents of servicemen who die during peacetime receive benefits on a lower scale than dependents of wartime casualties. The number of peacetime casualties is small compared with the wartime dependents currently on the compensation rolls of the Veterans' Administration.

As an example I would like to read some Veterans' Administration figures on that. The number of peacetime widows as of last September were 8,788 and the service-connected widows are 60,731, so this group to which I am referring at the moment is a very small group.

We question the advisability of establishing a special rate scale for this group of dependents. Most of the men serving our country in peace as well as in war have been through at least one, and possibly two or three wars. Their contribution to our national defense is not any less because they happened to die between wars instead of during a war. Their dependents are in a situation equally as difficult as those dependents of wartime casualties.

On the pension rolls at the present time are approximately 212,000 widows and 123,000 children of World War I veterans who died of non-service-connected causes. In contrast, there are but 33,000 World War I widows of men who died of service-connected disabilities, and 6,000 children in this category.

H. R. 4387, S. 2641, and S. 503 affect this large group of dependents of men who died of non-service-connected causes. No pensions similar to those granted World War I veterans' dependents have as yet been granted to widows and children of men who have died of non-service-connected causes since World War II.

No matter what amount is determined as income limitation, the same pension structure should, in all fairness, apply to dependents of men who died since World War II and after service in Korea as well as to dependents of men who died of non-service-connected causes after World War I.

The CHAIRMAN. Any questions from Mrs. Jordan by any members of the committee? If not, thank you very much for your appearance.

Mr. Charles E. Foster.

STATEMENT OF CHARLES E. FOSTER, ASSISTANT DIRECTOR FOR LEGISLATION, DISABLED AMERICAN VETERANS, ACCOMPANIED BY DAVID POGOLOFF, NATIONAL SERVICE OFFICER, DISABLED AMERICAN VETERANS

The CHAIRMAN. Mr. Foster, you are representing the Disabled American Veterans?

Mr. FOSTER. Yes, sir, Mr. Chairman. I would like the record to show that I have with me this morning Mr. David Pogoloff, who is one of our national service officers and assigned to the office of the director of claims in our offices in Washington.

The CHAIRMAN. Yes, we will be glad to have you.

Mr. FOSTER. Mr. Chairman and members of the committee; my name is Charles E. Foster and I am the assistant legislative director for the Disabled American Veterans. The DAV fully appreciates the opportunity to appear here today in support of proposals for an across-the-board increase in the rates of disability compensation.

DISABILITY COMPENSATION

By national convention mandate the DAV is requesting a 20 percent increase in all rates of disability compensation, special compensation and pensions payable to the widows and children of veterans who lost their lives in service or who died as the result of an injury or disease incurred in or aggravated by military service. Actually, however, as will be pointed out, we are not asking for an increase in the rates of disability compensation, but rather seek readjustment to offset two things. First, the phenomenal rise in the Consumer's Price Index, which we feel adequately reflects the increase in the cost of living; and, second, the decrease in the purchasing power of the dollar. These two factors, each of which is related to the other, have created among disabled veterans a sad and somewhat sordid economic vise, the jaws of which are applying constant pressure to the purchasing power of the veteran relying on his disability compensation to make ends meet.

On January 19, 1934, disability compensation was restored to \$100 a month for a veteran with 100-percent disability. This rate remained in effect until June 1, 1944, when the veteran was granted a 15-percent increase, except for statutory awards for arrested tuberculosis and special monthly compensation. On September 1, 1946, disability compensation was again adjusted to a maximum of \$138. The latest change in disability compensation occurred on October 10, 1949, and established the rate of compensation for total disability at \$150. Again the statutory award cases were not adjusted. In other words, since January 19, 1934, disability compensation has increased 50 percent, while the cost of living, as reflected by the Consumer's Price Index, has increased 89.1 percent as of January 15, 1952.

Our staff has prepared a graphic illustration in chart form which I would like to exhibit to the members of this committee, if Mr. Pogoloff would be so kind as to hold it up. The dotted line on the chart indicates the purchasing power of disability compensation dollars based on the 1939 level. The broken line on the chart is the Consumer's Price Index and the solid black line represents the rate of

disability compensation. It will be noted that for the period immediately prior to World War II, the purchasing power of the compensation dollar, the Consumer's Price Index, and the rates of disability compensation were, with few minor exceptions, constant and nearly equal.

Senator FLANDERS. Excuse me, Mr. Chairman. I cannot tell which is the dotted line and which is the solid line.

Mr. FOSTER. The broken line on the chart is the Consumer's Price Index, and the dotted line is the purchasing price of the dollar.

Senator FLANDERS. The broken line again is what?

Mr. FOSTER. The Consumer's Price Index, and the dotted line is the purchasing power of the dollar.

Senator FLANDERS. I am a little bit confused, Mr. Chairman. On the first page, and it follows through, the witness says, in the middle of that long paragraph, "we feel adequately reflects the cost of living; and, second, the decrease in the purchasing power of the dollar."

What is the difference between the two?

Mr. FOSTER. Well, it is affirmative one way and negative another. I am not an economist, but, as I understand it, the purchasing power of the dollar decreases as the Consumer's Price Index rises. In other words, it will buy less based on the 1939 norm.

Senator FLANDERS. One is the inverse of the other?

Mr. FOSTER. Yes, sir.

Senator MILLIKIN. Mr. Chairman, I would like to ask the question whether his organization, as well as the other veterans' organizations, have given thought on how we can get our budget in balance, and how we can take other anti-inflationary measures so we can end this business of never being able to keep up with these benefits and salaries in Government, and all the way along the line.

Has your organization any remedy on that subject?

Mr. FOSTER. No, sir; Senator, we have not gotten into that field and I don't know that we could give the Congress or the Nation a whole lot of help on that.

Senator MILLIKIN. We increase wages, we increase compensation, and in a few months everything we try to do has been swallowed up by inflation. Should not we give some attention to the other end of the business, to the cause of inflation?

Mr. FOSTER. Certainly inflation is the horned monster that causes all our ills. How it can be stopped, I am not qualified to speak on that.

Senator MILLIKIN. So far as you know, have any of the other veterans' organizations come to any proposal for the solution on that?

Mr. FOSTER. I don't believe so.

Senator MILLIKIN. If I might add one thing more. I remember a short time ago we sat here and we increased our social security benefits and I think almost everything we tried to do then has been swallowed up by inflation. How long are we going to keep up this business of chasing our tail?

Senator MARTIN. And how long will it be until it is blown out at the top and we will be in the same situation that Germany was in and Italy was in, and our veterans' compensation will not be worth anything? Of course, as you know, I belong to all the veterans organizations and I am criticizing myself on whether or not the veterans should not take a stand on this thing, so we can start to stabilize the

currency of America. It just cannot continue to go as it is now without things happening as they did in Germany and Italy. The folks that are going to suffer are the veterans and the people on fixed incomes. They are the people that are going to suffer, and that is the fine, sound population of America.

Mr. FOSTER. It is certainly a very serious question and warrants a lot of study by the Congress.

Senator MARTIN. I have a lot of faith in the veterans organizations. I wonder whether or not it would be well in the year 1952 to give a lot of our attention to that very important subject. Probably that is foreign to what you are here for this morning.

Senator MILLIKIN. I don't think it is foreign, Mr. Chairman. I think it is very well to bring it up this morning. You are in here today to equalize the inflation. It is an endless process and we do not seem to get to the basis of it at all. I think it is very relevant.

Senator MARTIN. I think you are entirely right.

Mr. FOSTER. Since that time, however, and until January 1946, the purchasing power of the dollar plunged and the Consumer's Price Index soared to unprecedented heights. In January 1946 and for several months thereafter, Congress once again brought the rates of disability compensation in line with the Consumer's Price Index. With the removal of price controls in 1946 the Consumer's Price Index once again started its precipitous rise which has never halted except for a brief period in the early months of 1950 and since then has steadily ascended. Even though Congress again revised the rates of disability compensation in 1949, it was an inadequate adjustment then and even more so today.

Neither of the two bills before this committee, S. 2451 and H. R. 4394, reflect our thinking with respect to an adjustment in the rates of service-connected disability compensation and pension. We view with grave concern the House-passed bill, H. R. 4394. It is discriminatory, difficult of administration and lays a foundation for future attacks on the theory developed over the last 30 years that the Veterans' Administration disability rating schedule is unsound. The bill is discriminatory in that it specifically excludes from any increase seriously disabled veterans rated under Public Law 182 of the Seventy-ninth Congress. These same veterans were excluded from the increase provided by Public Law 339 of the Eighty-first Congress.

The bill would be difficult of administration in that the Veterans' Administration would be required to pay one rate of compensation to veterans rated 10 to 49 percent and another rate to veterans rated 50 to 100 percent. At a time when the Veterans' Administration is confronted with charges of inefficiency and uneconomical operation Congress should be particularly careful not to compound the allegations.

The bill in its present form, by providing a rate of compensation for those rated 50 percent or more different from those rated less than 50 percent, attacks the integrity and soundness of the disability rating schedule. This schedule in effect provides that a man rated 40 percent is two-fifths as badly disabled as the man rated 100 percent and, therefore, entitled to 40 percent of the monetary benefits authorized for the disabled veteran rated as total. The rating schedule of disabilities has been developed and improved by professional medical

men who have given long and intelligent study to this problem. We believe in it. We do not want to see it weakened through a "back door" approach.

Senator MILLIKIN. Mr. Chairman, may I ask the witness whether he knows the factors that controlled the decision of the House in making the 5-percent increase in the rates of disabilities from 10 to 49, and then higher right above that?

Mr. FOSTER. I would say there were several factors involved. I don't know, of course, all the factors that were involved, but one was the cost factor. I think they wanted to report a bill that they thought would pass the House at that time, and that was probably the primary factor involved in it. Why they broke it off at 50 percent instead of 60 or 40 or 30 or 70 I don't know, except from the cost data they had they apparently arrived at what they believed the House would accept from their committee. That is merely a guess on my part, Senator Millikin.

However, with respect to S. 2451, introduced by Senator Martin, it more nearly conforms to our position with respect to a 20-percent across-the-board adjustment in disability compensation and pension. However, we do not believe the rates or pension for widows, children, and dependent parents on page 2, lines 16 to 21, inclusive, are adequate. We recommend that present rates for this class of beneficiaries be increased 20 percent. Certainly \$126 a month is not excessive for the widow with one child whose husband gave his life in defense of this country.

Should this committee favorably report a bill authorizing an increase in the rates of disability compensation, a tremendous hue and cry will arise throughout the country that the veteran and the friends of veterans in Congress are wrecking our economy. The falsity of these charges can be proved by making a few comparisons. In the year 1890 the Federal Government paid to the veterans of this country's wars or to their legal survivors an average of slightly more than \$45 per veteran per year. In the year 1900 the average payment per veteran per year by the Federal Government had increased to \$65. In the calendar year 1950 the average payment per veteran per year by the Federal Government amounted to just slightly more than \$34 per veteran. We think that these figures are quite significant and adequately rebut charges that an increase in disability compensation is unjustified at this time.

The Disabled American Veterans, therefore, urges this committee to report a bill which will provide a 20-percent across-the-board increase in all monthly rates of disability compensation payable to veterans of World Wars I and II, and to veterans entitled to wartime rates for service on or after June 27, 1950, or to their survivors, which are payable under laws or regulations administered by the Veterans' Administration.

Senator FREAR. May I ask Mr. Foster a question at this time, Mr. Chairman?

The CHAIRMAN. Yes.

Senator FREAR. Suppose that the Federal Government gave to the veterans of this country \$6 billion in round figures, do you think on the present basis of giving benefits to the veterans that the distinction between a nondisabled veteran and a disabled veteran is just and equitable?

Mr. FOSTER. No; I do not, Senator Frear. We are really concerned, gravely concerned, at the tremendous cost of the entire veterans program, particularly when we realize that only \$1 out of every \$12 is spent on service-connected disabled veterans.

Senator FREAR. Granting that this \$6 billion round figure was given, would you and your organization say we can reduce some of the benefits to able-bodied veterans and give it to the disabled veterans?

Mr. FOSTER. Well, we have no official position on that, but we certainly think that the first consideration should be to the service-connected disabled veteran.

Senator FREAR. Yes; but I think you made the statement that this was to compensate for inflationary tendencies now prevailing. You are asking something for a disabled veteran to compensate for that. In other words, you are asking for an increase in compensation to the disabled veteran.

Mr. FOSTER. For a service-connected disabled veteran.

Senator FREAR. Now in order to stop that inflation, would it not be part of your thinking to say, "Well, all right, we will help and we will see that the able-bodied veterans maybe should not be receiving as much as the disabled veterans." I am for that; I am for helping the disabled veterans, even to the extent of probably further than you might be willing to go in increasing the amount given to the disabled veteran of the Federal Government. Don't you think it might be well for you and your organization to give us some assistance in trying to reduce the inflation by maybe getting your own veterans organizations to say, "We will reduce part of this expenditure to the able-bodied veterans and give to the disabled veterans what they justly and rightly ought to have"?

Mr. FOSTER. I think probably, in part, I am doing that in this statement, in that the bills under consideration here provide for increases for both service-connected and non-service-connected, and I am limiting our remarks to the increases for the service-connected, so any conclusion you want to draw from that is all right.

Senator FREAR. I think maybe we might draw a conclusion from that, but I really don't think the conclusion goes as far as I would want the committee to go.

Mr. FOSTER. You would like us to come out affirmatively for that. Perhaps we would. We present resolutions to the Congress that were adopted in a democratic fashion at our conventions. I am not invited to appear before you as Charlie Foster, but as a representative of the organization I represent.

Senator FREAR. I think I can understand. Perhaps many of your members are members of the American Legion, too, and they have platforms that they want to bring up.

Mr. FOSTER. Undoubtedly.

Senator FREAR. I think we have to be realistic and say we will take a few pennies out of this pocket and give it to this other fellow who is more deserving than we are.

Mr. FOSTER. We certainly have no argument with that.

The balance of my statement, Mr. Chairman, is concerned with S. 2640, S. 651, and H. R. 4108 on the subject of dependency allowances, and S. 2641, S. 503, S. 505, and H. R. 4387 relative to income limitations.

Briefly, I would just like to have it submitted for the record. I know you are in a hurry to get away, sir.

The CHAIRMAN. Yes; you may.

Mr. FOSTER. I will just state we would like to see a bill reported by this committee which would reduce the eligibility for dependency allowances to the 10-percent service-connected compensable veterans. We have taken the position that it is discriminatory to limit it to those rated 50 percent and above. We would like to see the bill H. R. 4108 reported out by this committee with an amendment which strikes out the figure "40" and substitutes therefor the figure "10" on line 7 of the bill.

The CHAIRMAN. Yes.

Mr. FOSTER. That is our position with respect to that.

The CHAIRMAN. Yes.

Mr. FOSTER. With respect to the income limitations, I would like to state our reason for advocating the enactment of an increase in this legislation. Even though we are primarily an organization of veterans who have incurred service-connected disabilities, there are thousands of those eligible and receiving part III benefits, particularly men of World War I, would undoubtedly have been able to service connect such disabilities had they not slept on their rights, so to speak.

I would just like to briefly point out to the committee that the income limitations presently in force were placed on the statute books originally by section 11 of Public Law 522 of the Seventy-first Congress, approved July 3, 1930. That section provided in part—

that no disability allowance under this part shall be paid to any person not entitled to exemption from the payment of Federal income tax * * *.

At that time the Federal income tax exemption for a single person was \$1,000, and for a married person \$2,500, and that exemption has been carried forward to the present time. We feel in the 22 years since then it should be adjusted and made a more realistic figure, in keeping with the national trend since 1930, and we recommend to the committee that it report the bill, H. R. 4387 which passed the House, by amending it to strike out all after the enacting clause and substituting therefor the provisions of S. 2641.

Senator FREAR. Mr. Chairman, may I make one other statement. A few moments ago I made a comparison of the able-bodied veterans and disabled veterans. I don't want any inference drawn from that remark that I am not in favor of the widows and orphans of veterans.

Mr. FOSTER. That is fine. I appreciate that.

(The balance of Mr. Foster's statement is as follows:)

DEPENDENCY ALLOWANCE

The Disabled American Veterans endorse the principle of the bills S. 2640, and S. 651, introduced by Senators George and Brewster, respectively, and H. R. 4108, which passed the House of Representatives on June 20, 1951. We believe that existing law is unfair to veterans having service-connected disabilities of less than 50 percent in degree. We are hopeful this committee will correct this inequity by reporting a bill to reduce the eligibility requirements so as to include veterans rated from 10- to 50-percent disabled.

The Eightieth Congress considered and favorably acted upon the principle of providing an allowance for the dependents of disabled veterans. This became Public Law 877, Eightieth Congress, approved July 2, 1948, and is popularly referred to as the Dependency Allowance Act. Unfortunately, however, the act, as amended, limits allowances to dependents of disabled veterans who are rated for disability compensation purposes at 50 percent or more in degree. Therefore, it becomes necessary for us to appeal to your committee again to amend the law so as to include all compensated disabled veterans.

Public Law 877, Eightieth Congress, provided that if and while a veteran is rated totally disabled certain amounts will be paid for certain dependents as follows:

- (a) Has a wife but no child living, \$21;
- (b) Has a wife and one child living, \$35;
- (c) Has a wife and two children living, \$45.50;
- (d) Has a wife and three or more children, \$56;
- (e) Has no wife but one child living, \$14;
- (f) Has no wife but two children living, \$24.50;
- (g) Has a mother or father, either or both dependent upon him for support, then, in addition to the above amounts, \$17.50 for each parent so dependent.

The law also provides that if and while rated partially disabled, but not less than 50 percent, allowances will be paid for the aforementioned dependents in amounts proportionate to the veteran's degree of disability up to 100 percent. In other words, payment for the dependents of a veteran rated 50 percent would be 50 percent of the amount specified for the totally disabled veteran. If this committee amends the act to include all compensated veterans down to 10 percent, the dependents of such a veteran would receive 10 percent of the amounts now specified in Public Law 877, Eightieth Congress, for the totally disabled.

The theory of dependency allowance is not new. Attention is invited to section 302 of Public Law 90, Sixty-fifth Congress, approved October 6, 1917. Therein it was provided that greater amounts of compensation be granted to the disabled veteran with dependents than for the veteran without dependents. This same theory was reenacted in section 302, Public Law 104, Sixty-sixth Congress; section 202, Public Law 242, Sixty-eighth Congress; Public Law 141, Seventy-third Congress; and Public Law 16, Seventy-eighth Congress. Through discontinuance of the practice of temporary ratings by the Veterans' Administration, the effect of these laws has been largely nullified.

During World War II the Congress enacted the Servicemen's Dependency Allowance Act of 1942. Under this law provision was made for the families of enlisted men of the Army, Navy, Marine Corps, and the Coast Guard; that is, while the men were still in service. Our social security laws take into consideration the minor children of a deceased social-security "covered" employee. Public Laws 16 and 346, Seventy-eighth Congress, likewise differentiate between single and married veterans in the amounts of subsistence payable thereunder.

Not only is Public Law 877, Eightieth Congress, as amended by Public Law 339, Eighty-first Congress, a discrimination against the disabled veteran, with dependents, who is rated from 10 to 49 percent, but the modest rates incorporated in the act would be of immediate and material assistance to a very deserving group. Only small monthly allowances would be paid for the dependents of veterans with lower disability ratings. Nevertheless, such payments would be of real assistance in these days of high cost of living.

Some opposition may be heard to the inclusion in the act of dependents of disabled veterans having the lower degrees of disability. In this connection, we desire to point out that it has been the DAV's observation that in any depression or "repression" it is the disabled veteran, regardless of degree of disability, that is laid off from employment first. Also, in these days of high cost of living, with many disabled veterans compelled to exist upon their small compensation checks, the modest amounts provided in the pending bills would be of great benefit and assistance to such disabled veterans and their dependents.

We recommend to the committee that the bill H. R. 4108 be amended by striking out on line 7 thereof the figure "40" and inserting in lieu thereof the figure "10".

INCOME LIMITATION

The DAV, pursuant to national convention mandates, has endorsed for the past several years bills similar to S. 2641, S. 503, S. 505, and the House-passed H. R. 4387, which would increase the income limitations applicable, under laws administered by the Veterans' Administration, to the granting of pensions to widows and children of deceased veterans and pensions for veterans entitled to part III benefits. Our reason for advocating enactment of this legislation, even though we are primarily an organization of veterans who have incurred service-connected disabilities, is that thousands of those eligible for part III benefits, particularly those of World War I, would undoubtedly have been able to service connect such disabilities had they not slept on their rights.

The income limitations presently in force are as unrealistic and as outmoded as the model T Ford. As a matter of fact, these limitations in effect today were originally placed on the statute books by section 11 of Public Law 522 of the Seventy-first Congress, approved July 3, 1930. This section provided in part "That no disability allowance under this part shall be paid to any person not entitled to exemption from the payment of Federal income tax * * *." At that time the Federal income tax exemption for a single person was \$1,000, and for a married person \$2,500. The same exemptions have been carried forward to the present time. In July 1930 the purchasing power of the dollar was considerably greater than it is today. Actually, what we seek is not to "increase" the income limitations but merely to readjust the ceiling for purposes of determining eligibility to part III benefits in keeping with economic trends since July 1930.

The unrealistic and outmoded income limitations imposed in 1930, as the members of this committee are well aware, work a great hardship on thousands of widows, the children of deceased veterans and on thousands of veterans who have passed the age of 65. No reasonable person would today advocate furnishing the Armed Forces with single-shot rifles, model T Fords or many other items of equipment which the veterans of World War I and World War II used so ably. It is just as unreasonable to continue to determine eligibility for part III benefits by the use of 1930 income limitation standards.

The DAV recommends to this committee that it amend H. R. 4387 by striking all after the enacting clause and substituting therefor the provisions of S. 2641. We believe that H. R. 4387 in its present form is far too restrictive and should be liberalized. Actually what H. R. 4387 does is to give the needy veteran or his surviving widow or children a little something with one hand and then proceed to take it away with the other. At the very best this proposed legislation will have application to only the most marginal cases. Any person cognizant of present-day salaries or wages realizes that a limitation of \$1,800 to single persons or \$3,000 to married persons is not at all unrealistic.

We request your favorable consideration of this matter.

SUMMATION

By far the most important veterans' measure to be considered by your committee this year is that of readjusting the rates of disability compensation and pension. We urge you to not turn your backs on the service-connected disabled or the widows of veterans who died from service-connected causes and that you report a fair and equitable bill which will provide a 20-percent increase in the rates of disability compensation and pension.

We also request your favorable consideration of the bill H. R. 4108 with our suggested amendment.

More than 20 years have elapsed since the present income limitations were adopted. The Congress should adjust these limitations to a figure that is realistic and in consonance with prevailing economic conditions. We respectfully request your favorable consideration of substituting S. 2641 for the House-passed bill, H. R. 4387.

I wish to thank the committee for affording us an opportunity to appear before you.

The CHAIRMAN. Are there any further questions from Mr. Foster? If there are no further questions, Mr. Foster, we thank you.

Mr. FOSTER. Thank you, Mr. Chairman.

The CHAIRMAN. That completes the call of the witnesses for today.

The committee will stand adjourned until 10 o'clock tomorrow morning.

(Whereupon, at 12:10 p. m., the committee adjourned, to reconvene at 10 a. m., Wednesday, March 5, 1952.)

**INCREASED COMPENSATION AND PENSIONS—INCOME
LIMITATIONS—DEPENDENCY ALLOWANCES—CADET
SERVICE—TUBERCULOSIS—CREATIVE ORGAN**

WEDNESDAY, MARCH 5, 1952

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

The committee met, pursuant to adjournment, at 10 a. m., in room 312, Senate Office Building, Senator Walter F. George (chairman) presiding.

Present: Senators George (chairman), Kerr, Frear, and Millikin.

Present: Elizabeth B. Springer, chief clerk.

The CHAIRMAN. The committee will please come to order.

Mrs. Plumley, you may come around. We will be very glad to hear you. I am sorry we did not get to you yesterday.

Mrs. PLUMLEY. I am sorry, too, Senator, for this reason, that I had 18 States represented here yesterday and I wanted you to see these ladies.

The CHAIRMAN. You may have a seat. We will hear you now.

**STATEMENT OF ANNE B. PLUMLEY, NATIONAL PRESIDENT OF
WIDOWS OF WORLD WAR I**

Mrs. PLUMLEY. Mr. Chairman and distinguished members of the committee, my story is a little different from the story of the distinguished gentlemen you heard from yesterday. I don't have all the statistical figures to deal with as they did.

As national president of the World War I Widows Organization I represent 238,000 widows who are now drawing a pension of \$42 per month, and approximately 190,000 of these women have no other income other than the \$42 per month. They are not living, only existing. Many of these women are sick for the want of food and warm clothing and medical attention. We talk about the service-connected disability pensions, I can't see the class distinction, for many of these women who are drawing service-connected disability pensions only lived with their husbands a few years before their death and they are drawing \$75 per month and no questions asked about salary limitations and they still draw their pensions.

Now many of these non-service-connected disability widows lived with their husbands 25 and 30 years raising families, helping them over the rough places in life and you men know what I mean when I say rough. Many of these men were sick and ailing from the time of

their discharge till the time of their death. Many of them were entitled to service-connected disability but had no one to fight for them or present their case at the time and did not know how to go about it themselves; so the result was they didn't get what they were justly entitled to.

When they went to war they went with the thought in mind of preserving their homes and protecting their wives and children whether they had them then or only had hopes of having a home in the future when they returned. They were fighting for the protection of the American homes and the American mothers and their children.

Many of these women had sons in World War II and many of them have sons today fighting in Korea—and we sure are failing in our pledge to them when we are still sending their sons to fight for this wonderful country of ours and letting many of their mothers suffer right here at home.

We boast of being the richest country in the world; always appropriating large sums of money to aid the starving people in a foreign country; now we believe charity should begin at home. We believe these women who have sacrificed so much for this wonderful country of ours, the American widows of our men who fought for this country and the American mothers who are still sending their sons to fight for this country should be given consideration at this time when food and clothing and rent is so high. We plead with you to amend that part of bill H. R. 4394 which raises the pension to \$48 per month a small sum of \$6 per month. We urge you to amend that to read \$60 per month, so the women will have at least \$30 per month for rent. They can't get anything for less than that anywhere and that only leaves them \$1 per day to buy food, clothing, and for medical care.

I would like to cite a case right here 4 blocks from the Capitol who draws \$42 per month. She pays \$30 per month for a dingy room to live in and she is 62 years old, has no teeth, she is almost blind, walks with a cane, and she only has \$12 per month to buy food, clothing, and pay for medical care. The consequences are she gets no medical care. How can we expect our American women to keep on sacrificing with no hope for the future? We realize there are pressure groups always calling on the Congress and Senate to help them in their problems, but we widows of World War I veterans urge you to help us in this emergency to take care of the women who have too much pride to ask for charity when they are so abruptly turned away with the comment, "You are a veteran's widow, the Government should take care of you," that is what we get from the relief associations.

Two hundred thirty-eight thousands seven hundred and twenty-five World War I widows' pension raised from \$42 per month to \$60 per month would be \$216 a year per person—would cost the Government \$51,554,600 per year, which would be a small amount compared with the \$7,009,000,000 President Truman has asked for foreign aid programs.

Now about the salary limitation, we urge you to amend bill H. R. 4387 which raises the salary limitation to \$1,800 per year to exclude insurance and the widows' pension as income.

Mr. Chairman, I want to thank you for permitting me to appear before you today.

I would like to tell you we have ladies in the audience from Iowa, Texas, Florida, North Carolina, Missouri, Kentucky, Georgia, and Virginia here this morning.

The CHAIRMAN. Thank you very much, Mrs. Plumley. We are very glad to have your statement and very glad to have you appear.

Are there any questions, Senator Millikin?

Senator MILLIKIN. No.

The CHAIRMAN. Mr. Rufus H. Wilson.

STATEMENT OF RUFUS H. WILSON, ASSISTANT SERVICE DIRECTOR OF AMVETS

The CHAIRMAN. Please identify yourself for the record, we shall be glad to hear your statement.

Mr. WILSON. Mr. Chairman and members of the committee, my name is Rufus H. Wilson, and I am assistant service director and legislative officer for the AMVETS.

We appreciate the opportunity of appearing today to offer our comments on legislative proposals which would increase compensation and pensions for disabled veterans and their dependents and which would increase income limitations on pensions for certain veterans, widows, and orphans. We have no mandate on the dependency allowance bills and we will therefore address ourselves only to the other subjects.

AMVETS are in favor of an increase in veteran benefit payments and we are in support of legislation to increase income limitations on non-service-connected pensions. Our support stems from recommendations and resolutions passed by our national convention held in Boston, Mass., over Labor Day week end in 1951. At that convention these subjects were given the most serious consideration and they were adopted by our delegates after careful committee studies and reports. We trust that the Senate Finance Committee will see fit to report bills carrying out our objectives.

COMPENSATION INCREASE

AMVETS suggest to the committee that it is vitally necessary that immediate action be taken to increase compensation and pension payments for veterans, widows, orphans, and dependent parents of veterans. The cost of living since 1949, the date of the last congressional action on this subject, has sharply increased. It appears to us therefore that the need for this legislation is obvious. The Consumer's Price Index is a conservative yardstick used to measure comparative increases in the cost of everyday living. In 1940 this index stood at 100.2; at that time a 100-percent disabled veteran received \$100 in compensation. In 1944 the price index stood at 125.1 when the Congress increased compensation by 15 percent, thus bringing the 100 percent disabled veteran's payment up to \$115. In terms of actual dollar loss, the veteran at this time was penalized \$10 per month, and other beneficiaries were penalized on a prorated basis.

In July of 1946 the price index stood at 141.2, and Congress once again increased compensation and pensions by an additional 20 percent, which brought the \$115 figure up to \$138. It is to be noted that at this point the totally disabled veteran received slightly less money

in a comparative sense than he did in 1940. However, it is also to be noted that in round figures the 20-percent increase served to equalize actual benefits with the actual cost of living when the basic period of 1940 is considered.

The equality present in 1946 gradually declined until in 1949 the cost of living index reached 170. At this point the Congress increased compensation 8.7 percent for most disabled veterans, which meant that in actual dollar value the veteran suffered a loss of \$20 per month. The seriously disabled man who received statutory allowances suffered even more inasmuch as he was not included in the 1949 increase. The pensioned veteran was also in this category.

At the present time the cost of living index stands at approximately 189. Therefore, in actual dollar value the totally disabled veteran is penalized the sum of \$39 per month as a direct result of inflation. It is our opinion that these comparative figures show complete justification for our request that a compensation increase and a pension increase be authorized. Specifically, therefore, we recommend the following:

1. We ask that an across-the-board increase of at least 20 percent be reported by this committee. This increase should be applied to all forms of compensation and pensions as well as to dependency allowances.

2. We ask that all compensation increases be maintained in a uniform manner. We are opposed to the theories contained in H. R. 4394 which would create a disparity between amounts of compensation. We feel that the historical precedent of percentage payments of disability is justifiable and in sound accord with Veterans' Administration procedures as set forth in the Schedule of Rating Disabilities now in use. In addition, we feel that the creation of arbitrary rates on compensation payments would serve to create a situation where veterans at the slightly below average disability level would be unable to obtain justifiable increases in their rates because of the human element involved.

3. We believe that disabled veterans who receive statutory allowances as a result of certain severe injuries and diseases should be entitled to compensation increases in the same manner as other disabled veterans. In this connection it is pointed out that this deserving group has had no compensation increase since September of 1946. Certainly they deserve the most serious consideration of the Congress.

4. AMVETS have long urged the Congress to tie veterans payments to the cost of living index as reported by the Department of Labor in order that they might at all times be in relatively sound accord with the national economy level. We ask the committee to explore the possibilities of such a plan pointing out that it is now in operation by many large industrial and labor organizations. It is our feeling that if compensation were to be placed on a fluctuating basis, increasing and decreasing with the actual cost of living, with a minimum floor established, that the need for continued congressional action on this subject would be largely eliminated.

Senator MILLIKIN. Mr. Chairman, may I ask a question, please?

The CHAIRMAN. Yes.

Senator MILLIKIN. The difficulty with fluctuating is that it is all right when it fluctuates up, but there is no ready acceptance of downward fluctuation.

Mr. WILSON. I realize, Senator, that is one of the arguments against this plan.

Senator MILLIKIN. It is not only an argument, but we, in Congress, realize the potency of that kind of opposition.

Mr. WILSON. Yes, sir; and we realize the potency of it, too, and we realize it is a very real problem. However, we still think that when we have the right to come before the committee to argue the question when the cost of living goes up, we should—

Senator MILLIKIN. I am not denying you that right. You are being accorded a very respectful hearing and I listen to you with great interest, and so does the chairman of the committee. I merely am talking about the difficulties in the fluctuating theory. It is all right when it fluctuates up, but experience has shown it is not good when it fluctuates downward.

Mr. WILSON. We believe that we have the right and the obligation to come before the committee to ask you to increase the compensation on the basis of the cost of living. We also have the obligation to ask you to decrease it when the cost of living goes down.

Senator MILLIKIN. No one is questioning you about that.

Mr. WILSON. Yes, sir.

Such a realistic system of Government payments to veterans would always be completely in accord with the Nation's obligation to its war veterans. Until such time as such a plan can be established, however, we renew our request that special legislation be forthcoming taking care of present immediate needs.

INCOME LIMITATIONS

AMVETS are in support of proposals to increase pension income limitations for the same reasons as those given in our statement on compensation and pension increases. The present income limitations, first established in 1930 and continuing to this date, are most unrealistic when a 22-year period of time is taken into consideration. Our organization therefore requests that the following changes be made in the basic law governing this subject:

1. We recommend that income limitations for single beneficiaries without additional dependents be raised to \$1,800 annually.

2. We recommend that the present \$2,500 limitation be kept intact. Although we realize that this limitation in all probability warrants an increase, we feel that consistent with the Nation's ability to pay, it is not as important as the lower limitation, when compared to other veterans' basic benefits.

3. We recommend that the computation of income for non-service-connected pensions for all classes of beneficiaries remain as it is in existing legislation.

Summary: AMVETS desire to leave the committee with this one thought: We are aware of the serious inflationary trend in the Nation, but we sincerely believe that no American can realistically charge that trend to our disabled-veterans program. We feel that the vast majority of the citizens of this country join with us in urging favorable approval of the pending legislation.

Thank you very much for the opportunity of appearing here today.

Senator MILLIKIN. Mr. Chairman, may I ask a question?

The CHAIRMAN. Yes.

Senator MILLIKIN. Has your organization made any recommendations as to what we can do about this inflationary trend that you are talking about?

Mr. WILSON. Sir, I know they have given it considerable study, but I am not prepared at the present time to explain it.

Senator MILLIKIN. They have made no recommendation?

Mr. WILSON. I believe they have, sir; but I am not prepared to comment on the matter.

Senator MILLIKIN. If you find they have, would you mind sending in a copy of whatever your organization has said on that subject?

Mr. WILSON. I shall be pleased to furnish it to the committee.

The CHAIRMAN. Yes, sir; we will be glad to have it.

Thank you very much, Mr. Wilson, for your appearance.

The CHAIRMAN. Judge Matthias.

STATEMENT OF JUDGE EDWARD S. MATTHIAS, CHAIRMAN OF THE NATIONAL COMMITTEE ON LEGISLATION AND ADMINISTRATION, UNITED SPANISH WAR VETERANS

Judge MATTHIAS. Senator George and members of the committee, I suppose you gentlemen understand I appear this morning, as I have heretofore, as chairman of the national committee on legislation and administration of the Spanish War Veterans.

I am very greatly impressed by the fact that many years have intervened between the service rendered by the people I represent and that given to the country by the last speaker. That span is nearly 50 years and yet we are here for the same purpose, he as the representative of AMVETS.

I have only a rather brief statement to make with reference to H. R. 4394 now pending, and some suggestions as to the sort of amendment that has heretofore been indicated by numerous speakers, the amendment that is desired by our organization.

I should say when this bill was before the House Committee on Veterans' Affairs we were not provided an opportunity to be heard upon it. In fact, as the bill itself indicates, it relates to organizations of veterans other than our own.

The CHAIRMAN. You say you were not heard, Judge?

Judge MATTHIAS. No; we had no opportunity to be heard upon it at all. That measure proposes cost-of-living increases in certain compensation and pension payments for veterans and dependents of veterans of the two World Wars and of the Korean war. A full and complete study of the hearings themselves and of the report of the House committee discloses that the sole consideration prompting the proposed changes in that bill was, as has been expressed numerous times before you, increased living costs, but nowhere is there the slightest suggestion that there was any other motive on the part of the sponsors of the bills considered, on the part of veterans' organizations at whose request they were introduced, or on the part of the members of the committee which gave the measures its attention.

With due regard to the House committee study, it appears to my organization, and to the veterans and the dependents for whom I speak, that when one considers only the impact of recognized high living costs upon Veterans' Administration beneficiaries, all should have similar treatment. It costs a World War I veteran no more for

the necessities of life than it does a Spanish War veteran. A loaf of bread on the store shelf carries the same price tag for a Spanish War or a Civil War widow as it does for a widow of one of the later wars. Therefore, to consider one group to the exclusion of another is manifestly unfair, especially when those excluded are, by reason of age and infirmity, less able to cope with these adverse conditions that we all know so much about.

Now much has been said about the diversity of terms and conditions in this bill affecting those who were included in the bill. Representing, as I do, Spanish War veterans, I am clearly not so much concerned about those considered in the bill as I am about those who are not in the bill, and it is for those that I am appearing.

Senator MILLIKIN. Mr. Chairman, I would like to ask a question. How many veterans are there now of the Spanish War?

Judge MATTHIAS. As of last December 31 it shows 82,317.

Senator MILLIKIN. How many widows of deceased veterans?

Judge MATTHIAS. At that time there were 80,893 widows on the roll. It might be interesting, in that connection, Senator, to observe that there was a decrease in the month of December of 479. It is approximately 7,000 a year. While there were 479 veterans off the roll, of course, being deceased, there were only 297 widows added, and there were 245 losses among widows themselves. I might say in this connection, although I am going to speak of it later, the average age of Spanish War veterans is now 76 years, and the average age of widows is approximately 70 years.

Senator MILLIKIN. What was the top number of Spanish War veterans on the roll?

Judge MATTHIAS. 450,000.

Senator MILLIKIN. And 82,000 are left?

Judge MATTHIAS. Yes. Senator George, I am sure, would know Judge McCord. I have the greatest respect and reverence for Judge McCord, recently deceased.

The CHAIRMAN. Yes.

Judge MATTHIAS. He at one time appeared with me upon an occasion like this and he rather jocularly made the promise that 5,000 of us would die during the year, and would keep up that record, endeavoring to show that any increases that were allowed would not result in any addition to the budget. His jocular remark in that promise has been faithfully kept.

Going on with reference to similar treatment, it has been suggested that there should be an increase in the percentage, and it has been discussed right along, an increase of 20 percent across the board.

Now I don't think I need to renew the suggestion that legislation for Spanish War veterans by way of compensation and pension has been, from the beginning and in every instance up to this, in a separate bill. That legislation has taken into consideration our special type of service all the way through, and Congress has recognized it and the President, too, in considering the signing of our bills, the inability, through lack of sufficient records, to prove service-incurrence of disabilities, and therefore the Spanish War veteran legislation has had a different and separate course of treatment. We have never had any serious complaint as to the treatment accorded by Congress, but the Spanish War veterans, particularly at this time, are faced with the simple proposition that our people cannot meet their needs under present

conditions and circumstances with the payments they are now receiving.

Not having an opportunity to appear and to obtain consideration at the other end of the Capitol, the bill now before you sets up certain standards which should be applied alike to everybody who is facing the same conditions.

We, therefore, request that H. R. 4394 be amended, in an effort to take care of the immediate situation and that situation, so far as we are concerned, is exaggerated and emphasized by reason of age and infirmity.

Our veterans are finding it extremely difficult to maintain themselves on \$90 a month. Our elderly widows cannot possibly continue to exist on \$48 monthly, which, boiled down, is \$1.60 a day. At the age of those widows it is just absolutely impossible to secure any remunerative employment. They are different in that regard from the younger widows.

Senator MILLIKIN. Judge, I do not suppose you have any statistics on the number of widows who have sufficient means outside of the pensions.

Judge MATTHIAS. No; I have not. Of course those that come to our attention so much and from whom we hear are those who are really destitute. That was emphasized in the remark from the lady a while ago.

Senator MILLIKIN. When did you last get relief from the Congress?

Judge MATTHIAS. The last was Public Law 270, July 30, 1947. That followed after other beneficiaries had been treated in the same manner. I might say our organization always has been rather modest.

Senator MILLIKIN. I did not quite get the date.

Judge MATTHIAS. July 30, 1947. That was when the \$90 was granted that I just mentioned. Before that the highest was \$75.

Now I have here comparative figures that I presume you have been over, and have been mentioned over and over again. I have them here on the increased cost of living. I have jotted them down so we might have them before us. As I started to say, our people just cannot meet the situation without help and their only means of help is through legislation. That applies to a great majority of them, probably 90 percent. Those conditions I assure you are critical and we ask you gentlemen to do something about the problem.

Now there is pending in the committee the so-called Ives amendment which proposes that H. R. 4394 be amended to include Spanish War beneficiaries and to provide them with a 5 percent cost-of-living increase in pension payments. I would like to express this to Senator Ives personally. We deeply appreciate the Senator's consideration, especially in view of the fact that the amendment was introduced on his own initiative, but of course it does not meet the economic situation with which we are faced today. Indeed, living costs have increased very perceptibly since that amendment was introduced by Senator Ives. So that our suggestion is that nothing less than a 20 percent increase will do what Congress should do in this instance and we respectfully urge that for two reasons the Ives proposal should be altered somewhat and then adopted as a part of H. R. 4394.

First, we do not wish to be selfish. There are now surviving probably only four Civil War pensioners, but as of December 31, 1951,

there were 9,524 widows; there were 21 Mexican War beneficiaries and 356 veterans and 1,628 widows of the Indian wars. We think they should also be provided for in the same manner as the others. Certainly, if this bill is amended by your committee and Spanish War beneficiaries are included while those of other wars prior to World War I are omitted, the measure, upon Senate passage, would have to go back to the House committee for further action. We, therefore, propose that a section be written into this bill so that it will provide a 20-percent cost-of-living pension increase to all veterans and dependents on the pension rolls who are beneficiaries of wars prior to World War I.

I think it fair to assume that you are going to make some changes in the measure to accord with the arguments presented heretofore by representatives of other major veterans' organizations. In fact, as I get it, the percentage of those who are in favor of the measure as it now stands is very small, if any. If the various types of beneficiaries are to have their benefits spelled out in an amended bill, then we request that our wishes just explained be met in the manner stated, and that is by an amendment providing for an increase of 20 percent to those who served in the Indian wars, the Civil War and their dependents, and the Spanish-American War and their dependents.

In closing, I just feel I cannot urge too forcefully a special consideration, and even a preferential treatment, for those veterans and their widows who, by reason of advanced age and infirmities, would seem to be entitled to such favorable consideration.

I will be glad to answer any questions.

The CHAIRMAN. Thank you very much for your appearance.

Are there any further questions?

Senator MILLIKIN. No.

The CHAIRMAN. Thank you very much, sir.

Mr. Birdsall, could you tell us at this point how the Spanish-American War veterans are affected, if at all, by the income limitation?

Mr. BIRDSALL. There is no income limitation applicable to them in the mentioned laws.

The CHAIRMAN. That was my impression, but I wanted to confirm it.

The CHAIRMAN. Mr. Whalen.

STATEMENT OF RICHARD T. WHALEN, LEGISLATIVE REPRESENTATIVE, PARALYZED VETERANS OF AMERICA

The CHAIRMAN. Will you please identify yourself for the record?

Mr. WHALEN. Members of the Senate Finance Committee:

My name is Richard T. Whalen. I am the legislative representative of the Paralyzed Veterans of America, an organization made up entirely of critically disabled veterans.

I would like to state I am grateful to this committee for the opportunity of appearing and presenting our views on this legislation.

I shall endeavor to be as brief and to the point as possible in stating our opinion and making suggestions regarding H. R. 4387, the bill which would increase annual income limitations governing the payment of pension to certain veterans and their dependents.

First, I would like to point out that our views are based only on experience with veterans who require aid and attendance, and it is with this group in mind that we make our recommendations.

We are generally in agreement with the provisions of H. R. 4387 and urge favorable action on it. However, before you consider this legislation in its present form we would like to present to you some thoughts we have as to additional provisions, which we feel would make this an even better bill. You should keep in mind that the suggestions we are about to make are not intended to apply to all veterans classified as permanently and totally disabled, but only to those of that group who require aid and attendance.

In the interest of rehabilitation we would like to see a gradual removal from the pension rolls for those requiring this aid and attendance, instead of the abrupt break that is the present policy. It is our opinion that this would be a more effective and beneficial way to again restore the severely disabled man to a position of complete independence. It would give him an incentive to push himself all the way on the road back, rather than pull up short when faced with the frightening approach of a sudden drop in income.

In addition to the present provisions of H. R. 4387, our proposal would incorporate separate income limitations for those non-service-connected veterans who qualify under Public Law 149 as requiring the regular aid and attendance of another person. We would reduce by 50 percent the pension of such a veteran without dependents when his annual income exceeds \$2,500. When his income exceeded \$3,000 his pension payments would cease. For such a veteran with dependents, his pension would be similarly reduced by 50 percent at \$3,000, and his payments would cease when his annual income exceeded \$3,500.

The figure for the veteran without dependents may seem high, but we must remember that this man must achieve his rehabilitation completely alone. In addition to all the usual living expenses he must also pay for the services of an attendant. Under the present income limitations he would be dropped from the pension rolls with an income of \$20 per week. The provisions of H. R. 4387 would greatly improve this situation, but we hope it will be remedied still further.

During the last session of Congress, you gentlemen gave us the biggest boost yet in our attempts to again be useful members of society. Because of your efforts toward enacting Public Law 149, which increased our pension substantially, you have made it possible for a great many disabled men to leave the veterans hospitals. And they are leaving. To be specific, at McGuire Hospital in Richmond they have 175 beds and 50 percent of them are occupied by service-connected veterans, and since the effective date of November 1 I am sure you would be interested to know that 25 have taken discharges and 30 more are awaiting the approval of their eligibility claims before taking their discharges. This, I feel sure, is proving to be an economy measure but more important, it is definitely aiding in the rehabilitation of the men.

We firmly believe that our recommendations for amending H. R. 4387 would similarly help this rehabilitation, and we hope that you will feel there is enough merit in what we have presented to warrant

its incorporation. We shall, however, be grateful to you for favorable action on this measure, with or without our proposed changes.

The CHAIRMAN. Are there any questions of this witness?

If not, thank you very much, Mr. Whalen.

The CHAIRMAN. Mr. Ellsworth.

STATEMENT OF WILLIAM C. ELLSWORTH, PARALYZED VETERANS OF AMERICA

Mr. ELLSWORTH. I am William C. Ellsworth of the Paralyzed Veterans of America. I am speaking on behalf of the Paralyzed Veterans of America and asking that you gentlemen of the Senate Finance Committee seriously consider our petition that our small group be included in any increase granted to service-connected veterans. I am referring to our exclusion from H. R. 4394; specifically, statutory awards, the most seriously disabled such as quadriplegics, paralyzed from neck down, paraplegics, paralyzed from waist down, and this would exclude us from any cost-of-living increase.

A few years ago when our present compensation was established, the rates ran from \$138 for the 100-percent disabled to \$360 for certain severely disabled cases (statutory awards). Congress at that time rightly created that degree of disparity in compensation between our statutory awards and the purely 100-percent disabled because of the wide degree of disparity in the nature of the disability. Naturally only a few thousand fall within this latter class.

In 1949, when an increase was granted, our small group was excluded. Today H. R. 4394 again seeks to exclude these statutory awards. In effect, it would result in a reduction in our degree of disability by a reduction in the degree of disparity that Congress established in 1947. To do so violates the theory of compensation. In other words, payment in money in some small way to repay us for what we have lost physically in the service of our country.

The reason, as stated by certain members of the House, that our group was excluded is not that we didn't deserve it, but that we received enough. As to this view, look at the damages awarded in civil action when the injury is one such as mine. Damages average around \$100,000, and I recently read of a case that received \$300,000. Our life expectancy is 10 to 15 years. It is safe to estimate that of the approximately 2,500 paraplegics, about one-third are no longer with us.

Generally, as a group, we are unable to buttress our income, so to speak, by employment. The injury is such that it will not physically permit us to do so because of frequent physical complications. Therefore, this compensation for most of us is our only source of income. And most certainly does not go very far when you have to pay to have the smallest chores done for you.

Most of the paralyzed require personal service which we are obligated to pay for. For instance, cutting the lawn, mending the fence, and household repairs, et cetera, necessitates the hiring of labor for even these simple tasks. This labor, it seems, has gone up considerably in the past couple of years. With all these things combined, we feel that if any increase is granted we most certainly should be included.

The CHAIRMAN. If there are no questions, thank you very much for your appearance.

Mr. Schloss.

**STATEMENT OF IRVING P. SCHLOSS, LEGISLATIVE DIRECTOR,
BLINDED VETERANS ASSOCIATION, INC.**

Mr. SCHLOSS. Mr. Chairman and members of the committee, my name is Irvin P. Schloss, and I am the legislative director of the Blinded Veterans Association, Inc., and I am the editor of our Blinded Veterans Association publication.

The CHAIRMAN. Where is your home?

Mr. SCHLOSS. My home is here in Washington, D. C.

The CHAIRMAN. All right, Mr. Schloss, we will be very glad to hear you, sir.

Mr. SCHLOSS. Thank you, sir.

As the spokesman of the Blinded Veterans Association, I should like, with the committee's permission, to express the views of the Nation's war blinded concerning an inequity in H. R. 4394. While the bill provides for increases in disability compensation for veterans with 10 to 100 percent disabilities, it specifically excludes the veterans who are completely paralyzed, who are totally blind, who have both legs or both arms off, and those who require regular aid and attendance.

I would like to call the attention of the committee to the fact that in 1949, when the Congress enacted Public Law 339 granting compensation increases to veterans 10 to 100 percent disabled, it specifically excluded these same severely disabled veterans. The last increase that a veteran who lost both his legs, both his arms, or both his eyes in the war received was in 1946, when the Congress granted a 20 percent across-the-board increase in disability compensation to all disabled veterans.

Since 1946 the purchasing power of the "compensation dollar" has decreased some 43 percent. I am sure that the committee would readily understand the vital importance of adequate compensation to these severely disabled veterans. In this group are those who are listed by the Veterans' Administration as nonfeasible for employment because of the very nature of their disability. These men have to depend exclusively upon their disability compensation.

In addition, those severely disabled veterans who are employable find it extremely difficult to obtain employment commensurate with their training and ability. We have cases coming before us in our own organization of blinded veterans who had to go into jobs at much lower wages than their background, education and experience would warrant. It seems that employers are still rather reluctant to hire the handicapped.

We feel that an equitable cost-of-living increase in disability compensation for all disabled veterans is warranted at this time to continue their welfare and the progress that the severely disabled are making. Since S. 2451 provides this type of across-the-board coverage, we should like, respectfully, to urge the committee to consider this treatment.

Thank you, sir.

The CHAIRMAN. Thank you very much for your appearance.

Mr. Slayman.

**STATEMENT OF CHARLES H. SLAYMAN, JR., DIRECTOR OF RESEARCH
AND LEGISLATION, AMERICAN VETERANS COMMITTEE**

Mr. SLAYMAN. Mr. Chairman and members of the committee, my name is Charles H. Slayman, Jr. I am the director of research and legislation of the American Veterans Committee.

The American Veterans' Committee is composed exclusively of honorably discharged veterans of World War II and of service in the Armed Forces of the United States since June 27, 1950.

We appreciate the opportunity to appear before this committee in support of H. R. 4387, to raise income limitations as they apply to certain veterans, widows and children.

H. R. 4387, which has passed the House of Representatives, increases income limitations applicable to non-service-connected disability and death pension cases from the present \$1,000 to \$1,800 for a veteran without dependents, for a widow without children, or for a child, and from the present \$2,500 to \$3,000 for a veteran with dependents or for a widow with children. The further provision is made that income from all sources will be included in the computation of annual income. Under present law, certain income from Federal sources is excluded in such computation.

The sound theory behind these income limitations is that, since the disability or death did not occur as a direct result of service in the Armed Forces, as determined by the Veterans' Administration, only veterans, their dependents, widows and orphans, who need Federal financial aid, are given these pensions. Income limitations serve to prevent those not in need from receiving such pension aid. We feel there is some merit to the contention that determinations of service-connections are not infallible; because of this fact, and the statutory limitations with respect to certain diseases, at least some disabilities determined to be non-service-connected are in fact a result of service in the Armed Forces.

Obviously, Congress should increase these income limitations at this time to recognize the decreased purchasing power of the dollar and the rise in the actual cost of living. If Congress fails to do this, it will amount to a failure to recognize that such beneficiaries are now receiving less than Congress intended for them to receive when the present law was enacted.

The American Veterans Committee supports the enactment of H. R. 4387.

The CHAIRMAN. Without the provision that all income be taken into consideration in determining the limitation?

Mr. SLAYMAN. Yes.

The CHAIRMAN. I understood you to say that.

Mr. SLAYMAN. Yes.

The CHAIRMAN. All right.

Mr. SLAYMAN. The American Veterans Committee also supports an across-the-board increase of at least 20 percent in compensations and pensions for service-connected disabled veterans to readjust these compensation and pension rates somewhat to the actual increase in the cost of living.

We feel that H. R. 4394, which was passed by the House of Representatives last year, is inadequate to accomplish this.

H. R. 4394 provides for only a 5 percent increase in compensation for veterans rated 10 to 49 percent disabled and grants a 15 percent increase for those rated 50 to 100 percent disabled. We feel this division will create administrative difficulties and make an unnecessary distinction among disabled veterans. The thinking of Members of the House may have been that the "more seriously disabled" should be aided more and that those with less than 50 percent disabilities were receiving increases in income from other sources—increases in pay, if Federal employees, or increases in hourly rates, if privately employed where escalator clauses in union contracts were in effect.

We feel this approach is unsound. It fails to directly concern itself with what we should be considering: namely, that an increase has occurred in the actual cost of living. This rise is reflected in the Consumer's Price Index of the Department of Labor's Bureau of Labor Statistics. We are asking that an adjustment should be made so that compensations and pensions paid now will be nearer to what Congress has intended in the past.

Disability compensation for a veteran with 100 percent service-connected disability in 1934 was \$100 per month. In 1949, this was adjusted to \$150 per month. This is the rate which prevails today although the Consumer's Price Index is 189.1 as compared to 100 for the base period 1935-39. Thus, the cost of living has risen roughly 90 percent while the compensation rate was increased only 50 percent. By seeking a 20 percent across-the-board increase, we are not even seeking a full adjustment to the indicated increase in the cost of living.

Another objection we find to H. R. 4394 is that it excludes from the proposed increases the disabled veterans receiving special and statutory awards rated under Public Law 182 of the Seventy-ninth Congress. These are the seriously disabled, due to blindness, amputations, or paralysis. We definitely feel that this group of disabled veterans deserve increases in their compensations. They were not granted increases in 1949 but were specifically excluded from the compensation increases granted to 10- to 100-percent disabled in Public Law 339 of the Eighty-first Congress. Increases in the cost of living have been just as pinching for these veterans as for the others, and often more so because of their narrower employment opportunities.

Consistent with the above views, we feel widows, children, and dependent parents should also receive compensation and pension increases of 20 percent.

Mr. Chairman, I would like to make an observation before you at this time, in addition to the prepared statement that we have presented.

The CHAIRMAN. Yes, sir.

Mr. SLAYMAN. And that is that the American Veterans Committee has been concerned for some time, actually right from our formation during World War II, about the cost of veterans' benefits and the effect upon the American economy. We recognize the cold, hard fact that veterans' benefits that are paid out in any monetary way are a continuing cost of war. We have dedicated our programs to peace, trying, in every legitimate way, to do what we can in cooperation with

others, to obtain a just and lasting peace in the world so that there will not be any more wars, and we have pledged ourselves to be citizens of the United States first and veterans second.

We have made some studies that are only in a preliminary form now so they are not adequate to be published, of the costs as they now exist, and considering future costs of the veterans' benefits. We felt, instead of continuing that work ourselves, that it would be more desirable if we established an independent commission, and we have established an independent commission to reappraise the veterans' benefits policy of the United States, taking into consideration the benefits that have been paid and that are proposed to be paid. We hope that that commission will have recommendations to make to the next Congress when it convenes in January.

Senator MILLIKIN. May I ask, Mr. Slayman, are you dealing with the subject of inflation as such, as a basic cause for these problems that we have before this committee right now?

Mr. SLAYMAN. We are certainly taking into account how inflation affects any fixed incomes.

Senator MILLIKIN. Are you concerning yourself with what you believe would be remedies to prevent the inflation that causes the difficulties that concern us here?

Mr. SLAYMAN. I don't know that the commission will make a recommendation for correcting the whole American economy, but I certainly expect that they will make a recommendation of how paying veterans' benefits affects that economy, whether that has any tendency to increase inflation, or what. They are not attempting to come up with a master plan for controls, and I don't know that it would be within their province to go outside of a reappraisal of veterans' benefits and the policy of the United States. That is a tremendous field in itself, how that affects our economy. We have heard this morning a discussion on the fact that we are still paying for the Civil War.

Senator MILLIKIN. The last time we held hearings I think there were one or two from the Mexican War.

Mr. SLAYMAN. We feel in establishing this independent commission it would be better for such a commission than for a veterans' organization to consider the whole subject of Mexican War, Civil War pensions, and benefits paid on up to the present date rather than limit it to World War I, World War II, and the Korean conflict veterans.

The CHAIRMAN. Do you have anything else?

Mr. SLAYMAN. No, sir.

The CHAIRMAN. Thank you very much for your appearance.

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

The CHAIRMAN. Mr. Birdsall, I don't believe you talked to us yesterday about the income-limitation provision.

Mr. BIRDSALL. No, sir. I was going to say, Mr. Chairman, we also have a report in connection with the increase in the service-connected cases and pensions that is related to H. R. 4394 and S. 2451, which

has been testified on by other witnesses. Our report, of course, would be in the record.

We have an estimate of the cost and we have furnished the committee with a report on that particular bill. I don't know whether you care to go into that at this time.

The CHAIRMAN. Would you mind having a seat and telling us something about that? Let us see what you have to say, first, about these income limitations, or have you any recommendations to deliver to the committee on that? You have already said the income limitations do not apply to Spanish-American War veterans.

Mr. BIRDSALL. There is a minor exception to that. A very, very small group, comparatively small group, of veterans are entitled to benefits under part III of Veterans Regulation No. 1 (a), as amended, if they do not meet the eligibility requirements under various acts concerning Spanish-War veterans. We have a very small number of those that come under part III, but, due to a recent enactment, it is doubtful you would have more than a few, possibly, that would be on that roll. Generally speaking, veterans of the Spanish-American War, Boxer Rebellion and Philippine Insurrection come under the service pension laws reenacted in 1935, as amended, and as to those laws there is no income limitation. There is a requirement of dependency as to certain widows who married the veteran after December 31, 1937.

The CHAIRMAN. Yes, sir. The present limitation is \$1,000?

Mr. BIRDSALL. For a single person or person without dependents, and \$2,500 for a married person or a person with dependents.

The CHAIRMAN. This House bill increases that to \$1,800 and \$3,000?

Mr. BIRDSALL. Yes.

The CHAIRMAN. And there are other bills covering that.

Mr. BIRDSALL. For both veterans and dependents of deceased veterans non-service-connected.

The CHAIRMAN. Yes. I think the committee would be helped if you would give us some views upon that question, if there is any special recommendation that the Veterans' Administration has, or factual data that you would like to submit on behalf of the Administration.

Mr. BIRDSALL. We have a detailed report, Mr. Chairman, on H. R. 4387, which was furnished on August 8, 1951, and which covers the history of the income limitations, their application, and the effects of the bill, including the estimated cost of the bill.

The CHAIRMAN. Was that put in the record yesterday?

Mr. BIRDSALL. I believe so.

The CHAIRMAN. The chairman did put in all of the reports. I don't know that this report is included in it, and, if not, we will be glad to have you submit it, if it has not been submitted. Is there any statement you wish to make about it? The income limitation is, of course, rather low now for single veterans, \$1,000.

(See Veterans' Administration report on H. R. 4387 at p. 16.)

Mr. BIRDSALL. Those income limitations that are in the existing law are exactly those that were incorporated right after the Economy Act of March 20, 1933. At that time, as you may recall, they had a disability-allowance law, just before the repeal, and under that it was

required that the person be exempt from the payment of an income tax for the year preceding his claim, and the exemption at that time, when the President put out his regulations, was \$1,000 and \$2,500, and that was put into the regulations.

The CHAIRMAN. Yes; I recall that.

Mr. BIRDSALL. That has not been changed. We have submitted with our report an extract from our regulations explaining exactly how the income limitations are applied, including the exemptions from computation as income, which include benefits under our laws. They are exempt from computation. The others are considered in the computation of income.

We do not affirmatively recommend any particular income limitation, but we do give the effects and estimates. There is a tabulation that was furnished to the House committee and is contained in the hearings conducted on the House side, which gives, as to veterans, the estimated cost for every \$100 change in the \$1,000 income limitation, and also a table showing, as to dependents, the changes by \$100 stages, and also a table for those with dependents in the \$2,500 income limitation, increasing it by \$100 stages to \$3,000. So you have all the estimates, and if you adopt any particular income limitation you have an idea of what it would cost. That can be inserted in the record. I believe I have a copy of that hearing here.

(The tabulation follows:)

Estimated cost, fiscal year 1952, of increasing income limitations contained in pt. III, Veterans Regulation No. 1 (a), as amended, and Public Law 484, 73d Cong., as amended

BY \$100 INTERVALS FROM EXISTING \$1,000 LIMITATION FOR A SINGLE VETERAN, A WIDOW WITHOUT CHILD, OR A CHILD (SUBJECT TO LIMITATIONS AS PRESENTED IN FOOTNOTES BELOW)

From \$1,000 to—	Veterans		Dependents		Total	
	Cases	Amount	Cases	Amount	Cases	Amount
\$1,100.....	5,600	\$4,191,000	5,890	\$2,881,000	11,490	\$7,072,000
\$1,200.....	10,600	7,944,000	8,700	4,137,000	19,300	12,081,000
\$1,300.....	15,200	11,279,000	10,315	5,059,000	25,515	16,338,000
\$1,400.....	20,000	14,760,000	11,730	5,714,000	31,730	20,474,000
\$1,500.....	24,800	18,238,000	13,580	6,639,000	38,380	24,877,000
\$1,600.....	29,900	22,031,000	16,040	7,828,000	45,940	29,859,000
\$1,700.....	35,100	25,844,000	18,400	8,961,000	53,500	34,805,000
\$1,800.....	40,200	29,638,000	20,450	9,994,000	60,650	39,632,000
\$1,900.....	45,600	33,564,000	21,900	10,687,000	67,500	44,251,000
\$2,000.....	51,400	37,748,000	23,150	11,276,000	74,550	49,024,000

NOTES

1. These estimates include veterans of World War I and World War II. A negligible number of veterans of the Spanish-American War are not included, and would not affect the total costs to any appreciable extent.
2. Widows and children of deceased veterans of World War I with entitlement under Public Law 484, 73d Cong., as amended, and widows and children of deceased veterans of World War II with entitlement under Public Law 483, 78th Cong., subject to the conditions of Public Law 484, as amended, are included in these estimates. A negligible number of dependents of deceased veterans of the Spanish-American War who would have entitlement under pt. III are not included and would not affect the total costs to any appreciable extent.
3. It is assumed that the income level of veterans and the dependents of deceased veterans is the same as that for the general population of comparable age and sex.
4. It is assumed that there will be no significant change in income levels from that indicated by the latest available data. This data indicates the income level for the year 1949 as published in Current Population Reports, Consumer Income, Bureau of Census, Feb. 18, 1951, series P-60, No. 7, p. 30, table 17.
5. Available income data is by \$500 intervals. Estimates presented herein by \$100 intervals are based upon interpolated values which necessarily increases possibility of variation in this detailed data.
6. It is assumed that the marital status of veterans is comparable to that of the total male population of comparable age brackets. Marital status data as published in Bureau of Census Release, Feb. 12, 1951, series P-20, No. 33, is accepted as authoritative thereon.
7. Due to the intangible factors involved, these estimates may be as much as 25 percent too high or too low.

Estimated cost, fiscal year 1952, of increasing income limitations contained in pt. III, Veterans Regulation No. 1 (a), as amended, and Public Law 484, 73d Cong., as amended—Continued

BY \$100 INTERVALS FROM EXISTING \$2,500 LIMITATION FOR A MARRIED VETERAN OR A WIDOW WITH A CHILD OR CHILDREN (SUBJECT TO LIMITATIONS AS PRESENTED IN FOOTNOTES BELOW)

From \$2,500 to—	Veterans		Dependents		Total	
	Cases	Amount	Cases	Amount	Cases	Amount
\$2,500.....	11,500	\$8,368,000	470	\$180,000	11,970	\$8,548,000
\$2,700.....	24,900	17,994,000	930	332,000	25,830	18,326,000
\$2,800.....	39,800	28,807,000	1,280	469,000	41,080	29,276,000
\$2,900.....	53,700	38,865,000	1,630	592,000	55,330	39,457,000
\$3,000.....	65,900	47,710,000	1,850	696,000	67,750	48,406,000

The CHAIRMAN. Would the increases in income limitations up to \$1,800 and \$3,000 greatly increase the costs?

Mr. BIRDSALL. We have the 1-year cost, Mr. Chairman.

The CHAIRMAN. Do you have an estimate?

Mr. BIRDSALL. The total cost on the income limitations in the bill as it is before your committee would be \$88,038,000 for the first year, affecting 128,400 cases. Now that estimate includes the veterans of World War I and World War II. It does not include a negligible number of veterans of the Spanish-American War, which would not affect the total cost to any appreciable extent. The estimate does not take into consideration the effect of Public Law 28, Eighty-second Congress, May 11, 1951. That is the one that brought the Korean service in for benefits. It is not possible to determine the effect of the provision that income received from all sources shall be considered in determining the annual income. In other words, this bill would take out the exemptions that now obtain to veterans' benefits that we administer. We do not include those in the computation of income. This particular bill would remove that exclusion and all types of income would be included. That has not been estimated on in this particular estimate.

It is also assumed the income level of veterans or dependents of deceased veterans is the same as that for the general population of comparable age and sex. It is also assumed there would be no significant change in income levels from that indicated by the last available data. This data indicates the income level for the year 1949 as published in Current Population Reports, Consumer Income, Bureau of the Census, February 18, 1951.

It is assumed that the marital status of veterans is comparable to that of the total male population of comparable age brackets. Marital-status data as published in the Bureau of the Census release, February 12, 1951, is accepted as authoritative. Due to the intangible factors involved, these estimates may be as much as 25 percent too high or too low.

Those estimates, by the way, are broken down as to veterans' cases and deceased veterans' cases and into World War II and World War I. The World War II veterans' cases would be 20,300 and the estimated cost is \$14,679,000. The World War I veterans' cases would be 85,800 at an estimated cost of \$62,669,000, or a total of \$77,348,000 for the first year for living veterans, and that is for a total of 106,100 cases.

Section 2, which has to do with the death cases, would affect 700 World War II cases at a cost of \$300,000, and World War I deceased veterans' cases would be 21,600 at an estimated cost the first year of \$10,399,000, or a total of \$10,690,000 affecting 22,300 cases. That gives the total I mentioned in the beginning of 128,400 cases affected at an estimated cost of \$88,038,000, subject to those qualifications and factors that I mentioned.

The CHAIRMAN. You will put that in the record?

Mr. BIRDSALL. Yes.

(The matter referred to is as follows:)

Estimated cost of H. R. 4387, 82d Cong.

	Estimated number of cases	Estimated first year's cost
Section 1:		
World War II veterans.....	20,300	\$14,679,000
World War I veterans.....	85,800	62,669,000
Total.....	106,100	77,348,000
Section 2:		
World War II deceased veterans.....	700	300,000
World War I deceased veterans.....	21,600	10,399,000
Total.....	22,300	10,690,000
Grand total.....	128,400	88,038,000

NOTES

1. This estimate includes veterans of World War I and World War II. A negligible number of veterans of the Spanish-American War are not included, and would not affect the total cost to any appreciable extent.
2. This estimate does not take into consideration the effect of Public Law 28, 82d Cong., approved May 11, 1951, relating to veterans with service after June 26, 1950, for which it is not possible to make any estimate of cost at the present time.
3. It is not possible to determine the effect of the provision that income received from all sources shall be considered in determining annual income. This proposal would tend to decrease the estimated cost but the amount of such decrease is not determinable.
4. It is assumed that the income level of veterans and the dependents of deceased veterans is the same as that for the general population of comparable age and sex.
5. It is assumed that there will be no significant change in income levels from that indicated by the latest available data. This data indicates the income level for the year 1949 as published in Current Population Reports, Consumer Income, Bureau of Census, Feb. 18, 1951, Series P-60, No. 7, p. 30, table 17.
6. It is assumed that the marital status of veterans is comparable to that of the total male population of comparable age brackets. Marital-status data as published in Bureau of Census Release, Feb. 12, 1951, Series P-20, No. 33, is accepted as authoritative thereon.
7. Due to the intangible factors involved, these estimates may be as much as 25 percent too high or too low.

Mr. BIRDSALL. We have also, Mr. Chairman, S. 2641, a bill to elevate the annual income limitations governing the payment of pension for disability or death and to provide certain exclusions in determining annual income for purposes of such limitations.

That bill proposes (1) to increase existing income limitations governing the payment of pension for non-service-connected disability to veterans under Part III, Veterans Regulation No. 1 (a), as amended, and of pension for non-service-connected death to widows and children of deceased veterans under the act of June 28, 1934 (48 Stat. 1281), as amended and extended, and (2) to provide certain additional exclusions in determining annual income for purposes of such limitations.

Under part III of Veterans Regulation No. 1 (a), as amended, veterans of World War I, World War II, or of service in the Armed Forces of the United States on or after June 27, 1950, and prior to such date as shall hereafter be determined by Presidential proclamation or concurrent resolution of the Congress, and veterans of the Spanish-American War, the Boxer Rebellion, and the Philippine Insurrection are entitled, subject to specified requirements, to pension

for permanent and total non-service-connected disability. The pension rates are \$60 per month, or \$72 if the veteran has received the basic rate for a continuous period of 10 years or reaches the age of 65. There is also another rate of \$120 per month if he is in need of regular aid and assistance. The payment cannot be made if the veteran's annual income exceeds \$1,000, if he is unmarried, or \$2,500 if married or with minor children. The bill would increase these limitations of \$1,000 to \$1,800, and the \$2,500 to \$3,000, respectively. It would also introduce an entirely new factor by making the \$3,000 limitation applicable to a case where the person has a dependent parent or parents, even though unmarried and without children. In other words, it brings in the application of the limitation where he has dependent parents, and dependent parents under our laws are not recognized for pension purposes.

In connection with this proposal, the committee will undoubtedly desire to consider the basic purpose of the part III pension. It was intended primarily to afford a modest allowance to seriously disabled veterans who are in limited financial circumstances but whose condition is not the outgrowth of their military service. It was not intended to provide full support. The veteran who receives \$60 monthly pension, or \$720 yearly, if subject to the \$1,000 income limitation, may receive an aggregate yearly income, including the pension, of \$1,720. If he is subject to the \$2,500 limitation he could receive as much as \$3,220. If paid the higher rates of \$72 or \$120 per month his potential aggregate income would be proportionately greater.

With reference to the provision for a \$3,000 income limitation where the veteran has a dependent parent or parents, it may be noted that this would require a factual determination in each claim of a living veteran with reference to whether he has a parent or parents actually dependent, as distinguished from the present situation where a mere showing of relationship is sufficient, namely, that there is wife or child. Whether dependent parents should be recognized as entitling the veteran to a more liberal consideration in connection with the part III pension is a matter of policy concerning the extent of the Government's obligation to this class in providing non-service-connected benefits.

Attention is invited to the fact that while compensation is presently provided for dependent parents based on service-connected death of the veteran, there is no comparable provision for pension in their favor based on non-service-connected death.

Section 1 of the bill is also concerned with the manner in which income is computed for purposes of the mentioned income limitations. Annual income is presently determined in accordance with Veterans' Administration Regulation 1228 which, pursuant to law, provides certain exclusions in the computation of income. A copy of that regulation is in the record. The bill proposes that in addition to the existing exclusions, any payments of retirement annuities based upon age or disability and of social security benefits based upon age shall not be considered. Under the mentioned Veterans' Administration Regulation 1228 (C), payments such as civil-service retirement annuity, social security benefits, and railroad retirement benefits are treated generally as income. However, the cost of these benefits to the annuitant, as contributions to the fund, is not considered income and the benefits received by him are not classed as income until such cost is

recovered. Since retirement annuities and social security benefits are used for the support of the beneficiary, the bill presents the question whether it is consistent with the purpose of the income limitations to exclude the entire amount of such items as civil-service retirement annuities and social security payments, including the net amounts contributed by the employer and the Government.

Section 2 of the bill would raise the amount of the annual income limitations which qualify eligibility of widows and children of deceased veterans of World War I, World War II, or of service in the Armed Forces of the United States on or after June 27, 1950, and prior to such date as shall thereafter be determined by Presidential proclamation or concurrent resolution of the Congress, for death pension, nonservice connected, under the act of June 28, 1934, as amended, from \$1,000 to \$1,800 in the case of a widow without child or in the case of a child, and from \$2,500 to \$3,000 in the case of a widow with a child or children.

As in the case of the part III pension, it has been the consistent policy of the Congress to restrict the benefits of the act of June 28, 1934, as amended, to widows and children in limited financial circumstances, the theory of the legislation being to provide some measure of support to those primary dependents who survive the veteran and who are in need. Under the present law an eligible widow with no child receives \$42 monthly pension, or \$504 annually, which when combined with the permissible \$1,000 income would aggregate \$1,504 annually. A widow with one child receives \$54 monthly pension, or \$648 annually, which when combined with the permissible \$2,500 income would aggregate \$3,148 annually. For each additional child the pension increases \$6 per month. Pension rates for children, where there is no widow, are as follows: One child, \$21.60 monthly; two children, \$32.40, divided equally; three children, \$43.20, divided equally; and \$4.80 additional for each additional child, total divided equally.

Section 2 also deals with the manner in which income is computed for purposes of the mentioned income limitations in the 1934 act. Currently, computation of annual income is made in accordance with Veterans' Administration Regulation 1228, to which reference has been made above. This section would provide that in addition to existing exclusions, any payment made by the widow, child, or children for settlement of debts incurred by a veteran or for expense of last illness of a veteran, such expense of burial of a veteran as exceeds the amount of allowance, \$150, authorized by Veterans Regulation No. 9 (a), as amended, and life insurance payments from any source shall not be considered in determining annual income. It is believed that the adoption of this proposal would present administrative problems with respect to the amounts of allowable expenses incident to the veteran's terminal illness and funeral and the amounts allowable for settlement of the veteran's debts. This would delay the final adjudication of claims. No change would be made by the bill in the proviso in section 1 (c) of the act of June 28, 1934, as amended, which provides that where payments to a widow are disallowed or discontinued, payment to a child or children of a deceased veteran may be made as though there were no widow.

It is noted that the provision for excluding "life insurance payments from any other source," line 1, page 3, does not specify whether

it is intended to apply only to life insurance considered in the strict sense of commercial life insurance, or to include more broadly other types of benefits payable at death having life insurance aspects, such as certain survivorship benefits under the Civil Service Retirement Act, as amended. It may be observed in connection with this proposed exclusion that the life insurance estate of veterans who served in World War I and World War II frequently is limited to Government insurance, issued by the Veterans' Administration, which is already excluded by law from the determination of annual income. The Congress has heretofore followed the policy of classifying commercial life insurance with other types of income which are not received because of disability or death under laws administered by the Veterans' Administration and are therefore included in computing income. Such commercial insurance, irrespective of amount, is only considered in relation to the year in which it is received and does not bar the recipient's eligibility for death pension in the subsequent year or years. Further, Veterans' Administration regulations provide that in those cases in which a claimant has the right to receive commercial life insurance in a lump sum, it is considered that payment was made in a lump sum in the year in which the veteran died, despite the fact that the claimant elected to receive the insurance in installments. The amount received in such installments is not considered as income until the claimant has received an amount equal to the face value of the policy, after which the full amount is considered income.

Section 3 of S. 2614 provides that the act shall be effective from January 1, 1952. From an administrative standpoint, it is desirable that any change in annual income limitations be made effective as of the beginning of a calendar year. It should be noted, however, that by reason of the retroactive effective date provided in the bill, S. 2641, if enacted, would require the Veterans' Administration to review all claims for disability or death pension which were disallowed, and awards of such pension which were discontinued, between January 1, 1952, and the date of enactment, because the claimant's income was in excess of the then applicable income limitation. Further, in those cases where eligibility for pension is established by reason of the liberalized income limitations provided by the bill, it would require the Veterans' Administration to make retroactive awards of such pension.

The subject bill, as well as several other bills which have been introduced during the Eighty-second Congress, present a question of broad national policy for the determination by the Congress as to the extent to which the Government should undertake to provide pensions for veterans and their dependents. In this connection it is deemed appropriate to invite attention to the President's budget message for fiscal year 1953. The President, in discussing veterans' services and benefits, among other things stated:

Expenditures for veterans' services and benefits, which have declined 43 percent from the peak of World War II of \$7.4 billion in 1947, are estimated at \$4.2 billion in the fiscal year 1953. The decline results from sharp reductions in expenditures for readjustment benefits and insurance outlays.

In view of the large increase in the size of our Armed Forces since Korea, and the continued increase in expenditures for compensation and pensions, further large declines in veterans' outlays are unlikely. Our veteran population is increasing rapidly under the policy which requires nearly all able-bodied young men coming of military age to serve their turn in the armed services. As

our commitments to our growing number of veterans increase, we should constantly inquire into how we can best meet their needs and the needs of their dependents. In considering legislation affecting veterans, we must take into account the prevailing economic and military situation, the relation of veterans' programs to the whole range of Government programs, the availability of other Government services, and the lessons learned from experience.

The chief responsibility of the Government is to give medical care to veterans who have been injured in the service to assist them to assume their place in society as productive and self-reliant citizens, and to give necessary aid to the families of veterans deceased or injured from service causes. We should also provide other demobilized servicemen with timely readjustment assistance on a sound basis.

The needs of veterans and their families not resulting directly from military service can be best met through the welfare programs serving the whole population. These programs have been expanded and improved in recent years. Only the special and unique needs of servicemen and their dependents arising directly from military service should be provided for in special veterans' programs.

* * * * *

The total of \$2.1 billion under present laws for the fiscal year 1953 includes \$1.5 billion in compensation payments to service-disabled veterans and families of those veterans who have died from service-connected causes, as well as \$618 million in pension payments for non-service-connected disabilities. Under existing laws expenditures for compensation and pensions will more than double in future years, with the increase entirely in non-service-connected pensions. Legislation to increase further the number of non-service-connected pension beneficiaries should be reviewed in light of the fact that most veterans who need financial help will be covered by the old-age and survivors insurance program. In those cases where veterans are not covered by this program, the sensible remedy is to extend old-age and survivors insurance to include them.

With reference to the cost of the bill, if enacted, there is enclosed a cost analysis indicating that, subject to certain assumptions and limitations set forth therein, the enactment of S. 2641 would result in an additional cost during the first year of approximately \$88,038,000. It will be noted that this estimate is limited to World War I and World War II cases and does not include cases of veterans of the Spanish-American War or of service after June 26, 1950. As pointed out in the cost analysis, this estimate may be as much as 25 percent too high or too low, in view of the intangible factors involved.

Because of the necessity for expediting this report, there has not been sufficient time in which to ascertain from the Bureau of the Budget the relationship of the proposed legislation to the program of the President.

That is all I have on the income-limitation bill, Senator.

The CHAIRMAN. We will take up tomorrow H. R. 2384 and S. 1198, relating to cadet service. You will recall those bills.

Mr. BIRDSALL. Yes, sir.

The CHAIRMAN. And H. R. 316 on arrested tuberculosis, and H. R. 318 on loss of use of a creative organ. We have now about 30 minutes left. If you wish to go into those three bills we would like to have you do so. We have reports on those bills already in the record.

Mr. BIRDSALL. Yes, sir.

On S. 1198, Senator, the report of May 2, 1951, is on the report of the Veterans' Administration on this particular subject.

The CHAIRMAN. That was put in the record yesterday.

Mr. BIRDSALL. And we did report also on H. R. 2384 on the House side as well as to this committee.

The CHAIRMAN. Is there anything you wish to add to those reports on this bill, H. R. 2384?

Mr. BIRDSALL. I don't believe so, Mr. Chairman. I think the report is self-explanatory, but I would like to mention the fact that in the report we go into the history, indicating the changed conditions obtaining at the time of World War II that led to the legislation, to bring them into active service during the period of that war for our benefits. The bills have to do with extending this to World War I and prior wars.

The CHAIRMAN. Yes.

Mr. BIRDSALL. Then there are some matters of form that are mentioned in the report, that might arise with reference to war dates, and that is about all I care to indicate at this time.

The CHAIRMAN. Then we have H. R. 316. That report is in the record.

Mr. BIRDSALL. Therein we mentioned the enactment by the Congress of certain regulatory provisions, that is from the scheduled disability ratings on the rating of arrested tuberculosis as enacted by the Congress with an amendment, which is now the law on that subject, and then we indicate the rates that have been established and the amount of compensation payable for arrested tuberculosis.

The CHAIRMAN. There is nothing in addition that you care to add, is there, on that particular bill? I was trying to shorten your labor.

Mr. BIRDSALL. We always have this comment, Mr. Chairman: The statutory awards are contrary to the scientific treatment of evaluations of disability. We have set up a rating schedule board, which makes a continuous study of all types of disability and comparisons with reference to effects of disability, and they evolve these standard ratings, and, of course, the statutory ratings fix definite valuations inconsistent with those findings. But we do believe there is a fair and reasonable provision now by keeping the men on the rolls for a considerable period after you have determined that the condition is inactive and it is only in the minimum of cases where probably there is little, if any, residual disability that you have any question. I think that compensable cases are taken care of under our criteria.

We do have an estimate on the cost of that bill. The ascertainable cost is estimated at \$1,115,000 for the fiscal year 1952.

The CHAIRMAN. All right, sir. Then we have H. R. 318. That report is already in the record.

Mr. BIRDSALL. The report of May 18, 1951, H. R. 318 again goes into the legislative history of those specific statutory awards for any particular losses.

In this connection I might say that in 1933, although this particular provision for compensation for the loss of use of a creative organ was then in the World War Veterans Act and applied to World War I veterans by virtue of the restoration in 1934 of the entitlement notwithstanding the repeal in 1933, the Presidential regulations excluded the creative organ for additional allowances and substituted the loss of the use of an eye. That particular rate does not apply to any other group except World War I veterans. That rate was not increased as much as the other rates for the loss of the use of a hand or a foot in the World War Veterans Act. They are getting a lesser rate today.

We have also indicated in the report the types of cases that are included under the determinations made under the World War Vet-

erans Act for that disability, because in some instances a determination of loss of use might be traceable to possibly an extirpation in the case of congenital situations. But we did have a considerable number that came on the rolls for the additional allowances. We said in the report—

If it be assumed that the incidence among World War II veterans generally is comparable to experience in the World War I group, the cost of section 1 as to World War II veterans would approximate \$7,762,000 the first year, affecting about 15,400 veterans. However, in view of a number of differing factors involved, it is not believed that a reliable estimate even as to that group would follow from such an assumption.

So the total cost of the bill was not estimated. We did say there would probably be around 3,300 World War I veterans whose present awards would be increased from \$30 to \$42, at an approximate cost of \$475,000, but we could not estimate what it would cost for the World War II group.

The CHAIRMAN. You gave us yesterday the estimates on the cost.

Mr. BIRDSALL. Yes; on the proposed general increases in rates.

The CHAIRMAN. But have you furnished any estimate on the additional cost if the formula adopted by the House was applied to disabilities of 100 percent, in the special cases?

Mr. BIRDSALL. Those are included in our 5, 10, 15, and 20 percent estimates which I put in the record yesterday.

The CHAIRMAN. It is across the board for all, the special as well as the other cases?

Mr. BIRDSALL. All the rates.

Also, Mr. Chairman, at the suggestion of the staff we are preparing across-the-board estimates on pensions, so you have the rates set up.

The CHAIRMAN. Yes, sir; we will be very glad to have that in the record.

(The tables referred to are as follows:)

Estimated cost, fiscal year 1953, to increase the monthly disability and death rates of pension currently available to all veterans and their dependents

5 PERCENT INCREASE

	Total		Living veterans		Deceased veterans	
	Cases	Estimated cost	Cases	Estimated cost	Cases	Estimated cost
World War II.....	58,000	\$2,062,000	40,000	\$1,514,000	18,000	\$548,000
World War I.....	619,300	21,553,000	369,100	14,948,000	250,200	6,605,000
Spanish-American War.....	158,300	6,983,000	78,300	4,653,000	80,000	2,435,000
Other ¹	9,150	274,000	250	15,000	8,900	259,000
Total.....	844,750	30,877,000	487,650	21,030,000	357,100	9,847,000

10 PERCENT INCREASE

World War II.....	58,000	\$4,124,000	40,000	\$3,028,000	18,000	\$1,096,000
World War I.....	619,300	43,106,000	369,100	29,896,000	250,200	13,210,000
Spanish-American War.....	158,300	13,976,000	78,300	9,106,000	80,000	4,870,000
Other ¹	9,150	548,000	250	30,000	8,900	518,000
Total.....	844,750	61,754,000	487,650	42,060,000	357,100	19,694,000

15 PERCENT INCREASE

World War II.....	58,000	\$6,186,000	40,000	\$4,542,000	18,000	\$1,644,000
World War I.....	619,300	64,659,000	369,100	44,844,000	250,200	19,915,000
Spanish-American War.....	158,300	20,964,000	78,300	13,659,000	80,000	7,305,000
Other ¹	9,150	822,000	250	45,000	8,900	777,000
Total.....	844,750	92,631,000	487,650	63,090,000	357,100	29,541,000

20 PERCENT INCREASE

World War II.....	58,000	\$8,248,000	40,000	\$6,056,000	18,000	\$2,192,000
World War I.....	619,300	86,212,000	369,100	59,792,000	250,200	26,420,000
Spanish-American War.....	158,300	27,952,000	78,300	18,212,000	80,000	9,740,000
Other ¹	9,150	1,096,000	250	60,000	8,900	1,036,000
Total.....	844,750	123,508,000	487,650	84,120,000	357,100	39,388,000

¹ Includes Indian wars, Civil War, and Mexican War cases.

NOTE.—Above data does not include cases with entitlement based on service on or after June 27, 1950. Currently, the numbers so entitled are so small as to have only a negligible effect on cost.

The CHAIRMAN. Are there any questions you wish to ask Mr. Birdsall or the gentlemen who are with him?

So far as I know, Mr. Birdsall, you and the gentlemen who are here with you will not be required to return tomorrow, unless you wish to. You will be excused unless we call you.

Mr. BIRDSALL. I assure you, Mr. Chairman, that we stand ready to render any assistance and give you any data that is available to us.

The CHAIRMAN. Mr. Miller, your legislative liaison, will be around, I suppose.

At this point in the record I will insert a telegram from William A. Pearceall, legislative chairman, DAV, Indianapolis, Ind., and a letter from Joseph J. Kincaid, District Heights, Md.

INDIANAPOLIS, IND., March 4, 1952.

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

DEAR HONORABLE SIRs AND MEMBERS OF THE COMMITTEE ON FINANCE: At a meeting tonight attended by 671 wartime disabled veterans and members of their families in the Lincoln Hotel, Indianapolis, Ind., a resolution was adopted as follows:

"Resolved by 671 wartime disabled veterans, That we go on record petitioning, praying, and earnestly requesting that the members of the Committee on Finance in the United States Senate act on the following-named bills which provides desperately needed benefits for the Nation's wartime disabled veterans and their dependents:

"H. R. 4394 to be amended providing for a 15-percent increase across the board in compensation.

"H. R. 4108 to be amended providing for dependents' benefits for all service-connected disabled veterans who have a 10 percent or more service-connected disability.

"H. R. 316 providing for statutory compensation for all ex-members of the Armed Forces who contracted tuberculosis while in service and have become arrested.

"H. R. 318 providing for a statutory award for all service-connected ex-members of the Armed Forces who have lost or have lost the use of a creative organ."

Sincerely,

WM. A. PEARCEALL,
Legislative Chairman, Department of Indiana, DAV.

DISTRICT HEIGHTS, MD., March 4, 1952.

HON. WALTER F. GEORGE,
Senate Office Building, Washington, D. C.

DEAR SENATOR GEORGE: In fairness to World War II, Korean, and all other veterans, please support H. R. 316, passed by the House on April 1951.

I contracted TB on submarines in the Asiatic Fleet under hazardous conditions and was surveyed out in 1933, after putting 9 months in naval hospitals and 2 years and 3 months in a veterans hospital afterward. Had a little over 13 years military service.

Have been told by good authority that a person surveyed out of the service where the disability was due to hazardous conditions was practically on a par with other veterans, except they might and can be cut off completely. A person that has had TB, especially in an advanced stage, will always have to guard his health even though it is arrested, for it can become active again.

I tried to get back in the Navy during World War II, and having been a quartermaster in the Navy, tried for the Third Mates School and other jobs, but was turned down due only to my health.

Again, your support of H. R. 316 will be appreciated.

Sincerely yours,

JOSEPH I. KINCAID.

The CHAIRMAN. The hearing is adjourned until 10 o'clock tomorrow morning.

(Whereupon, at 11:35 a. m., the committee adjourned, to reconvene at 10 a. m., Thursday, March 6, 1952.)

**INCREASED COMPENSATION AND PENSIONS—INCOME
LIMITATIONS—DEPENDENCY ALLOWANCES—CADET
SERVICE—TUBERCULOSIS—CREATIVE ORGAN**

THURSDAY, MARCH 6, 1952

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

The committee met, pursuant to adjournment, at 10 a. m., in room 312, Senate Office Building, Senator Walter F. George (chairman) presiding.

Present: Senators George (chairman), Hoey, Frear, Martin, and Millikin.

Also present: Elizabeth B. Springer, chief clerk.

The CHAIRMAN. The committee will come to order.

Captain Willenbacher, I believe you are appearing here representing the Retired Officers Association.

**STATEMENT OF CAPT. FRANZ O. WILLENBUCHER, UNITED STATES
NAVY, RETIRED, EXECUTIVE VICE PRESIDENT OF THE RETIRED
OFFICERS ASSOCIATION**

Captain WILLENBUCHER. Mr. Chairman and members of the committee:

I am Capt. Franz O. Willenbacher, United States Navy, retired, executive vice president of the Retired Officers Association. Our president, Vice Adm. H. G. Hamlet, United States Coast Guard, retired, regrets that he was unable to appear at these hearings this morning. He has asked me to present the statement he would have made had it been possible for him to be present.

The Retired Officers Association appreciates this opportunity to testify on two bills pending before your committee. I have with me Commander Harold B. Corwin, United States Navy, retired, assistant legal counsel of the association.

The CHAIRMAN. We will be very glad to have him here.

Captain WILLENBUCHER. The first statement we have to make is our statement on the bills H. R. 4387 and S. 2641.

The Retired Officers Association is opposed to the enactment of H. R. 4387 and favors the provisions of S. 2641.

One of the objectives of the Retired Officers Association is to propose, advocate, and support legislation which appears to be just and equitable affecting retired members of the uniformed services, their families, and survivors. At the last biennial convention of the association a resolution was adopted to advocate and support any legisla-

tion to remove the present ceiling on income limitations for widows completely or which increases the limit in income to a realistic figure.

H. R. 4387 which passed the House of Representatives during the first session of this Congress raises the annual income limitations for death pensions and for disability from \$1,000 to 1,800 for a veteran or widow alone and from \$2,500 to \$3,000 for a veteran or a widow with a child or children. However, it abolishes the exclusion of certain income, particularly from Government insurance payments, now allowed by law, in determining the individual's annual income.

S. 2641, introduced by Senator George on February 11, 1952, provides the same ceiling from income limitations, \$1,800 and \$3,000, but authorizes exclusion in the annual income computation, of income from sources excluded by existing laws or regulations, and certain other income, particularly commercial life insurance.

The Retired Officers Association is interested particularly in the provisions of these measures which relate to widows and children. Although most of its members qualify as veterans of a war or wars, in general they are in receipt of retired pay rather than veterans benefits. This retired pay ceases with their death, leaving their survivors dependent, in most cases, solely upon such pension benefits as they may be eligible for under law.

The current limitations were originally included in the pension laws in the early 1930's, depression years, when the dollar had purchasing power far above what it has now, and when earned incomes were materially lower. For example, according to Government statistics, the 1952 dollar, when compared with the 1939 dollar in purchasing power, has barely one-half of that dollar's worth in 1939. In addition, whereas the per capita income for the entire continental United States in 1940 was \$575; in 1950 it was \$1,436—almost tripled within a decade.

The benefits that would accrue from the increased limitations will in many cases be completely eliminated if the provisions in the bill H. R. 4387 precluding exclusions in determining annual income for purposes of such limitations are retained. An example of the effect of precluding exclusions in determining a widow's income is that under certain circumstances if the House version were enacted, a widow conceivably could be disqualified for a pension when her income was limited solely to monthly Government insurance checks.

It is the opinion of our association that not only should the present exclusions be continued, but that they should be broadened to include life insurance payments from any other source. To not include all insurance imposes a severe penalty on the serviceman who, through frugality and foresight and a desire to care for his surviving dependents, has established an insurance fund for them.

It is believed that a realistic approach to this problem of setting income limitations and the exclusions in determining annual income for the purposes of such limitations, would result in the amounts and items of exclusions provided in the bill S. 2641. The Retired Officers Association strongly recommends them for the full consideration and adoption by your committee.

That, Mr. Chairman, was the statement we wanted to make on those two bills, and we have a further statement with regard to two other bills that are before the committee.

The CHAIRMAN. Yes, sir; we will be very glad to hear you on them.

Captain WILLENBUCHER. The Retired Officers Association fully

supports and urges approval and enactment of the proposal under consideration by this committee in the bills H. R. 2384 and S. 1198.

Section 10 of the act of July 13, 1943, properly recognized attendance at the service academies during World War II as active military and naval service for the purpose of laws administered by the Veterans' Administration. The principal result of this law was the granting of wartime rates of pensions and compensation to the veterans and their survivors.

H. R. 2384, which passed the House of Representatives last June, and S. 1198, identical bills, would extend similar recognition under similar circumstances to the cadets and midshipmen of two former wars, World War I and the Spanish-American War. This purpose has the full endorsement of the Retired Officers Association.

There would appear to be no sound basis for withholding wartime service status from cadets and midshipmen who performed full-time active military service in any war when such status is accorded to numerous other classes of persons performing military service little different in nature and in many cases much less rigorous, as for example in basic training camps in the United States.

The total number of persons who would benefit through enactment of this legislation is relatively small and consists principally of widows. The former cadets and midshipmen who would benefit ostensibly by this legislation, in the main, have qualified as veterans through subsequent war service in an officer status. That is to say, many Spanish-American War veterans served also in World War I and a few in World War II; and a still larger ratio of those who acquired veterans status by service in World War I also acquired it through service in World War II. With the above facts in mind there can be very few remaining who are not qualified, since over 50 years have elapsed since the period designated as service during the Spanish-American War and over 30 years have elapsed since the period of service designated for World War I. With the number so few the cost would be very small.

It has been noted that the act provides for crediting service at the Coast Guard Academy during the Spanish-American War. Since the Coast Guard, or its predecessor, the Revenue Cutter Service, was not an integral part of the armed military forces until 1915, service at the Coast Guard Academy during that war would not be entitled to be accorded an active wartime service status on that basis alone. During that war members of the Coast Guard, then the Revenue Cutter Service, were only accredited with military service when the units in which they were serving were by direct order placed under and served with the Navy.

It is therefore suggested that the bills H. R. 2384 or S. 1198 be amended by striking out the words "or as a cadet at the United States Coast Guard Academy" appearing in line 9 on page 1 and in line 1 on page 2, and inserting after the word "service" at the end of line 3 on page 2, the words "or service as a cadet at the United States Coast Guard Academy."

In view of the foregoing, the Retired Officers Association recommends favorable action and enactment of the proposed measure with the suggested amendment.

That completes our statements, Mr. Chairman, on those bills.

The CHAIRMAN. Are there any questions?

Senator MILLIKIN. No questions.

The CHAIRMAN. Any questions, Senator Frear?

Senator FREAR. No questions.

The CHAIRMAN. Thank you very much for your appearance.

I submit for the record a letter from Senator Everett McKinley Dirksen relative to the amendment to H. R. 318 proposed by Senator Douglas to extend this special compensation to a veteran who has suffered the loss of a lung.

UNITED STATES SENATE,
COMMITTEE ON RULES AND ADMINISTRATION,
March 3, 1952.

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

DEAR SENATOR GEORGE: It is my understanding that hearings are scheduled on a number of bills and that among them is H. R. 318.

Mr. Dean E. Raines, a veteran of White Hall, Ill., has indicated that an amendment has been proposed by Senator Douglas to make him eligible for assistance under this proposal. Because Mr. Raines has lost his lung and the protecting rib formation, he feels that this should be given consideration. He points out that "it is possible for a veteran to lose the left lung without losing the ribs over the heart and of course it is clear that if he lost the right lung, which loss would also be compensatory under the bill, he would not also lose the ribs over his heart. Indeed, he could not even lose the left lung, because it is impossible for a man in the flesh to live without any lungs at all. The point I wish to emphasize is that while a veteran might lose the left lung without also losing the ribs over the heart, he could not possibly lose the ribs over the heart without also losing the left lung."

The request which has been made by Mr. Raines is that "the bill be so worded and so placed as to indicate that where a veteran has suffered the loss of both the left lung and the left ribs over the heart, the rate of compensation should be increased.

I will appreciate it if this type of disability be given special consideration when the bill is studied by your committee.

Sincerely,

EVERETT MCKINLEY DIRKSEN.

The CHAIRMAN. Mr. Downer, we are calling you back on these other bills.

STATEMENT OF A. M. DOWNER, ASSISTANT LEGISLATIVE REPRESENTATIVE OF THE VETERANS OF FOREIGN WARS OF THE UNITED STATES—Resumed

Mr. DOWNER. Mr. Chairman and members of the committee: I do not have a prepared statement on the bills that we are considering this morning. I should like the privilege to orally express to you the views of our organization.

The last national encampment of the Veterans of Foreign Wars adopted a resolution endorsing each of the bills that are under consideration this morning.

First, I should like to discuss briefly the bills S. 1198 and H. R. 2384, which deal with wartime service of cadets and midshipmen. As the committee probably realizes, the law at the present time recognizes such services in the case of World War II veterans only. I believe the thinking of our organization in endorsing this bill was merely on the basis of uniformity, that if it was to be considered as a

wartime service during World War II then there seems no good reason why it should not also be considered as wartime service during World War I and the Spanish-American War.

The CHAIRMAN. Would you agree with the previous witness that the numbers that would be brought in from World War I and the Spanish-American War would be relatively few?

Mr. DOWNER. I think it would be very small, Mr. Chairman. I don't know any way to estimate it at all, but of course a great many of them had subsequent service which would qualify them for service.

The CHAIRMAN. Yes.

Mr. DOWNER. I assume there would probably be very few, if any cases where they would claim non-service-connected disability benefits because they would probably have service to the point that retirement would be more beneficial to them. Also service-connected cases insofar as this bill is concerned, I imagine would be very, very few.

Now, Mr. Chairman, the question presented by S. 2465 is one that is much more important to our organization. This bill provides for the presumption of service connection for active tuberculosis, multiple sclerosis, and psychosis developed to 10 percent or more within 3 years from date of separation. As recited in this bill, this presumption is a rebuttable presumption. In other words, one might say that actually what it does, is apply the rule of *res ipsa loquetur* to these cases. If service connection can be rebutted then, of course, the presumption of service connection is destroyed and the disability is not service-connected.

The administrative practice in the Veterans' Administration is, they say, to resolve the doubt in favor of the veteran. Consequently, I think that all this bill really does is to enact into statutory law what is presently supposed to be administrative practice. The nature, especially of multiple sclerosis and psychosis, is such that its origin and causes are so vague and obscure that one could never tell when or what was its origin or cause.

Consequently, to impose upon the veteran the burden of proving that the cause or origin occurred during his military service imposes on him an absolutely impossible condition. So if, as the Veterans' Administration says, they give the benefit of the doubt in such cases to the veteran, then this bill actually would not do anything except achieve greater uniformity than we now have, because it would convert administrative practice into statutory law.

Now these conditions covered by this bill at the present time, all of them have a 1-year presumption. I think the committee perhaps will recall that in the first session of this Congress the Congress enacted Public Law 239 which created a 2-year presumption for psychosis for medical purposes only but not for pension or compensation benefits. The House in this session has held hearings on a bill which I believe I am correct in saying has been reported, which would repeal this Public Law 239 and establish service connection for psychosis for all purposes. Our organization has, by the resolution of the encampment, endorsed this legislation, and for the reason as I have attempted to express to you I believe it is very meritorious.

Our organization has also endorsed the bill to establish a special award for the loss of a creative organ. Perhaps you might be interested to know, if you have not received this information already, what the present disability rates are for the loss of a creative organ.

Would you like to have that, Mr. Chairman?

The CHAIRMAN. Yes, you could put it in the record.

Mr. DOWNER. Under the 1945 rating schedule, for the removal of half or more of the penis, 30 percent; for removal of glands of the penis, 20 percent; penis deformity, with loss of erectile power, 20 percent; testes undescended, or congenitally undeveloped, not a ratable disability; testes, atrophy, complete, both, 20 percent; testes, removal of both, 30 percent; testes, removal of one other than undescended or congenitally undeveloped, 10 percent. Those are disabilities that are attached by the rating schedule. So that without the special award as provided in these bills for those disabilities one would receive that percentage of \$150 a month.

Senator MILLIKIN. Are there many of those cases?

Mr. DOWNER. I think, Senator Millikin, that there are quite a few of them. I believe it is correct to say, according to the Veterans' Administration, that there are 3,300 World War I veterans, and I believe they estimate that on the same percentage, if the same percentage existed in World War II, it would be 15,400.

Senator MILLIKIN. Of all the categories?

Mr. DOWNER. Yes, sir.

The CHAIRMAN. What is the statutory award provided in this bill?

Mr. DOWNER. You see, it applies at the present time to World War I veterans but not to World War II veterans, and the statutory award for World War I cases is \$30.

Senator MILLIKIN. Is what?

Mr. DOWNER. Is \$30 per month. This bill would increase the award to \$42 per month and extend it to World War II veterans.

I think, perhaps, I should also mention this, Mr. Chairman, that if this bill is to be passed it should, of course, be amended to include veterans in service after June 26, 1950, the Korean veterans. They are not included in the bill as it is now written.

I think that is all I have to offer on these bills, Mr. Chairman, unless the committee has some questions. But I would like to take just 1 minute to make one observation which occurred to me in the testimony that I heard day before yesterday after I had testified.

From the question that Senator Frear asked one of the witnesses I was given the impression that perhaps he had a misapprehension about part III benefits or non-service-connected pensions. I would like to just take 1 minute to comment on it.

The CHAIRMAN. Yes.

Mr. DOWNER. But part III pensions are not payable to any veteran unless he has a permanent, total disability and unless he is unemployable, and then, of course, in addition to that, the income limitations apply. From some remarks that Senator Frear made about payment of benefits to able-bodied veterans I thought maybe he had a misconception about that. He may have been referring only to the education and training, or things of that nature, which, of course, are paid to able-bodied veterans. But in case he did have a misapprehension I wanted to make that clear.

Senator MILLIKIN. Mr. Chairman, I would like to ask a question with reference to this subject that we were discussing before, this last one.

Have we any information on whether in Korea the incidence of that type of mutilation is greater than in past wars?

Mr. DOWNER. We have no information on that. Senator Millikin, and I am not aware that it is available.

Senator MILLIKIN. Is there any charge that the enemy does go in for mutilation of those captured?

Mr. DOWNER. Not to my knowledge, sir.

Senator MILLIKIN. Does anybody here know anything about that?

Captain WILLENBUCHER. We have received no information on that, sir.

Senator MILLIKIN. Thank you.

The CHAIRMAN. Thank you very much, sir.

Mr. FOSTER.

Mr. FOSTER. Senator George and members of the committee, I am the national legislative representative for the Disabled American Veterans. We are interested this morning in the bills H. R. 316 and H. R. 318 which passed the House last year and which are presently under consideration by your committee.

I have with me this morning Mr. Cicero F. Hogan, who is our national director of claims, and inasmuch as these bills are very technical and involve questions relating to the disability rating schedule of the Veterans' Administration, I would like to have Mr. Hogan give you the views of our organization with respect to those bills.

The CHAIRMAN. We will be very glad to hear from you, Mr. Hogan.

STATEMENT OF CICERO F. HOGAN, NATIONAL DIRECTOR OF CLAIMS, DISABLED AMERICAN VETERANS

Mr. HOGAN. Mr. Chairman and members of the committee, my name is Cicero F. Hogan and I am the national director of claims for the Disabled American Veterans. On behalf of the DAV and by national convention mandate, I am here today asking your favorable consideration of H. R. 316 and H. R. 318 of the Eighty-second Congress, both of which passed the House April 17, 1951.

The bill H. R. 316 would amend veterans' regulations to provide a minimum rate of compensation for World War II veterans who have arrested tuberculosis. As you are aware, World War I veterans, by provisions of the World War I Veterans Act of 1924, as amended, are entitled to and enjoy a \$60 statutory award for service-connected arrested tuberculosis.

This benefit was first established in 1926 by Public Law 448, Sixty-ninth Congress, and while repealed by the Economy Act of March 20, 1933, was restored in most instances by Public Law 141, Seventy-third Congress.

The DAV believes that the principle which justified this statutory provision in 1926 for those suffering from arrested tuberculosis is sound and in the interest of uniformity, and, to fill a like need, ask that the World War II veteran tubercular be given the same consideration and the same benefits.

Without doubt the original theory and justification of a statutory award for the TB after full arrest had been obtained was a monetary lift to reduce the financial loss suffered in most instances because of the long period of treatment requiring complete inactivity before improvement could be expected and even longer periods of convalescence if complete arrest was to be attained. Too, it reduced the need of the convalescent to rush back into intense employment or physical effort

under circumstances bound to bring about a reactivation of his dread condition. A reactivation only means the restoration of the maximum payment of compensation to the totally disabled active tubercular.

May I emphasize at this point the fact that the proposed bill, intended to equalize or match like benefits extended to World War I tuberculars provides that, "The monthly compensation shall not be less than \$60." I mention this as previous material on this bill submitted to this committee and estimating the probable cost of this legislation might lead one to believe that the claimant veteran, if a tubercular reaching a state of arrest, will receive an award of \$60 over and above all other compensation he may be receiving because of other disabilities. Such is not the case.

If the claimant at the time his tuberculosis has reached a state of complete arrest and considered no percent is drawing say 60 percent, \$90; for a bronchial asthma, severe, or 40 percent, \$60; for amputation of the leg at lower level permitting prosthesis, he is in each instance drawing compensation of \$60 or more and would not be entitled to the \$60 for his arrested TB. Too, if drawing 30 percent for his tuberculosis, arrested, following far-advanced active lesions, he would receive an award of \$45 but paid "not less than \$60" for his TB arrested. In other words, the grant would mean an additional \$15, not \$60. If he had any other disability paying 40 percent more in compensation, at present rates, he would not benefit under this proposed law which merely provides for the payment of monthly compensation of "not less than \$60." This bill is intended to aid and assist the tubercular veteran who contracted his tuberculosis under the stress and strain and exposure during time of war and who, by patience and cooperation and with a will to live, has reached a stage of arrest. We want to help him stay that way and no longer be a danger and a menace to his friends, his family, or his fellow employees.

H. R. 318: The other bill up for consideration by this committee, H. R. 318, would authorize a statutory award of \$42 per month to veterans of World War II, and other war veterans who, as the result of service-connected disability, have suffered the anatomical loss or loss of use of a creative organ.

Congress in enacting Public Law 522, Seventy-first Congress, has already recognized that the nature of this disability is such that it warrants a special award independent of the percentage evaluations contained in the Veterans' Administration disability rating schedule. Section 13 of Public Law 522, Seventy-first Congress, in effect, authorized a statutory award of \$25 per month to World War I veterans who, because of service-connected disability, suffered the loss of use of a creative organ.

This provision of the law was repealed by the Economy Act of 1933 but restored by Public Law 141, Seventy-third Congress approved March 28, 1934. The award has been increased to \$30 monthly by subsequent legislation (Public Law 662, 79th Cong.).

It is readily apparent that a disability of this nature is equally handicapping, irrespective of the war in which it was incurred. To establish equity and uniformity in extending this benefit, we of the DAV endorse the provisions of H. R. 318.

A disability of this nature results in a permanent mental fixation which cannot be removed by the finest psychotherapy or rehabilitation processes in the world. While the industrial or employment handicap

related to this disability may be negligible, the social maladjustment resulting therefrom must be considered.

Under the current VA schedule for rating disabilities, the rating for "Penis, removal of half or more," is 30 percent or \$45 monthly. The rating for "Testes, removal of both," is 30 percent or \$45 monthly. The rating for "Testes, atrophy, complete, both," is 20 percent or \$30 per month.

This same schedule for rating disabilities provides a rating of 30 percent or \$45 monthly for amputation of the index finger with metacarpal resection or amputation of the ring and little finger. A severe case of sinusitis is also entitled to the 30-percent rating. While the latter ratings we have cited are certainly justified, the disparity in the ability to function under the circumstances of ordinary activity, that is, in daily life, is readily apparent.

The request for a statutory award to cover these cases stems from the all too apparent inadequacy of the ratings provided in the VA schedule. All efforts to secure administrative adjustment and revision of these ratings have been to no avail. We are therefore forced to seek congressional action if relief is to be secured.

On behalf of my organization I wish to thank this committee for the opportunity given us to present our views on these bills. Your careful consideration can be expected. We hope for your favorable approval.

The CHAIRMAN. Are there any questions?

Senator MILLIKIN. No questions.

The CHAIRMAN. Thank you very much for your appearance.

Mr. Wilson.

STATEMENT OF RUFUS H. WILSON, ASSISTANT SERVICE DIRECTOR OF AMVETS—Resumed

The CHAIRMAN. All right, Mr. Wilson, we have called you back. Your organization may have some recommendations on these bills that we are considering today.

Mr. WILSON. Yes, sir.

The CHAIRMAN. You may be seated.

Mr. WILSON. Thank you, sir.

My name is Rufus H. Wilson. I am the assistant service director of AMVETS and a legislative officer of AMVETS at the present time.

Rather than read my statement, sir, I would appreciate it if I may be permitted to insert it in the record and comment briefly on it.

The CHAIRMAN. All right.

Mr. WILSON. We wholeheartedly support both H. R. 316 and H. R. 318. H. R. 316, by and large, is available to World War I veterans. In addition to that it creates a minimum floor of compensation for a man who has the most serious condition and thereby, in a great many instances, resulting, in the final analysis, in the man not being allowed to get strenuous employment which reactivates his disability and puts him in the hospital at an increased cost to the Government. We urge that the committee favorably approve this bill.

On H. R. 318, we have long supported a proposal of this nature. Because of its technicality, I do not intend to go fully into it; however, it is a very serious problem. The rates in the present schedule of rating disabilities of the Veterans' Administration are totally inade-

quate in our opinion, ranging from 10 to 30 percent for the loss of reproductive power.

The CHAIRMAN. From 10 to 30 percent?

Mr. WILSON. Yes. Certainly we believe the psychological effect alone is obvious and proves that increased compensation should be awarded. A statutory award, of course, would not fully compensate a man for any such irreparable loss, but it would assist some in lightening the burden of existence.

The CHAIRMAN. Thank you very much for your appearance.
(Mr. Wilson submitted the following statement:)

STATEMENT OF RUFUS H. WILSON, ASSISTANT SERVICE DIRECTOR OF AMVETS

AMVETS appreciate the opportunity of appearing here today to offer our comments on H. R. 316 and H. R. 318.

We support these measures wholeheartedly. We have been concerned with the proposals for several years and they have been convention mandates of AMVETS since 1946.

H. R. 316

Certainly the large number of veterans in VA hospitals today suffering from tuberculosis offer adequate proof of the seriousness of this disease insofar as it relates to veterans. Certainly also the large number of such veterans indicates that tuberculosis has been one of the major disabilities arising out of every war in which the United States has engaged.

Present ratings for tuberculosis are based on a sliding scale with a veteran receiving 100 percent for 2 years following arrest and 50 percent for 4 years thereafter. At the conclusion of these 6 years he is rated from 0 to 30 percent based on the most far-advanced state of his original diagnosis and present symptoms. H. R. 316 would place a minimum floor at \$60 per month on such service-connected TB cases. We believe this floor to be a most justifiable approach to this problem. Such a realistic minimum floor would have the effect of assisting tubercular veterans in planning their lives to such an extent that there would be the least possible exposure to conditions which would lead to the reoccurrence of their disability.

It has been our experience to find that many veterans who suffer from this dread disease have had to obtain strenuous employment following the arrest of their condition because of dire economic needs. Later we have found these same veterans once again in VA hospitals suffering with an active condition as a direct result of their inadequate employment. We feel that had a minimum floor been established some time ago this situation would probably not have arisen. When it does arise, obviously Government costs increase through hospitalization because of reluctance upon the part of the Government to recognize and accept the basic philosophy of eminent medical men who continually stress the necessity for a life relatively free of strenuous activity following the arrest of tuberculosis.

We are sure that this committee has adequate technical information available to evaluate the merits of this legislation. For our part AMVETS feel that the need for H. R. 316 is great and we, therefore, urge the acceptance of the bill by the Senate Finance Committee.

H. R. 318

Probably no one subject has received more serious consideration by delegates at AMVETS national conventions and other AMVET meetings than has subject covered by H. R. 318.

To go into the physical and psychological aspect of this subject would be redundant—we are certain this committee has heard them many times. However we cannot refrain from expressing our extreme dissatisfaction with the present schedule of rating disabilities in use in the Veterans' Administration insofar as it applies to the loss of creative organs. This schedule has ratings ranging from 10 to 30 percent for what we believe to be a most serious physical and mental disability. We feel that these ratings are totally inadequate and we feel that by the establishment of a statutory allowance this obvious unfairness can be somewhat corrected.

AMVETS point out that a precedent would not be created by the passage of H. R. 318. Such a precedent was established following World War I for disabled veterans suffering from similar conditions.

No amount of money can compensate man for the loss or loss of use of reproductive creative power. We believe that man is placed on earth to provide whatever assistance he can to the human race. Equally as important, we feel that he is placed on earth to reproduce in his own image. When either of these fundamental reasons for being has been fulfilled man's purpose on earth has been justified. When, however, that power to reproduce is lost through accident or injury an irreparable loss is suffered. For this reason AMVETS feel that we are speaking for a most deserving group, however small they might be, of American citizens who would benefit from H. R. 318.

The Federal Government has an obligation to provide adequate compensation to men disabled in service in time of war. When any amount of such compensation is inadequate by its very nature or through administrative difficulty or through lack of legal machinery, it is the duty and obligation of the Federal Government to take corrective action.

H. R. 318 in some small way corrects a most serious void in the VA compensation structure. We in AMVETS sincerely hope that the Congress will see fit to correct that void by the passage of the pending legislation.

The CHAIRMAN. This completes the list of scheduled witnesses. Is there anyone else present who has not been heard, who wishes to be heard?

The committee has asked the National Tuberculosis Association in New York for its views on H. R. 316 relating to arrested tuberculosis cases. This request was made because this association has rendered to the committee in the past some very helpful and valuable assistance. The association is preparing a brief report, which is in the mail. When it is received it will be put into the record as a part of these hearings.

(The views referred to follow:)

NATIONAL TUBERCULOSIS ASSOCIATION,
New York, N. Y., March 4, 1952.

HON. WALTER F. GEORGE,
Senate Office Building, Washington, D. C.

(Attention of Miss Elizabeth Springer.)

MY DEAR SENATOR GEORGE: The National Tuberculosis Association appreciates the opportunity to comment upon the provisions and implications of House bill 316, to amend the veterans regulations to provide a minimum rate of compensation for World War II veterans who have arrested tuberculosis, upon which the Senate Committee on Finance is now holding open hearings. The problems and needs of the tuberculous, whether veteran or nonveteran, are almost identical. Tuberculosis-control dollars spent through the Veterans' Administration or any other Federal agency are expended for the dual purposes of protecting the public health and aiding in the preservation of the national economy.

Considerable thought must be given to the ultimate effectiveness of these protective measures when Federal appropriations and allocations for any type of tuberculosis control are made. This association always stands ready to assist your committee in decisions to allocate Federal moneys for the health purposes where they will do the most good.

Acceptable hospitalization and the adequate treatment of tuberculous patients should include proper attention not only to their physical rehabilitation, but also to their educational and vocational readjustment. We firmly believe that these facilities as they are now being provided for the tuberculous veteran in VA hospitals accomplish in great measure the ultimate aim of returning the service-connected tuberculous victim to his home equipped to regain his place in the community and once more to become a useful and independent citizen. We recognize fully that this desirable goal is not achieved by all patients who are so treated.

Payment of monthly compensation with a minimum limitation, as provided by H. R. 316, will not accomplish the maximum effectiveness which can be achieved in tuberculosis control for the money which it will cost. The total cost of such legislation is large and can hardly be predicted definitely, but it may safely

be said that the same amount allocated to the more active phases of tuberculosis treatment and control will be vastly more effective in curbing this disease, for which about 44,000 World War II veterans are now receiving some type of compensation.

Public health action to discover the unknown cases of tuberculosis, effective supervision of these cases through adequate health departments, proper medical and surgical treatment, along with the concurrent retraining and rehabilitation of the tuberculous and attention to the socio-economic needs of their families during prolonged periods of hospitalization are now costly and yet essential.

More, rather than less, expenditure at the National, State, and local levels is needed to cope adequately with the diverse problems of this disease throughout the country, which last year affected over 400,000 persons with active tuberculosis, and caused the death of over 30,000 victims. Funds spent on finding and treating active tuberculosis, regardless of veterans-service-connected status of the individuals concerned, will go further than the allocation of the same amount of money as added compensation for those whose disease is already arrested.

While acknowledging that the desire of Congress to provide adequate compensation for the veteran with any service-connected disability is admirable, this association more acutely recognizes the need for the most effective allocation of every dollar appropriated in the name of tuberculosis control. As a voluntary organization devoted to the promotion of proper health services, consistent with economy and the most effective operation of existing facilities, the National Tuberculosis Association cannot endorse this bill. H. R. 316 if enacted into law would bring greater compensation to a selected segment of the total tuberculous population whose disease is essentially controlled while this same disease continues to ravage many other victims for whom adequate treatment and hospitalization are not yet fully provided.

Despite the recent widespread publicity on new "wonder drugs" and other means of accelerating the treatment of tuberculosis, the task of controlling tuberculosis in the United States is yet far from accomplished. To protect the Public Treasury as well as the public health, it is clear that attention to active disease is a more acute and pressing need than the arrested case with a minimal residual disability.

Very sincerely yours,

JAMES E. PERKINS, M. D.,
Managing Director.

The CHAIRMAN. Is there anything else, Senator Millikin?

Senator MILLIKIN. Nothing.

The CHAIRMAN. Well, if there are no other witnesses to be heard, this closes the hearings upon these bills, and the committee is adjourned.

(The following were subsequently received for the record:)

STATEMENT OF SPEECH BY ARTHUR JACK JANELLI, DIRECTOR OF REHABILITATION, TOGETHER WITH ADMIRAL WILLIAM H. STANDLEY, FORMER CHIEF OF NAVAL OPERATIONS, BEING OUR CHAIRMAN, AND HON. WATSON B. MILLER, VICE CHAIRMAN, REGULAR VETERANS ASSOCIATION OF THE UNITED STATES, BEFORE THE SENATE FINANCE COMMITTEE, MARCH 6, 1952

Mr. Chairman, the Regular Veterans Association appreciates this opportunity to appear here today to offer our comments on H. R. 316 and H. R. 318. On behalf of the Regular Veterans Association and by national convention mandate, I am appearing before the Senate Finance Committee asking your favorable consideration of H. R. 316 and H. R. 318 of the Eighty-second Congress, which passed the House April 17, 1951.

A large number of veterans in VA hospitals are suffering from tuberculosis, without a doubt, or for adequate proof of the seriousness of this disease insofar as it relates to veterans. The bill, H. R. 316, would amend veterans regulations to provide a minimum rate of compensation for World War II veterans who have arrested tuberculosis. The records show by provisions of the World War I Veterans' Act of 1924, as amended, veterans are entitled to, and enjoy, a \$60 statutory award for service-connected arrested tuberculosis.

This benefit was first established in 1926 by Public Law 448, Sixty-ninth Congress, and while repealed by the Economy Act of March 20, 1933, was restored in most instances by Public Law 141, Seventy-third Congress. The RVA believes that the principle which justified this statutory provision in 1926

for those suffering from arrested tuberculosis is sound and in the interest of uniformity, and to fill a life need asks that the World War II veteran tubercular be given the same consideration and the same benefits.

Your every effort and great interest in favor of assisting tubercular veterans and planning their lives to such an extent that there would be the least possible exposure to conditions which would lead to the recurrence of their disability. A reactivation only means the restoration of the maximum payment of compensation to the totally disabled active tubercular. I wish to express at this point to emphasize the fact that the proposed bill intended to equalize or match like benefits extended to World War I tuberculars provided that "monthly compensation shall not be less than \$60." I mention this as previous material on this bill submitted to this committee and estimate a probable cause of this legislation might lead one to believe that the claimant veteran, if a tubercular reaching a state of arrest, will receive an award of \$60 over and above all other compensation he may be receiving because of other disabilities. This bill is intended to aid and assist the tubercular veteran who contracted his tuberculosis under the stress and strain and exposure during time of war, and who by patience and cooperation and with a will to live has reached a state of arrest. Therefore, we feel that by the establishment of the statutory allowance the obvious unfairness can be somewhat corrected. We want to help the tubercular veteran and to encourage his spirit and to help him live so that he may no longer be a danger and a menace to his friends, his family, or his fellow employees.

H. R. 318

May I emphasize that probably no one subject has received more serious consideration by delegates at RVA national conventions and other periodical RVA meetings than has been considered by H. R. 318.

To go into the physical and psychological aspects of this subject would be redundant, for we are certain this committee has heard them many times. However, we cannot refrain from expressing our extreme dissatisfaction with the present schedule of rating disabilities in use in the VA, insofar as it applies to the loss or loss of use of creative organs. RVA expressly points out that a precedent would not be created by the passage of H. R. 318. Such a precedent was established following World War I for disabled veterans suffering from similar conditions.

We believe this floor to be a most justifiable approach to this problem. Therefore, the request for a statutory award to cover these cases comes from all too apparent inadequacy of the ratings provided in the VA schedule. All efforts to secure administrative adjustment and revisions of these ratings have been to no avail. Thus we are forced to seek congressional action if relief is to be secured.

In view of the foregoing, the RVA highly recommends favorable action and enactment of the proposed measure with the suggested amendment.

In the absence of Dr. Frank B. Gigliotti, our national commander, and on behalf of my organization, I wish to express my thanks to this committee for the opportunity given us in presenting our views on these bills. I know that with the help of God, plus your careful consideration in your justifiable manner, we can expect and hope for your favorable approval.

AMERICAN VETERANS COMMITTEE (AVC), INC.,
Washington 9, D. C., March 6, 1952.

The Honorable WALTER F. GEORGE,
Chairman, Senate Finance Committee,
United States Senate, Washington, 25, D. C.

MY DEAR SENATOR GEORGE: I would appreciate it if you would have this statement incorporated into the printed record of the hearings of your committee on subject bill, H. R. 318.

The American Veterans Committee urges the Senate Finance Committee to report favorably, and the Senate to pass, the previous House-passed bill, H. R. 318, to amend the Veterans' Regulations to provide additional compensation for the loss of, or the loss of the use of, a creative organ.

This proposal would establish a statutory award, at the wartime rate of \$42 per month, and at the peacetime rate of \$33.60 per month, independent of other compensation for such loss.

Surely, a loss of this proportion deserves special attention. We feel that such a loss cannot be compensated for adequately in money, but that it is only proper that extra compensation be provided. This, we feel, is in keeping with the extra provisions now in the laws for special categories of losses—blindness, amputations, and paralysis.

It is not argued that this disability directly constitutes an industrial or other employment handicap. It cannot be denied, though, that very serious personal and social losses result. Psychologically, this indirectly may cause a handicap in pursuing one's work to the best of one's ability. The tragedy of one veteran so afflicted set the central theme of a book that immediately became a best seller: Ernest Hemingway's "The Sun Also Rises."

In English common law, this loss was considered of equal importance, in the definition of the crime of mayhem, with the loss of a foot or hand. Indeed, Blackstone tells us that there was an old law in England to the effect that anyone who maimed another by way of taking away any part of his body was himself sentenced to lose the same part!

We reiterate: the loss of, or the loss of the use of, a creative organ is such a serious, special disability that it deserves a special statutory award.

The American veterans committee wholeheartedly urges the enactment of H. R. 318.

Sincerely,

CHARLES H. SLAYMAN, Jr.,
Director of Research and Legislation.

AMERICAN VETERANS COMMITTEE (AVC), INC.,
Washington 9, D. C., March 6, 1952.

The Honorable WALTER F. GEORGE,
Chairman, Senate Finance Committee, United States Senate,
Washington 25, D. C.

MY DEAR SENATOR GEORGE: I would appreciate it if you have this statement incorporated into the printed record of the hearings of your committee on subject bill, H. R. 316.

The American Veterans Committee urges the passage by the Senate of the previously House-passed bill H. R. 316, to establish a floor of \$60 per month for veterans whose service-connected tuberculosis has reached a condition determined to be of complete arrest.

This bill would furnish financial assistance to the tubercular veteran who has been immobilized for a period of time as an element in the treatment of his disease. It affords him definite financial assurance. It recognizes that he should not launch immediately into vigorous employment activity when his disease is determined to be arrested.

No good to him, his family, society, and taxpayers, results if he is again hospitalized. Indeed, the burden on all is bound to be greater. When these veterans reach the state of arrest, we want to do everything to prevent regression. We feel that a statutory floor provision is a sound means of promoting his rehabilitation in life.

AVC favors the enactment of H. R. 316.

Sincerely,

CHARLES H. SLAYMAN, Jr.,
Director of Research and Legislation.

GRAND LODGE, BROTHERHOOD OF RAILWAY AND STEAMSHIP CLERKS,
FREIGHT HANDIERS, EXPRESS AND STATION EMPLOYEES,
Cincinnati 2, Ohio, March 3, 1952.

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

DEAR SENATOR GEORGE: Your notification of February 28, advising this brotherhood of the hearings to be held on H. R. 4387 on Tuesday, March 4, and Wednesday, March 5, is greatly appreciated.

This bill which passed the House of Representatives on June 20, 1951, would increase the income limitations applicable to non-service-connected disability

and death pension cases from the present \$1,000 to \$1,800 for a veteran without dependents, a widow without children, or a child, and from \$2,500 to \$3,000 for a widow with children or a veteran with dependents. In view of the fact that benefits under the Railroad Retirement Act were substantially increased on November 1, 1951, by the passage of Public Law 234 amending the Railroad Retirement Act, it is apparent that if these income limitations are not raised in line with the recommendations contained in H. R. 4387, many veterans who are now receiving annuities under the Railroad Retirement Act, or who will be eligible to receive annuities under the Railroad Retirement Act, will be precluded from benefits accruing to them with reference to non-service-connected disability benefits.

The average pension now being paid under the Railroad Retirement Act is approximately \$100 a month and you can readily see that if the present limitations are not liberalized, many railroad men who are also veterans will lose their non-service-connected disability benefits.

It is hoped that you and your committee will act favorably on H. R. 4387 and recommend its passage to the Senate. Request is made that this letter be made a part of the official record of the hearing.

Yours very respectfully,

HARTMAN BARBER,
General Representative.

STATEMENT OF SENATOR PAUL H. DOUGLAS ON HIS AMENDMENT TO H. R. 318

I have introduced this amendment at the request of constituents in order that it may be considered by the committee in connection with H. R. 318.

This legislation proposes to award additional compensation to veterans who have suffered grievous losses as a result of war. The purpose of the legislation is a worthy one. Congress must see that adequate benefits are awarded to men handicapped in the service of the Nation.

This amendment would include veterans who, as a result of service-incurred disability, have suffered the anatomical loss or loss of use of a lung among those to be awarded additional compensation. The lung is a vital organ of the first magnitude. Its loss renders an individual most severely handicapped.

A particular case involving a veteran from Illinois has been brought to my attention. To illustrate the gravity of his condition, I quote from one of his letters to me:

"My left lung, together with everything else near the heart, including three ribs, was completely torn out by a huge fragment from a high-explosive shell at Cantigny, France, in 1918. There is, the official diagnosis of my case states, 'visible pulsation of the heart.' I could elaborate here at length upon the results of so serious a disability, but it seems sufficient for me to point out that I am unable to work, even so far as earning a penny; that as a result of the injuries I sustained at least 20 years have been deducted from my life span; and that because of the absence of a protective shield for my heart, every hour of my life, whether I am awake or asleep, is rendered exceedingly perilous."

I hope that the committee will be able to give favorable consideration to this amendment. It is my belief that the veterans who have lost a lung are as grievously handicapped as those who have lost a foot, hand, eye, or creative organ, and that they, too, should benefit from this legislation.

IN SUPPORT OF AMENDMENTS TO H. R. 4394 ESPECIALLY IN BEHALF OF VETERANS AND DEPENDENTS OF THOSE WHO SERVED DURING THE SPANISH-AMERICAN WAR

Having enlisted in 1898 in the Regular service and continuing therein until my retirement in 1921, and as publisher of this periodical since 1923 serving the interests and welfare of the veterans of American wars and their dependents, and with a Nation-wide correspondence, I feel justified in presenting the following viewpoints in connection with H. R. 4394 now before the Senate Finance Committee.

While it is true that this bill provides a 5 percent increase in pensions to veterans of World Wars I and II and their dependents, this figure is absolutely inadequate in view of the present high cost of living and the assured further increase in the cost of living which will follow the granting of increased pay to steel workers, coal miners, and other large industries.

My correspondence discloses the desperate plight, especially of the widows of all war veterans, a plight which is indeed tragic, especially for those who are aged and infirm. It is on the behalf of this national correspondence that I respectfully appeal to the honorable chairman and the members of the committee to kindly consider the following proposed changes in H. R. 4394.

At the outset I may state that a 5 percent increase is virtually little or nothing and it is on this basis that I especially appeal to the honorable members of the committee to increase the proposed benefits by at least 10 percent instead of 5, and in addition, with respect to Spanish War veterans, virtually all of whom are 75 years of age or more, I respectfully request that their benefits be increased to a maximum of \$100 per month for those who are not helpless, and for those who are helpless and require aid a pension increase to \$130 per month.

In keeping with the liberal provisions of pension laws in many States, wherein aged persons 65 years of age who were aliens perhaps 5 years ago are today receiving \$75 per month Government and State aid, I respectfully appeal to the committee to add as an amendment to H. R. 4394 a provision to provide that pensions to all widows of American war veterans be increased to \$60 per month up to include those 65 years of age and that the pensions of these widows be increased to \$75 per month after they have attained the age of 65.

It is properly unjust, as I view it, that widows who have taken care of invalid husbands for years and years should receive less pensions in their own old age and enfeeblement than is paid to nonveterans who were aliens only a short time ago, which is the case in such States as California, Colorado, and other States of the Union.

Through this periodical the undersigned gives his service without compensation, helping those in the lower paid categories, the so-called one-third—the underprivileged. If there are any in this so-called one-third of underprivileged who need relief it is the honorable aged, and in many instances infirm, widows of veterans who have served our Nation in its past wars. Anything short of a pension along the lines as here enumerated will be in sense next to nothing and with heartfelt sympathy for these worthy ladies who in their younger days catered to ailing veteran husbands I hope that your honorable committee will open its heart and grant to these worthy widows of World War I, World War II, and all Spanish war veterans' widows a pension of \$60 per month up to age 65 and \$75 per month after 65.

Respectfully submitted.

JOHN H. HOEPPEL,
Manager, Post Office Box 687, Arcadia, Calif.

(Whereupon, at 10:40 a. m., the committee adjourned.)

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