

**OMNIBUS BENEFITS BILL FOR SERVICE-CONNECTED
DISABLED VETERANS**

HEARINGS
BEFORE THE
COMMITTEE ON FINANCE
UNITED STATES SENATE

EIGHTY-FIRST CONGRESS

FIRST SESSION

ON

H. R. 5598

**AN ACT TO INCREASE COMPENSATION FOR WORLD WAR I
PRESUMPTIVE SERVICE-CONNECTED CASES, PROVIDE MIN-
IMUM RATINGS FOR SERVICE-CONNECTED ARRESTED
TUBERCULOSIS, INCREASE CERTAIN DISABILITY AND
DEATH COMPENSATION RATES, LIBERALIZE REQUIRE-
MENT FOR DEPENDENCY ALLOWANCES, AND REDEFINE
THE TERMS "LINE OF DUTY" AND
"WILLFUL MISCONDUCT"**

AUGUST 18 AND 19, 1949

Printed for the use of the Committee on Finance



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OMNIBUS BENEFITS BILL FOR SERVICE-CONNECTED DISABLED VETERANS

THURSDAY, AUGUST 18, 1949

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

The committee met, pursuant to call, at 10 a. m., in room 312, Senate Office Building, Senator Walter F. George, chairman, presiding.
Present: Senators George, Johnson of Colorado, Millikin, Martin, and Williams.

The CHAIRMAN. This hearing this morning is on H. R. 5598, in the form of an omnibus bill, as the title indicates.

(H. R. 5598 and report are as follows:)

[H. R. 5598, 81st Cong., 1st sess.]

AN ACT To increase compensation for World War I presumptive service-connected cases, provide minimum ratings for service-connected arrested tuberculosis, increase certain disability and death compensation rates, liberalize requirement for dependency allowances, and to define the terms "line of duty" and "willful misconduct"

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That part of the second proviso of section 28, Public Law Numbered 141, Seventy-third Congress, March 28, 1934 (48 Stat. 524; U. S. C., title 38, sec. 722), which limits payment of compensation thereunder to 75 per centum of the payments otherwise authorized, is hereby repealed, and the Administrator of Veterans' Affairs is hereby authorized and directed to pay 100 per centum of the compensation otherwise authorized under Public Law Numbered 141, Seventy-third Congress.

Sec. 2. That Veterans Regulation Numbered 3 (a), as amended, is hereby amended by adding thereto a new paragraph to read as follows:

"11. Any ex-service person shown to have active tuberculosis which is compensable under Public Law Numbered 2 and the Veterans Regulations promulgated pursuant thereto, who in the judgment of the Administrator of Veterans' Affairs has reached a condition of complete arrest, shall be rated as totally disabled for a period of two years following such date of arrest, as 50 per centum disabled for an additional period of four years, and 30 per centum for a further five years. Following far advanced active lesions the permanent rating shall be 30 per centum, and following moderately advanced lesions, the permanent rating, after eleven years, shall be 20 per centum, provided there is continued disability, dyspnea on exertion, impairment of health, and so forth; otherwise the rating shall be zero per centum: *Provided*, That this Act shall not be construed as requiring a reduction of compensation authorized under any other law or regulation: *Provided further*, That no compensation shall be payable under this Act for any period prior to its enactment: *And provided further*, That the total disability rating herein provided for the two years following a complete arrest may be reduced to 50 per centum for failure to follow prescribed treatment or to submit to examination when requested."

Sec. 3. (a) That subparagraphs (a) to (j), inclusive, of paragraph II, part I, Veterans Regulation Numbered 1 (a), as amended, are hereby amended to read as follows:

"(a) If and while the disability is rated 10 per centum the monthly compensation shall be \$15.

"(b) If and while the disability is rated 20 per centum the monthly compensation shall be \$30.

"(c) If and while the disability is rated 30 per centum the monthly compensation shall be \$45.

"(d) If and while the disability is rated 40 per centum the monthly compensation shall be \$60.

"(e) If and while the disability is rated 50 per centum the monthly compensation shall be \$75.

"(f) If and while the disability is rated 60 per centum the monthly compensation shall be \$90.

"(g) If and while the disability is rated 70 per centum the monthly compensation shall be \$105.

"(h) If and while the disability is rated 80 per centum the monthly compensation shall be \$120.

"(i) If and while the disability is rated 90 per centum the monthly compensation shall be \$135.

"(j) If and while the disability is rated as total the monthly compensation shall be \$150."

(b) Paragraph IV of part 1 of Veterans Regulation Numbered 1 (a), as amended, is hereby amended by striking out "widow with one child, \$100 (with \$15 for each additional child)" and inserting in lieu thereof "widow with one child, \$105 (with \$25 for each additional child)";

Sec. 4. That the compensation now payable under the Act of July 2, 1948 (Public Law Numbered 877, Eightieth Congress), for certain veterans with service-connected disabilities who have dependents, be amended to include persons whose service-connected disability is rated not less than 50 per centum.

Sec. 5. That paragraph VIII of Veterans Regulation Numbered 10, as amended by Public Law 439, Seventy-eighth Congress, is hereby further amended by striking out the period and substituting a colon therefor and adding the following: "Provided, however, That disease, injury, or death incurred without willful misconduct on the part of the service person shall be deemed to have been incurred in line of duty if the sentence of the court martial did not involve an unremitted dishonorable discharge or if the offense for which convicted by civil court did not involve a felony as defined under the laws of the jurisdiction where the service person was convicted by such civil court."

Sec. 6. The increases provided by 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 August 2, 1949.

Attest:

RALPH R. ROBERTS, *Clerk.*

[H. Rept. No. 1063, 81st Cong., 1st sess.]

The Committee on Veterans' Affairs, to whom was referred the bill (H. R. 5598) to increase compensation for World War I presumptive service-connected cases, provide minimum ratings for service-connected arrested tuberculosis, increase certain disability and death compensation rates, liberalize requirement for dependency allowances, and redefine the terms "line of duty" and "willful misconduct", having considered the same, submit the following favorable report thereon and recommend that the bill do pass.

GENERAL STATEMENT

The committee considered numerous bills on the subject matter of the bill, conducted extensive hearings thereon and obtained testimony from the major veterans' organizations and representatives of the Veterans' Administration.

EXPLANATION OF THE BILL

Section 1 of the bill provides for payment of compensation to World War I veterans for disabilities service-connected by statutory presumption at the same rates (100 percent) as are payable for directly service-connected disabilities instead of the present law which provides for payment of 75 percent of such rates. Section 200 of the World War Veterans' Act, 1924, as amended, provided that persons in the armed forces during World War I, who entered active service before November 11, 1918, should be conclusively presumed to have been in sound condition when examined, accepted, and enrolled for service, except as to defects, disorders, or infirmities made of record at the time of, or prior to, inception of active service.

This act further provided that any ex-serviceman shown to have had, prior to January 1, 1925, a neuropsychiatric disease, spinal meningitis, an active tubercular disease, paralysis agitans, encephalitis lethargica, or amoebic dysentery developing in 10-percent degree of disability, shall be presumed to have acquired his disability in active service. Section 17 of Public, No. 2, Seventy-third Congress, March 20, 1933, repealed all public laws granting compensation, including compensation provided under the World War Veterans' Act, 1924, as amended. Such benefits were restored with limitations by Public, No. 141, Seventy-third Congress, March 28, 1934. One such limitation was that where service connection had been established by virtue of statutory presumptions the compensation should be 75 percent of the rate otherwise payable. Your committee feels that the presumptions established by the World War Veterans' Act, 1924, as amended, were necessary to authorize the finding of service connection in cases in which it was reasonable to assume that injury or disease was incurred in active military or naval service. Your committee further feels that in cases in which the service-connection of a disability is admitted, there is no sound justification for paying less than the full rate of compensation authorized by law, particularly in the case of World War I veterans suffering from the diseases above-mentioned.

Section 2 of the bill provides that any ex-service person shown to have active tuberculosis which is compensable under Public Law 2, Seventy-third Congress, and the Veterans Regulations issued pursuant thereto who has reached a condition of complete arrest shall be rated as totally disabled for a period of 2 years following the date of such 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 shall be 30 percent, and following moderately advanced lesions the permanent rating, after 11 years, shall be 20 percent, provided there is continued disability, dyspnea on exertion, impairment of health, etc.; otherwise the rating shall be zero percent. It is further provided that the total disability rating for 2 years following complete arrest may be reduced to 50 percent for failure to follow prescribed treatment or to submit to examination when requested.

Under existing regulations of the Veterans' Administration, ratings of 100 percent are provided for service-connected active pulmonary tuberculosis unless the veteran is employed without apparent detriment to his health. Such ratings are continued for 6 months after attainment of arrest or inactivity following hospitalization for active tuberculosis. At the end of the 6-month period, a 50-percent rating is provided for 4½ years and a 30-percent rating for 5 years thereafter. In the case of far-advanced lesions, the 30-percent rating is continued for life, and in moderately advanced lesions after 10 years a 20-percent rating is continued for life where continued disability exists. The 100-percent rating following arrest may be continued for successive periods of 6 months up to a maximum of 2 years.

It will be observed that section 2 of the bill would provide a rating of 100 percent for the first 2 years following arrest and a 50-percent rating for 4 years thereafter in lieu of the ratings presently provided by the Veterans Regulations for this period. The committee is of the opinion that the ratings provided by this section are in accord with sound medical principles and that it is preferable that such ratings be fixed by law rather than by a variable determination as presently provided under Veterans Regulations. The statutory ratings proposed by section 2 of the bill would be available to all veterans who served either in peace or in war and who are eligible to benefits provided under Public, No. 2, Seventy-third Congress, and the Veterans Regulations promulgated pursuant thereto. The Veterans' Administration has stated that the cost of this section for the first fiscal year would be approximately \$700,000.

Section 3 of the bill provides for increasing certain disability and death compensation rates. Subsection (a) would increase the basic rates for service-connected disability based on degree of disability. Under this subsection the wartime rate for total disability would be increased from \$138 to \$150 per month with proportionate increases for the nine degrees of partial disability. The new rates represent an increase of approximately 8.7 percent over existing rates for similar degrees of disability. The proposed increase would also result in an increase in the peacetime rates of service-connected disability based upon percent of disability in view of existing law which provides 80 percent of the rates authorized for wartime service for disability incurred in or as a result of peacetime service.

Section 3 (b) provides for an increase in the wartime rate of death compensation for a widow with one child from \$100 to \$105 per month, plus \$25 per month for each additional child in lieu of \$15 presently authorized. By virtue of the provisions of Public Law 868, Eightieth Congress, the peacetime rates of death com-

pension would be automatically increased to 80 percent of the wartime rates provided in this subsection.

It is the belief of your committee that the moderate increases provided in this section are in line with increases in present-day cost of living and the increased wages paid by private industries and the Government.

The Veterans Administration estimates that section 3 (a) would increase the rates payable to 2,024,100 veterans of World Wars I and II, Spanish-American War, and the Regular Establishment at a cost for the first year of \$84,432,000 and that section 3 (b) would provide increases in death compensation for approximately 58,000 cases at an estimated cost for the first year of \$7,368,000. The total cost of section 3 would approximate \$91,800,000.

Section 4 of the bill authorizes the additional compensation provided under Public Law 877, Eightieth Congress, for the dependents of veterans whose service-connected disability is rated 50 percent. Public Law 877 presently provides additional compensation for the dependents of veterans having a 60-percent or more service-connected disability. Your committee is of the opinion that existing law should be liberalized so as to include additional compensation for those war and peacetime veterans who are 50-percent disabled because such veterans generally are unable to secure suitable regular employment to adequately support themselves and their dependents.

It is estimated by the Veterans Administration that the enactment of section 4 would result in additional cost the first year of approximately \$15,406,300.

Section 5 of the bill has for its purpose the liberalizing of the line-of-duty requirements of Veterans Regulations with respect to a service person whose disease, injury, or death was incurred without willful misconduct on his part while in confinement under sentence of court martial or civil court. In such cases the disease, injury, or death would be deemed to have been incurred in line of duty if the sentence of the court martial did not involve an unremitted dishonorable discharge or if the offense for which convicted by civil court did not involve a felony, as defined under the laws of the jurisdiction where the service person was convicted by such civil court.

Under existing provisions of the law, compensation and pension are denied in many cases where the disability or death of the veteran occurred while he was confined under sentence of a court martial or civil court even though the disability or death are in no way attributable to the misconduct of the individual or connected with the circumstances involved in such court martial and conviction. This is a grave injustice which should be rectified.

There is no available information upon which to base an estimate of cost of this section, the Veterans Administration states.

COST OF THE BILL

The Veterans Administration has estimated that the total cost of the bill, H. R. 5598, insofar as the items thereof are susceptible of a cost estimate, would approximate \$112,597,300 for the first year.

The report of the Veterans Administration on H. R. 5598 and the reports therein referred to are as follows:

[No. 50]

VETERANS' ADMINISTRATION,
Washington 25, D. C., April 18, 1949.

Hon. JOHN E. RANKIN,
Chairman, Committee on Veterans' Affairs,
House of Representatives, Washington 25, D. C.

DEAR MR. RANKIN: Further reference is made to your letter of January 26, 1949, requesting reports on the following bills:

H. R. 202 and H. R. 011, Eighty-first Congress, each entitled "A bill to provide that veterans now receiving compensation for certain so-called presumptive disabilities equivalent to 75 per centum of the amount to which they were previously entitled shall henceforth have such compensation restored to 100 per centum thereof, and for other purposes";

H. R. 896 and H. R. 1414, Eighty-first Congress, each entitled "A bill to restore full compensation awards in World War I presumptively service-connected cases."

The purpose of each of the mentioned bills is to provide for payment of compensation to World War I veterans for disabilities service-connected by statutory presumption at the same rates as are payable for directly service-connected disabilities. Under the present law rates of compensation to World War I veterans for disabilities service-connected by statutory presumption are 75 percent

of the rates payable World War I veterans for directly service-connected disabilities.

The rates of compensation payable to World War I veterans for disabilities service-connected by statutory presumption under the World War Veterans' Act, 1924, as amended, were equal to the rates of compensation payable for disabilities directly service-connected. The first proviso of section 200 of that act provides that for the purpose of that section every officer, enlisted man, or other member employed in active service under the War Department or the Navy Department on or after April 6, 1917, and before July 2, 1921, and who was discharged or who resigned prior to July 2, 1921, and every such person who entered active service on or before November 11, 1918, and was discharged or resigned on or after July 2, 1921, shall be conclusively held and taken to have been in sound condition when examined, accepted, and enrolled for service, except as to defects, disorders, or infirmities made of record at the time of, or prior to, inception of active service to the extent to which any such defect, disorder, or infirmity was so made of record.

The second proviso to section 200 of that act further provided, in effect, that veterans of World War I who were shown to have had, prior to January 1, 1925, neuropsychiatric disease, spinal meningitis, an active tuberculosis disease, paralysis agitans, encephalitis lethargica, or amoebic dysentery which was at least 10 percent disabling, were presumed to have acquired such disability during their war service. As to tuberculosis and spinal meningitis, the presumption was absolute. As to the other diseases, it was rebuttable by clear and convincing evidence.

Section 17, title I, Public, No. 2, Seventy-third Congress, March 20, 1933, repealed all public laws granting medical or hospital treatment, domiciliary care, compensation, and other allowances, pension, disability allowance, or retirement pay to veterans and the dependents of veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, and World War I, or to former members of the military or naval service for injury or disease incurred or aggravated in the line of duty in the military or naval service, except so far as they relate to persons who served prior to the Spanish-American War and to the dependents of such persons and the retirement of officers and enlisted men of the Regular Army, Navy, Marine Corps, or Coast Guard.

Public, No. 2, supra, granted authority to the President to issue regulations, within certain broad limitations, providing the various forms of relief covered by the acts repealed. The act provided that the regulations of the President in effect at the expiration of 2 years from the date of enactment of the act would continue in effect without further change or modification until the Congress by law shall otherwise provide. The regulations promulgated by the President pursuant to the act made no provision for presumptions of service connection as previously provided under section 200 of the World War Veterans' Act, 1924, as amended.

Special review boards were established by the Administrator, pursuant to section 20, Public, No. 78, Seventy-third Congress, June 16, 1933, to review all claims (where the veteran entered service prior to November 11, 1918, and whose disability was not the result of his own misconduct) in which presumptive service connection had been granted under the World War Veterans' Act, 1924, as amended, and which were held not service-connected under the regulations issued pursuant to Public, No. 2, Seventy-third Congress. In determining whether service connection should be granted under the provisions of Veterans Regulations issued pursuant to Public, No. 2, Seventy-third Congress, the boards were instructed to resolve all reasonable doubts in favor of the veteran, the burden of proof being on the Government.

Public, No. 141, Seventy-third Congress, March 28, 1934, provided in sections 27 and 28, title III, for a restoration to the compensation rolls of World War I veterans who had been in receipt of compensation under section 200 of the World War Veterans' Act, 1924, as amended, prior to the repeal of that section by Public, No. 2, Seventy-third Congress, provided the veterans entered service prior to November 11, 1918, their disabilities were not the result of their own misconduct, and compensation had not been payable previously on account of fraud, misrepresentation of a material fact, or unmistakable error as to conclusions of fact or law. In those cases, however, where service connection had been established by virtue of the statutory presumptions, compensation was authorized at 75 percent of the rate otherwise payable. This provision is currently in effect, and applies to claims filed after March 10, 1933, as well as to cases on the rolls on that date.

Based on the latest available figures, it is estimated that there are approximately 20,450 World War I veterans on the rolls for disabilities presumptively service-connected for which they are receiving 75 percent of the rates payable for directly service-connected disabilities. Of this number 2,550 are estimated to be service-connected under the statutory presumption of soundness contained in the first proviso of section 200, World War Veterans' Act, 1924, as amended, while the remaining 17,900 are service-connected under the statutory presumptions contained in the second proviso of section 200. The repeal of the 75-percent limitation as to the 2,550 who are service-connected by statutory presumption of soundness would cost approximately \$589,000, and such repeal as to the 17,900 veterans who are service-connected under the second proviso of section 200 would cost approximately \$4,102,000, or a total of \$4,691,000 for the first year.

The Veterans' Administration has been advised by the Director, Bureau of the Budget, that the report is without objection insofar as that Office is concerned and that enactment of this legislation would not be in accord with the President's program.

Sincerely yours,

CARL R. GRAY, Jr.,
Administrator.

[No. 65]

VETERANS' ADMINISTRATION,
Washington 25, D. C., May 4, 1949.

Hon. JOHN E. RANKIN,
Chairman, Committee on Veterans' Affairs,
House of Representatives, Washington 25, D. C.

DEAR MR. RANKIN: Further reference is made to your letter of January 26, 1949, requesting a report on H. R. 910, Eighty-first Congress, a bill to amend the act of July 2, 1948 (Public Law 877, 80th Cong.), to include persons whose service-connected disability is rated not less than 10 percent.

The purpose of the bill is to extend the benefits of Public Law 877, Eightieth Congress, July 2, 1948, so that any veteran suffering from a compensable disability would, if otherwise eligible, be entitled to additional compensation because of dependents.

Section 1, Public Law 877, supra, 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 Law 141, Seventy-third Congress, March 28, 1934, as amended, and whose disability is rated at not less than 60 percent, shall be entitled to additional compensation for dependents in the following amounts, if and while rated totally disabled:

- 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 60 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 Public Law 877 provides that 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 60 per centum, shall be entitled to additional compensation for dependents in the following monthly amounts, if and while rated totally disabled:

- Has a wife but no child living, \$16.80;
- Has a wife and one child living, \$28;
- Has a wife and two children living, \$36.40;
- Has a wife and three or more children living, \$44.80;
- Has no wife but one child living, \$11.20;

BENEFITS FOR SERVICE-CONNECTED DISABLED VETERANS

Has no wife but two children living, \$19.60;
 Has no wife but three or more children living, \$28;
 Has a mother or father, either or both dependent upon him for support then, in addition to the above amounts, \$14 for each parent so dependent.
 In case of partial disability of 60 per cent or more the amount of additional compensation is proportionate to the degree of disability.

H. R. 910, 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 60 percent, and are otherwise eligible for benefits under Public Law 877:

	Degree of disability (percent)				
	10	20	30	40	50
Has a wife but no child living.....	\$2.10	\$4.20	\$6.30	\$8.40	\$10.50
Has a wife and 1 child living.....	3.50	7.00	10.50	14.00	17.50
Has a wife and 2 children living.....	4.85	9.10	13.65	18.20	22.75
Has a wife and 3 or more children living.....	5.60	11.20	16.80	22.40	28.00
Has no wife but 1 child living.....	1.40	2.80	4.20	5.60	7.00
Has no wife but 2 children living.....	2.45	4.00	7.35	9.40	12.25
Has no wife but 3 or more children living.....	3.40	7.00	10.50	14.00	17.50
Has a mother or father, either or both dependent upon him for support, then in addition to the above amounts.....	11.75	13.50	15.25	17.00	18.75

1 For each dependent parent.

Veterans receiving compensation at peacetime rates whose disability is rated at less than 60 percent, would receive 80 percent of the above rates under the provisions of the bill, if otherwise eligible under Public Law 877.

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. The question of broad policy now presented by the proposal is 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 service-connected disability.

It is estimated that enactment of the bill would entitle 1,045,500 veterans to additional compensation benefits during the first year at a cost of approximately \$85,610,000.

Advice has been received from the Bureau of the Budget as follows:

"Public Law 877, Eightieth Congress, departed from the long-established policy that compensation payments should be proportionate to the disability and not to the number of dependents. This departure was made only after extensive study and consideration, with the basic justification being that veterans 60 percent or more disabled were, in most cases, unable to follow full-time employment. The enactment of H. R. 910 which is not supported by the basic justification underlying the enactment of Public Law 877, Eightieth Congress, could not be considered to be in accord with the program of the President."

Sincerely yours,

O. W. CLARK
 (For Carl R. Gray, Jr., Administrator).

[No. 74]

VETERANS' ADMINISTRATION,
 Washington 25, D. C., May 11, 1949.

HON. JOHN E. RANKIN,
 Chairman, Committee on Veterans' Affairs,
 House of Representatives, Washington 25, D. C.

DEAR MR. RANKIN: Further reference is made to your letter of January 20, 1949, requesting reports on H. R. 908 and H. R. 937, Eighty-first Congress, identical bills entitled, "A bill to provide certain equitable adjustments in disability compensation and pension to meet the rise in the cost of living."

The bills propose to increase by 25 percent "all monthly rates of compensation and pension" payable under any public laws or regulations to veterans and the dependents of veterans of World War I and World War II, except the increased rates for death compensation provided under Public Law 808, Eightieth Congress, July 1, 1948. The rates of disability compensation and pension payable to veterans of both World Wars under Public, No. 2, Seventy-third Congress, as amended, and Veterans Regulations, as amended, are also applicable to veterans of the Spanish-American War, Philippine Insurrection, and Boxer Rebellion. Accordingly, compensation and pension payable to the latter group under Public, No. 2, and the Veterans Regulations would also be increased 25 percent. Further, veterans of the peacetime service would receive a like increase in compensation rates by reason of the application of Public Law 870, Eightieth Congress, as hereinafter explained. Notwithstanding the exception noted above, certain death compensation rates (contained in laws enacted prior to Public Law 808) increased by 25 percent as the bills propose, would in some cases be higher than the existing Public Law 808 rates. To that limited extent, the bills would increase death compensation rates.

The bills would increase the monthly rates of disability compensation prescribed by paragraph II, part I, Veterans Regulation No. 1 (a), as amended. These rates were last increased 20 percent by Public Law 602, Seventy-ninth Congress, August 8, 1946. The proposed increases in the present rates are shown in the following table:

Degree of disability	Present rate	Proposed rate	Degree of disability	Present rate	Proposed rate
10 percent.....	\$13.80	\$17.25	60 percent.....	\$42.80	\$103.50
20 percent.....	27.60	34.50	70 percent.....	61.60	121.75
30 percent.....	41.40	51.75	80 percent.....	110.40	138.00
40 percent.....	55.20	69.00	90 percent.....	134.20	167.75
50 percent.....	69.00	86.25	100 percent.....	138.00	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 \$300 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 bills, the above-mentioned \$42 rate would be increased to \$52.50, and the other rates mentioned above would range from \$300 to \$450.

Section 1 of Public Law 877, Eightieth Congress, July 2, 1948, 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 60 percent disabled. The increases in this additional compensation proposed by the bills are shown in the following table:

	Present rate	Proposed rate
If and while rated totally disabled and--		
(a) Has a wife but no child living.....	\$21.00	\$26.25
(b) Has a wife and 1 child living.....	35.00	43.75
(c) Has a wife and 2 children living.....	48.80	61.00
(d) Has a wife and 3 or more children living.....	62.60	77.75
(e) Has no wife but 1 child living.....	14.00	17.50
(f) Has no wife but 2 children living.....	21.80	27.25
(g) Has no wife but 3 or more children living.....	35.00	43.75
(h) Has a mother or father, either or both dependent upon him for support, then, in addition to the above amounts (each).....	17.50	21.87

If and while the veteran is rated partially disabled, but not less than 60 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.

The rates provided under part I, Veterans Regulation No. 1 (a), as amended, supra, are payable on account of disability resulting from injury or disease contracted in line of duty, when such disability was incurred in or aggravated by

active military or naval service during an enlistment or employment in the Spanish-American War, including the Philippine Insurrection and the Boxer Rebellion, World War I, World War II, or in time of peace if the disability resulted from an injury or disease received in line of duty (1) as a direct result of armed conflict, or (2) while engaged in extrahazardous service, including such service under conditions simulating war. Hence, while the bills refer only to veterans of World War I and World War II, the proposed increases would be payable to the other mentioned veterans as well as to veterans of World Wars I and II.

The bills would also increase the rates for service-connected disability under the World War Veterans' Act, 1924, as restored with limitations by Public, No. 141, Seventy-third Congress, March 28, 1934. These rates are generally comparable with the rates provided under the Veterans Regulations, except as to certain statutory awards such as the \$60 monthly award provided for service-connected arrested tuberculosis, and the rates provided in cases in which service connection is established only by virtue of presumptions specified in section 200 of the World War Veterans' Act, 1924. For that reason, it is deemed unnecessary to include in this report any detailed comparison of the rates presently provided under that act and the increases proposed by the bills.

The bills would also effect an increase in compensation rates for disability incurred in peacetime service, as paragraph 11, part II, Veterans Regulation No. 1 (a), as amended by Public Law 876, Eightieth Congress, July 2, 1948, provides:

"11. For the purposes of part II, paragraph 1 (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."

Part III of Veterans Regulation No. 1 (a), as amended, provides pension for non-service-connected permanent and 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. These pension benefits are available to eligible veterans of the Spanish-American War, Boxer Rebellion, Philippine Insurrection, World War I, and World War II. Under the provisions of the bills the above-mentioned rates would be increased to \$75 and \$90, respectively.

The bills specifically provide that the proposed increase shall not apply to the increased rates provided under Public Law 808, Eightieth Congress, July 1, 1948. However, certain beneficiaries in war-service-connected death cases eligible under the provisions of Public Law 808 would be entitled to greater benefits under the rates authorized by section 14 (a) of Public Law 144, Seventy-eighth Congress, July 13, 1943, or Public, No. 108, Seventy-sixth Congress, July 10, 1939 (as increased by Public Law 662, 70th Cong.), if further increased by 25 percent as proposed by the bills than are now provided under Public Law 808. The cases in which this situation would exist are (1) the rate payable to a dependent mother or father, which would be \$67.50 under the bills, as compared with \$60 under Public Law 808; (2) the rate payable for each parent where both parents are dependent, which would be \$37.50 under the bills, as compared with \$35; and (3) the rate payable to a widow with two or more children. A widow with two children would receive \$117 as compared with \$115 under Public Law 808, and this difference would become greater as the number of children involved increased.

Widows and children of World War I and World War II veterans whose deaths are not the result of service-connected disability are entitled, subject to certain limitations, to pension under the provisions of Public, No. 484, Seventy-third Congress, June 28, 1934, as amended. The rates of pension payable under this law and the rates as proposed by H. R. 908 and H. R. 937 are shown below:

	Present rate	Proposed rate
Widow.....	\$42.00	\$52.50
Widow, 1 child.....	54.00	67.50
Each additional child.....	6.00	7.50
No widow, 1 child.....	21.60	27.00
No widow, 2 children.....	32.40	40.50
No widow, 3 children.....	43.20	54.00
Each additional child.....	4.80	6.00

10 BENEFITS FOR SERVICE-CONNECTED DISABLED VETERANS

The titles of the bills indicate that the proposed increases are designed to meet the increased cost of living. Twenty-nine public laws have been enacted from 1939 to date which provide increased rates, or operate to liberalize pension or compensation payments in certain types of cases. For the convenience of the committee, there is enclosed a list containing citations of these acts, with a brief explanation of the effect of each. It is believed that this list may be helpful to the committee in determining the degree to which increases in compensation and pensions have kept pace with the increased cost of living since 1939. There is also enclosed a chart relating to the cost and number of cases which would be affected by these bills, if enacted.

It is estimated that the cost of H. R. 908 or H. R. 937, if enacted, would be approximately \$352,700,000 the first year.

The Director, Bureau of the Budget, advised by letter dated May 10, 1940 (photostat copy attached), that in view of the comments set forth in his letter, and because of the cost involved, the enactment of H. R. 908 and 937 could not be considered to be in accord with the President's program.

Sincerely yours,

CARL R. GRAY, Jr., Administrator.

Estimated cost of H. R. 908, 81st Cong., or H. R. 937, 81st Cong.

	Total		Service-connected disability		Non-service-connected disability	
	Cases	Estimated cost, first year	Cases	Estimated cost, first year	Cases	Estimated cost, first year
World War I	735,700	\$120,100,000	307,000	\$53,010,000	100,400	\$31,781,000
World War II	1,882,700	224,370,000	1,672,000	208,210,000	22,300	4,018,000
Regular Establishment entitled to wartime rates	1,440	100,000	650	132,000		
Spanish-American War, Public Law 2 cases	1,440	303,000	750	315,000	900	47,000
Total wartime	2,621,300	344,650,000	1,979,000	259,620,000	191,900	36,843,000
Regular Establishment, pt. II	48,100	7,851,000	48,100	7,851,000		
Total	2,669,400	352,700,000	2,024,100	267,460,000	191,900	36,843,000

	Service-connected death		Non-service-connected death	
	Cases	Estimated cost, first year	Cases	Estimated cost, first year
World War I	44,400	\$3,813,000	219,300	\$30,660,000
World War II	172,800	12,773,000	18,600	2,260,000
Regular Establishment entitled to wartime rates	900	64,000		
Spanish-American War, Public Law 2 cases	60	8,000	450	6,000
Total wartime	218,050	16,655,000	236,350	\$2,832,000
Regular Establishment, pt. II				
Total	218,050	16,655,000	236,350	\$2,832,000

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington 25, D. C., May 10, 1940.

Hon. CARL R. GRAY, Jr.,
Administrator of Veterans' Affairs, Veterans' Administration,
Washington 25, D. C.

MY DEAR MR. GRAY: Reference is made to your letter of March 3, 1940, transmitting four copies of a proposed report to be submitted to the House Committee on Veterans' Affairs on H. R. 908 and H. R. 937, Eighty-first Congress, identical bills entitled "A bill to provide certain equitable adjustments in disability compensation and pension to meet the rise in the cost of living."

While certain blanket increases of compensation and pension rates have heretofore been made because of higher living costs, the proposal to raise benefits 25 percent at this time requires most serious consideration in view of its implications.

It first appears to be clear that any proposal to increase pension payments (payments for non-service-connected disability) is not in accord with the President's 1950 budget message in view of the existing and proposed social-welfare programs for all the people, including veterans.

Secondly, the proposal to increase compensation payments (payments for service-connected disability) in direct relationship to increases in living costs raises the question whether such benefits should be decreased if the cost of living decreases. A study of the history, and current results, of this program shows conclusively that Government compensation is intended, in the vast majority of cases, to assist veterans by supplementing the income they are able to earn. To illustrate, 95 percent of the veterans currently on the disability compensation rolls are only partially disabled.

The vast majority of veterans (who do not have severe disabilities) need the Government benefits less in times of high prices and full employment, and more in times of low prices and considerable unemployment when it is hard to find jobs and to be self-sustaining. It would, therefore, appear to be more in the interest of the veteran to maintain stable benefits even though economic conditions fluctuate. In this connection, it should also be pointed out that increases in rates when the cost of living is rising add to the inflationary pressure in the general economy, and decrease when prices are declining are deflationary. Here again it appears that stable rates are preferable. Of course, this discussion does not mean to imply that changes in pension rates should not be made to adjust to long-run changes in price levels. Such long-run changes have followed both world wars and might, of course, occur on an upward or downward basis in the future. With respect to the long-run change in the price level which followed World War II, it is believed that increases in compensation rates since 1930 have adequately reflected these fundamental changes. Generally speaking, the test of whether changes in price level are long-run or short-run can only be determined by rather general agreement among economists and among the members of the legislative and executive branches of the Government.

There remain for consideration two groups worthy of the Government's concern. There are those veterans with the most severe disabilities, and the dependents of those deceased from service-connected causes. Your attention is directed to Public Law 808, Eightieth Congress (increasing compensation benefits to dependents substantially) and Public Law 877, Eightieth Congress (providing increases of compensation to veterans rated not less than 60 percent disabled and who have dependents). These recent increases would appear to have raised the benefit levels for these groups to an equitable level.

In view of the above, and because of the cost involved, you are advised that the enactment of H. R. 608 and H. R. 937 could not be considered to be in accord with the President's program.

Sincerely yours,

FRANK PAGE, Jr., *Director.*

[No. 121]

VETERANS' ADMINISTRATION,
Washington 25, D. C., July 12, 1949.

HON. JOHN E. RANKIN,
*Chairman, Committee on Veterans' Affairs,
House of Representatives, Washington 25, D. C.*

DEAR MR. RANKIN: Reference is made to your request of this date for a report by the Veterans' Administration on a confidential committee print of H. R. 5598, a bill to increase compensation for World War I presumptive service-connected cases, provide minimum ratings for service-connected arrested tuberculosis, increase certain disability and death compensation rates, liberalize requirement for dependency allowances, and redefine the terms "line of duty" and "willful misconduct," with the amendments approved in executive session of the committee today.

H. R. 5598 is in the form of an omnibus bill and as indicated by the title covers five separate subjects in the field of veterans' laws. These subjects are considered in five sections, which this report will discuss seriatim.

SECTION 1

The purpose of section 1 of the bill is to provide for payment of compensation to World War I veterans for disabilities service-connected by statutory presumption at the same rates as are payable for directly service-connected disabilities. Under the present law, rates of compensation to World War I veterans for disabilities service-connected by statutory presumption are 75 percent of the rates payable World War I veterans for directly service-connected disabilities.

This section of the bill is identical with H. R. 896, Eighty-first Congress, a bill to restore full compensation awards in World War I presumptively service-connected cases, with respect to which the Veterans' Administration submitted a report to the committee under date of April 10, 1949 (Committee Print No. 50), a copy of which is enclosed. The views expressed in the mentioned report on H. R. 896 are equally applicable to section 1 of the subject bill. The estimated cost of this section, if enacted, is \$4,601,000, for the first year.

It will be noted in the mentioned report on H. R. 896 that the Bureau of the Budget has advised that the enactment of such legislation would not be in accord with the President's program.

SECTION 2

The purpose of section 2 of the bill is to amend Veterans' Regulation No. 3 (a), as amended, by adding thereto a new paragraph 11 to provide that any ex-service person shown to have active tuberculosis which is compensable under Public No. 2 and the Veterans Regulations promulgated pursuant thereto, who, in the judgment of the Administrator of Veterans' Affairs, has reached a condition of complete arrest, shall be rated as totally disabled for a period of 2 years following the date of such 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 shall be 30 percent, and following moderately advanced lesions the permanent rating, after 11 years, shall be 20 percent, provided there is continued disability, dyspnea on exertion, impairment of health, etc.; otherwise the rating shall be zero percent. It is provided by the section that its enactment shall not be construed as requiring the reduction of compensation authorized under any other law or regulation and that no compensation shall be payable for any period prior to its enactment. It is also provided that the total disability rating for 2 years following complete arrest may be reduced to 50 percent for failure to follow prescribed treatment or to submit to examination when requested.

The statutory ratings proposed by section 2 of the bill would be applicable to veterans who served either in peace or in war and who are eligible to benefits provided under Public No. 2, Seventy-third Congress, and the Veterans Regulations promulgated pursuant thereto. Such veterans who have arrested tuberculosis incurred in wartime service would be entitled to the rates provided under part I of Veterans Regulation No. 1 (a), as amended, which presently provides for compensation at the rate of \$138 per month for 100 percent or total disability, \$69 per month for 50-percent disability, \$41.40 per month for 30-percent disability, and \$27.00 per month for 20-percent disability. Such veterans who have arrested tuberculosis incurred in peacetime service would be entitled to compensation under part II of Veterans Regulation No. 1 (a), as amended, which presently provides compensation at the rate of \$110.40 per month for 100 percent or total disability, \$55.20 per month for 50-percent disability, \$33.12 per month for 30-percent disability, and \$22.08 per month for 20-percent disability.

In addition to the amounts specified in the preceding paragraph veterans who are rated as 100-percent disabled would receive pursuant to the provisions of Public Law 877, Eightieth Congress, additional allowances for certain dependents ranging in amounts in wartime cases from \$14 to \$91 monthly and in peacetime cases from \$11.20 to \$72.80 monthly.

Under the rating schedule now in effect, ratings of 100 percent are provided for service-connected active pulmonary tuberculosis unless the veteran is employed without apparent detriment to his health. Ratings of 100 percent are continued for 6 months after attainment of arrest or inactivity following hospitalization for active tuberculosis. At the end of the 6-month period, a 50-percent rating is provided for 4½ years and a 30-percent rating is provided for 5 years thereafter. In the case of far-advanced lesions, the 30-percent rating is continued for life, and in the case of moderately advanced lesions after 10 years a 20-percent rating is continued for life, if reexamination discloses continued disability such as dyspnea on exertion or scattered rales, otherwise the rating is zero percent. The 100-percent rating following arrest may be continued for successive periods of 6 months, up to a maximum of 2 years, in any case in which a certificate from a tuberculosis

specialist employed by the Veterans' Administration or from a tuberculosis specialist who is approved by the district section chief of tuberculosis and who may be salaried or fee basis, is received before the expiration of each 6-month period following arrest, establishing that the veteran is suffering from inactive pulmonary tuberculosis in a convalescent stage which precludes employment and requires continued special medical rehabilitation under a suitable program of limited activity, in a sheltered workshop or his home, under frequent medical supervision, and the specialist's personal examination confirms the necessity for continuing the program of certain limited activity. This increased rating would be in lieu of the 50-percent rating following 6 months after arrest.

From the foregoing, it will be seen that section 2 of the bill is substantially similar to the present regulations on the subject with the following exceptions:

(1) The 100-percent rating for the first 2 years would be conclusive under the bill.

(2) The 50-percent rating would be authorized for one additional year under the bill.

Under the Schedule for Rating Disabilities, 1945, ratings for disabilities from tuberculosis, like any other disease, are based upon the actual disability found to exist. Extensive advances have been made during the past 24 years as the result of studies in the field of tuberculosis. Administrative amendments in the rating schedules have followed such advances and the current rates have been fixed in proportion to the degrees of disablement resulting from the residuals of tuberculosis. It is believed that the current ratings authorized are liberal and medically sound and we are not aware of the justification for the changes proposed by section 2 of the bill.

In view of the indeterminate factors involved, the Veterans' Administration is unable to submit an accurate estimate of the cost of this section of the bill, if enacted. It appears that the added cost for the first 5 years would not be substantial, amounting to something approximating \$700,000 for the first fiscal year. The major portion of the additional cost would arise out of the additional year for which the 50-percent rating would be authorized. Advice has not been received from the Bureau of the Budget with respect to this proposal.

SECTION 3

The purpose of section 3 of the bill is to increase certain disability and death compensation rates. Subsection (a) would increase the basic rates for service-connected disability based on degree of disability and subsection (b) would increase the rate of death compensation payable to a widow with children.

The wartime rate for total disability would be increased from \$138 to \$150 per month with proportionate increases for the nine degrees of partial disability. The new rates of disability compensation would represent an increase of approximately 8.7 percent and would be effected by amending subparagraphs (a) to (j), inclusive, of paragraph II, part I, Veterans Regulation No. 1 (a), as amended. The proposed increase would also result in an increase in the peacetime rates of service-connected disability based upon percent of disability in view of the provisions of Public Law 870, Eightieth Congress, which provides that the rates for disability incurred in or as a result of peacetime service shall be 80 percent of the rates authorized for wartime service.

The proposal would not increase the special rates for certain specific service-incurred disabilities authorized under subparagraphs (k) to (o) of paragraph II, part I, Veterans Regulation No. 1 (a), as amended. These rates range from \$240 to \$360 per month; nor would it increase the presently authorized additional allowance of \$42 per month in connection with the loss or loss of use of one limb or blindness of one eye. Enactment of section 3 (a), therefore, would discriminate against those veterans who, generally speaking, suffer from more serious disabilities.

Subsection (b) would increase the wartime rate of death compensation for a widow with one child from \$100 to \$105, and the rate for each additional child (with widow) from \$15 to \$25. The similar peacetime rates of death compensation would be increased to 80 percent of the stated new wartime rates. The increases would be effected by an amendment of paragraph IV, part I, Veterans Regulation No. 1 (a), as amended.

Wartime and peacetime rates of death compensation for widows, children, and dependent parents were last increased substantially by Public Law 808, Eightieth Congress, July 1, 1948. A further increase in rates for only a portion of such group of dependents might be considered discriminatory with respect to the remaining

14 BENEFITS FOR SERVICE-CONNECTED DISABLED VETERANS

classes, which include the widow alone, children alone, and dependent mothers and fathers.

It is estimated that the enactment of section 3 (a) of the bill would increase the rates payable to 2,024,100 veterans of World Wars I and II, Spanish-American War, and the Regular Establishment at a cost for the first year of \$84,432,000. Enactment of section 3 (b) would provide increases in death compensation for approximately 58,000 cases at an estimated cost the first year of \$7,368,000.

The Veterans' Administration is not advised as to the relationship of the specific proposals to the program of the President. However, advice has been received with respect to bills proposing percentage increases generally in compensation rates that the enactment thereof would not be in accord with the President's program. (See report on H. R. 908, 81st Cong., May 11, 1949, Committee Print No. 74.)

SECTION 4

The purpose of section 4 of the bill is to authorize additional compensation because of dependents under Public Law 877, Eightieth Congress, to veterans whose service-connected disability is rated 50 percent.

Attention is invited to H. R. 910, Eighty-first Congress, a bill to amend the act of July 2, 1948 (Public Law 877, 80th Cong.), to include persons whose service-connected disability is rated not less than 10 percent, with respect to which the Veterans' Administration submitted a report to your committee under date of May 4, 1949 (Committee Print No. 65), a copy of which is enclosed. Although the provisions of H. R. 910 are more liberal than the proposal contained in section 4 of the bill, the mentioned report contains a detailed statement of the existing law on this subject and indicates the amount which would be payable on account of dependents to those veterans whose disability is rated at 50 percent.

It is estimated that enactment of section 4 of the bill would result in additional cost the first year of approximately \$15,400,300.

The Bureau of the Budget advised the Veterans' Administration that the enactment of H. R. 910, supra, could not be considered to be in accord with the program of the President. We have not been apprised of the relationship to such program of the more limited proposal on this subject contained in section 4 of the bill.

SECTION 5

The purpose of section 5 of the bill is to liberalize the line of duty requirements of paragraph VIII, Veterans Regulation No. 10, as amended, with respect to a service person whose disease, injury, or death was incurred without willful misconduct on his part while in confinement under sentence of court martial or civil court. In such cases the disease, injury, or death would be deemed to have been incurred in line of duty if the sentence of the court martial did not involve an unremitted dishonorable discharge or if the offense for which convicted by civil court did not involve a felony, as defined under the laws of the jurisdiction where the service person was convicted by such civil court.

Except as to certain matters of form, section 5 of the bill is identical with H. R. 6557, Eightieth Congress, a bill to amend the act approved May 17, 1926, as amended by Public Law 430, Seventy-eighth Congress, approved September 27, 1944, which defines line of duty and misconduct for pension and compensation purposes, with respect to which the Veterans' Administration submitted a report to your Committee under date of November 9, 1948 (Committee Print No. 403), a copy of which is enclosed. The views expressed in the mentioned report regarding the substantive provisions of H. R. 6557 are equally applicable to section 5 of this bill.

There is no available information upon which to base an estimate of cost of section 5, if enacted.

The Veterans' Administration has been advised by the Bureau of the Budget that the enactment of legislation such as proposed by section 5 of the bill would not be in accord with the program of the President.

SUMMARY OF COST

With respect to those portions of the bill which are susceptible of a cost estimate (secs. 1 to 4, inclusive), it is estimated that the cost of H. R. 5598, if enacted, would be approximately \$112,597,300 for the first year.

Sincerely yours,

O. W. CLARK
(For Carl R. Gray, Jr., Administrator).

[No. 403]

VETERANS' ADMINISTRATION,
Washington 25, D. C., November 9, 1948.

Hon. EDITH NOURSE ROGERS,
Chairman, Committee on Veterans' Affairs,
House of Representatives, Washington 25, D. C.

DEAR MRS. ROGERS: This is in further reply to your request for a report on H. R. 6557, Eightieth Congress, a bill to amend the act approved May 17, 1920, as amended by Public Law 439, Seventy-eighth Congress, approved September 27, 1914, which defines line of duty and misconduct for pension and compensation purposes.

The purpose of the bill is to liberalize the line of duty requirements of paragraph VIII, Veterans Regulation No. 10, as amended, with respect to a service person whose disease, injury, or death was incurred without willful misconduct on his part while in confinement under sentence of court martial or civil court. In such cases the disease, injury, or death would be deemed to have been incurred in line of duty if the sentence of the court martial did not involve an unremitted dishonorable discharge or if the offense for which convicted by civil court did not involve a felony, as defined under the laws of the jurisdiction where the service person was convicted by such civil court.

At the outset it may be noted that the act of May 17, 1920, was inadvertently referred to in the title of the bill. Neither the 1920 act nor its amendments by section 1 of Public Law 439, Seventy-eighth Congress, is concerned with the definition of line of duty and misconduct for pension and compensation purposes. This subject is dealt with in paragraph VIII of Veterans Regulation No. 10, which was amended by section 2 of Public Law 439, supra, and which H. R. 6557 is designed to amend further.

If the bill were enacted, the provisions of paragraph VIII, supra, would read as follows (proviso proposed by the bill being italicized):

"PAR. VIII. An injury or disease incurred during military or naval service will be deemed to have been incurred in line of duty and not the result of the veteran's own misconduct when the person on whose account benefits are claimed was, at the time the injury was suffered or disease contracted, in active service in the military or naval forces, whether on active duty or on authorized leave unless such injury or disease was the result of his own willful misconduct: *Provided*, That venereal disease shall not be presumed to be due to willful misconduct if the person in service complies with the Army or Navy regulations requiring him to report and receive treatment for such disease: *Provided further*, That the requirement for line of duty will not be met if it appears that at the time the injury was suffered or disease contracted the person on whose account benefits are claimed (1) was avoiding duty by deserting the service, or by absenting himself without leave, materially interfering with the performance of military duties; (2) was confined under sentence of court martial or civil court: *Provided, however*, That disease, injury, or death incurred without willful misconduct on the part of the service person shall be deemed to have been incurred in line of duty if the sentence of the court martial did not involve an unremitted dishonorable discharge or if the offense for which convicted by civil court did not involve a felony, as defined under the laws of the jurisdiction where the service person was convicted by such civil court."

Under the language of the bill, every disease, injury, or death, not due to willful misconduct, incurred by a service person while in confinement under sentence of a court martial or a civil court would be deemed to have been incurred in line of duty unless the court martial sentence involved an unremitted dishonorable discharge, or the sentence of the civil court involved conviction of a felony, as defined by the laws of the jurisdiction where the person was convicted. It is not clear whether disability occurring prior to the actual remission of a dishonorable discharge is intended to be presumed to have been incurred in line of duty after such remission is made effective. As commissioned officers are dismissed rather than discharged from the service, the bill, if enacted, could be construed as requiring that any disability or death suffered by a commissioned officer while confined under sentence of a court martial was incurred in line of duty.

H. R. 6557 presents a question of national policy for determination by the Congress, as to whether persons referred to in the bill (and their dependents) whose disease, injury, or death is incurred without willful misconduct on their part while in confinement as prisoners for unlawful acts—by which acts and confinement they rendered themselves unable to perform their service contracts with the Government—should be afforded compensation benefits on a parity with

those veterans (and their dependents) whose disease, injury, or death was incurred without willful misconduct on their part while in a duty or leave status in keeping with their service contracts.

It is difficult to understand on what theory disability or death occurring while in confinement under sentence of a civil court could be deemed to have been incurred in line of duty. While there are some cases disallowed, where the veteran was confined under sentence of court martial, which may be thought to involve appealing circumstances, legislative changes designed to relieve in such cases would require reconsideration of the basic principle supporting existing legislation and consideration of possible inequalities which might result as to cases disallowed under other provisions of paragraph VIII of Veterans Regulation No. 10, as amended, heretofore quoted.

In determining whether any liberalization of paragraph VIII, Veterans Regulation No. 10, as amended, is desirable, the committee may wish to consider the provisions of title 48, U. S. C. 412d, under which compensation may be paid to United States prisoners or their dependents for injuries suffered while employed by the Federal Prison Industries. While such provisions in behalf of civilian prisoners and their dependents may be urged as indicating the propriety of corresponding relief for military prisoners and their dependents, there is for consideration the fact that the present provisions of paragraph VIII of Veterans Regulation No. 10, as amended, are designed, among other things, to assist in the maintenance of military discipline.

There is no available information upon which to base an estimate of the cost of H. R. 6557, if enacted.

The Veterans' Administration is not advised as to the relationship of this proposed legislation to the program of the President.

Sincerely yours,

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

RAHSEYER RULE

In accordance with clause 2a of rule XIII of the Rules of the House of Representatives, the changes made in existing law by the bill are shown as follows (existing law proposed to be omitted is in black brackets; new matter is in italics; existing law in which no changes are proposed is shown in roman):

SECTION 2 OF H. R. 598

"Veterans Regulation Numbered 3 (a), as amended, is hereby amended by adding thereto a new paragraph following paragraph 1 to read as follows:

"I. The Administrator of Veterans' Affairs is hereby authorized and directed to adopt and apply a schedule of ratings [and] of reductions in earning capacity from specific injuries or combination of injuries. The ratings shall be based, as far as practicable, upon the average impairments of earning capacity resulting from such injuries in civil occupations. The schedule shall be constructed so as to provide ten grades of disability and no more, upon which payments of pension shall be based, namely, ten percent, twenty percent, thirty percent, forty percent, fifty percent, sixty percent, seventy percent, eighty percent, ninety percent, and total, one hundred percent. The Administrator of Veterans' Affairs shall from time to time readjust this schedule of ratings in accordance with experience.

"II. Any ex-service person shown to have active tuberculosis which is compensable under Public Law Numbered 2 and the Veterans Regulations promulgated pursuant thereto, who in the judgment of the Administrator of Veterans' Affairs has reached a condition of complete arrest, shall be rated as totally disabled for a period of two years following such date of arrest, as 50 per centum disabled for an additional period of four years, and 30 per centum for a further five years. Following far advanced active lesions the permanent rating shall be 30 per centum, and following moderately advanced lesions, the permanent rating, after eleven years, shall be 20 per centum, provided there is continued disability, dyspnea on exertion, impairment of health, and so forth; otherwise the rating shall be zero per centum: Provided, That this Act shall not be construed as requiring a reduction of compensation authorized under any other law or regulation: Provided further, That no compensation shall be payable under this Act for any period prior to its enactment: And provided further, That the total disability rating herein provided for the two years following a complete arrest may be reduced to 50 per centum for failure to follow prescribed treatment or to submit to examination when requested."

SECTION 3 (A) OF H. R. 5596

"Subparagraphs (a) to (j), inclusive, of paragraph II, part I, Veterans Regulation Numbered 1 (a), as amended, are hereby amended to read as follows:

"(a) If and while the disability is rated 10 per centum the monthly compensation shall be [~~\$13.80~~] \$15.

"(b) If and while the disability is rated 20 per centum the monthly compensation shall be [~~\$27.60~~] \$30.

"(c) If and while the disability is rated 30 per centum the monthly compensation shall be [~~\$41.40~~] \$45.

"(d) If and while the disability is rated 40 per centum the monthly compensation shall be [~~\$55.20~~] \$60.

"(e) If and while the disability is rated 50 per centum the monthly compensation shall be [~~\$69.00~~] \$75.

"(f) If and while the disability is rated 60 per centum the monthly compensation shall be [~~\$82.80~~] \$90.

"(g) If and while the disability is rated 70 per centum the monthly compensation shall be [~~\$96.60~~] \$105.

"(h) If and while the disability is rated 80 per centum the monthly compensation shall be [~~\$110.40~~] \$120.

"(i) If and while the disability is rated 90 per centum the monthly compensation shall be [~~\$124.20~~] \$135.

"(j) If and while the disability is rated as total the monthly compensation shall be [~~\$138.00~~] \$150."

SECTION 3 (D) OF H. R. 5596

"Paragraph IV of part I of Veterans Regulation Numbered 1 (a), as amended, is hereby amended 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 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, \$100 (with \$15 for each additional child)] widow with one child, \$105 (with \$25 for each additional child); no widow but one child, \$58; no widow but two children, \$82 (equally divided); no widow but three children, \$106 (equally divided) (with \$20 for each additional child; total amount to be equally divided); dependent mother or father, \$60 (or both), \$35 each."

SECTION 5 OF H. R. 5596

"Paragraph VIII of Veterans Regulation Numbered 10, as amended, is hereby amended as follows:

"PAR. VIII. An injury or disease incurred during military or naval service will be deemed to have been incurred in line of duty and not the result of the veteran's own misconduct when the person on whose account benefits are claimed was, at the time the injury was suffered or disease contracted, in active service in the military or naval forces, whether on active duty or on authorized leave, unless such injury or disease was the result of his own willful misconduct: *Provided*, That venereal disease shall not be presumed to be due to willful misconduct if the person in service complies with the Army or Navy regulations requiring him to report and receive treatment for such disease: *Provided further*, That the requirement for line of duty will not be met if it appears that at the time the injury was suffered or disease contracted the person on whose account benefits are claimed (1) was avoiding duty by deserting the service, or by absenting himself without leave materially interfering with the performance of military duties; (2) was confined under sentence of court martial or civil court[.]; *Provided, however*, That disease, injury, or death incurred without willful misconduct on the part of the service person shall be deemed to have been incurred in line of duty if the sentence of the court martial did not involve an unremitted dishonorable discharge or if the offense for which convicted by civil court did not involve a felony as defined under the laws of the jurisdiction where the service person was convicted by such civil court."

The CHAIRMAN. Before hearing from the Veterans' Administration, the committee is advised that the Disabled American Veterans organization is holding a convention in Ohio and their representative flew in this morning to be present at the meeting, and would be glad to come on first, so that he might return to the convention. So we

will call Mr. Hogan before calling the Veterans' Administration witnesses.

Mr. Hogan you are representing the Disabled American Veterans?

STATEMENT OF CICERO F. HOGAN, REPRESENTING DISABLED AMERICAN VETERANS

Mr. HOGAN. Yes, sir. I am the newly appointed director of claims, succeeding William Tate, who died in February.

The CHAIRMAN. Your name is Mr. Cicero F. Hogan.

Mr. HOGAN. Cicero F. Hogan; yes, sir.

The CHAIRMAN. We will be glad to hear from you on this bill, first, before taking up the representatives of the Veterans' Administration.

Mr. HOGAN. I appreciate the courtesy. Our convention opened last Monday, and it will be concluded tomorrow evening. So I will fly back as soon as this hearing is over.

I came in this morning just to testify here. I certainly appreciate the courtesy.

The CHAIRMAN. We will be glad to hear you first.

Mr. HOGAN. Mr. Chairman and members of the committee: My name is Cicero F. Hogan, national director for claims, Disabled American Veterans. My business address is 1701 Eighteenth Street N.W., Washington, D. C.

We of the DAV want to express our deep appreciation to the chairman and members of the Senate Finance Committee for this opportunity to be heard on H. R. 5598. It pertains exclusively to the service-connected disabled and their dependents and is a moderate bill. It is comprised of five different bills which underwent hearings before the House Veterans' Affairs Committee and in practically every instance the House committee modified those five measures before incorporating them in H. R. 5598.

Section 1 of H. R. 5598 relates to the so-called World War I presumptives. We of the DAV endorse it. This section provides that World War I veterans now receiving compensation for certain presumptive disabilities equivalent to 75 percent of the amount which they received prior to the enactment of the Economy Act of 1933 shall be restored to 100-percent compensation.

A proviso to section 200 of the World War Veterans Act of 1924, as amended, provided that World War I veterans shown to have had certain diseases at least 10-percent disabling, prior to January 1, 1925, were presumed to have acquired such disability during their war service. The diseases were neuropsychiatric disease, spinal meningitis, an active tuberculosis disease, paralysis agitans, encephalitis lethargica, or amoebic dysentery. As to tuberculosis and spinal meningitis the presumption was absolute. As to the other it was rebuttable by clear and convincing evidence.

However, as a result of the Economy Act, the compensation for the so-called presumptives was reduced to 75 percent of the rate otherwise payable. It will be observed, therefore, this is one of the remaining adverse effects of the Economy Act of 1933. Many of the injustices of that act have been corrected by the Congress but the so-called presumptives of World War I are yet awaiting correction of this injustice.

It is estimated between 20,000 and 21,000 World War I veterans on the rolls have disabilities presumptively service connected for which they are receiving 75 percent of the rates paid to direct service-connected disabilities. It should be kept in mind that these are not all rated

totally and permanently disabled. Their degrees of disability range from 10 percent to total and permanent. Continuance of the injustice against these World War I veterans should not be allowed to continue. We are hopeful your committee will approve this section.

Arrested tuberculosis: Section 2 of H. R. 5598 deals with arrested tuberculosis and is intended to place World War II veterans on a parity with World War I veterans as to disability compensation, for those veterans who have attained arrest of a service-connected tuberculosis disease. We believe this is a subject which should have immediate and favorable consideration by the Eighty-first Congress.

This proposal provides that veterans of both world wars, shown to have active tuberculosis which is compensable, who, in the judgment of the Administrator of Veterans' Affairs, have reached a condition of complete arrest, shall be rated as totally disabled for a period of 2 years following such arrest. Then, for a period of 5 years, such veteran would be rated as 50 percent disabled. At the end of this 7-year period, the veteran would be rated for the remainder of his life as 40 percent disabled if his tubercular condition has been diagnosed as far advanced, or, as 30 percent disabled if his tubercular condition has been diagnosed as moderately advanced or where disabling residuals are present.

Nearly 40,000 World War I veterans are paid a monthly statutory award for service-connected arrested TB at the rate of \$60 monthly. Under a proviso of section 2, this monthly statutory award of \$60 monthly for World War I veterans would not be reduced.

It is the belief of the Disabled American Veterans that there should be no further delay in placing World War I and World War II veterans on a parity, thus removing a discrimination in compensation ratings for arrested TB. We know this committee is sympathetic and desirous of correcting this situation. Therefore, we respectfully urge this be done.

Increased disability compensation: Section 3 of H. R. 5598 provides a modest increase in the rates of disability compensation. We had requested and urged the House Committee on Veterans' Affairs to grant a 25 percent increase but the committee decided upon an increase of 8.7 percent. It is modest, but I know the disabled veterans would appreciate receiving it in these days of high cost of living.

A review of the legislative history of increases of disability compensation reveals such increases have not come with great rapidity. On January 1, 1934, by Veterans Regulation No. 1 (c), disability compensation was fixed at \$100 per month for a 100 percent service-connected disabled veteran. This rate remained unchanged for the next 10½ years when, pursuant to Public Law 312 of the Seventy-eighth Congress which became effective June 1, 1944, disability compensation was increased to \$115 per month for a 100 percent disabled veteran. Again, on September 1, 1946, 2½ years later, disability compensation was increased by Public Law 662 of the Seventy-ninth Congress to \$138, where it has remained since. In other words, since January 1934, disability compensation has increased 38 percent and has lagged far behind the rise in the cost of living.

In order to better express the disparity between the increase in disability compensation and the increase in the cost of living, we have prepared a graphic illustration which is attached hereto and to which your attention is invited. We have used the Consumer's Price Index published monthly by the Bureau of Labor Statistics, United States

Department of Labor, to reflect the rise in the cost of living. We believe that this index is as true and accurate a guide as can be found to the daily cost of living for the average wage earner. Therefore, a brief description of it may be in order.

The Consumer's Price Index, based on the average for the years 1935 through 1939 is equal to 100. This index is computed monthly and relates to prices in effect on the 15th day of the month.

The goods and services priced for the index were selected on the basis of an extensive study of actual annual expenditures of about 14,500 urban families of wage earners and lower salaried clerical workers whose income averaged \$1,524 in 1934-36. These items represent all the family living essentials—food, apparel, rent, fuel, utilities, house furnishings, and miscellaneous goods and services, such as medical care, personal care, transportation, laundry service, and recreation. Federal, State, and local income taxes are not included in the index, but sales taxes are included in the prices of goods sold. The list of items priced included 49 foods, 58 articles of clothing, 10 fuels, 23 kinds of house furnishings, 49 miscellaneous goods and services and rent—a total of 192 individual items. Since two or more qualities are priced for some articles, about 270 different articles and qualities are used in the computation of the index.

The figures cited above and the chart attached hereto are ample proof that an increase of 25 percent in the rates of disability compensation and death pension is warranted.

I would like to make the statement, we regret that the bill fails to make any provision for the straight orphan.

Senator MILLIKIN. For what?

Mr. HOGAN. For the orphan. There is a provision in the bill which increases the rates payable to a widow and one child, a widow and two children or a widow and three children, but for some reason which I cannot explain, it makes no provision for the child of a man killed in action, whose mother has remarried. She is no longer a widow in the eyes of the Veterans' Administration. So a child, one or two or three children may be taken care of by a grandparent or may be in an orphan's home, and there is no provision in the bill to take care of the whole orphan, an orphan on both sides.

The theory of disability compensation has long been recognized by Congress as a means for restoring to those veterans who lost part of their minds or bodies, as a result of service to their country during periods of war, the opportunity to compete with their more fortunate comrades on an equal plane. In order to make this theory a living thing rather than mere lip service, it is essential that the rates of compensation be revised upward in keeping with the rise in the cost of living. This has not been done.

We of the DAV respectfully urge early and favorable action on this section.

Dependency allowance: During the Eightieth Congress, both Houses 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. It is sometimes referred to as the "Dependency Allowance Act." However, the act limited allowances to dependents of disabled veterans who are rated for disability compensation purposes at 60 percent or more, in degree. Section 4 would reduce that percentage from 60 to 50 percent.

Public Law 877, Eightieth Congress, provided that if and while a disabled 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 living, \$50;
- (e) has no wife but one child living, \$14;
- (f) has no wife but two children living, \$24.50;
- (g) has no wife but three 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, \$17.50 for each parent so dependent.

The law also provides that if and while rated partially disabled, but not less than 60 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 60 percent would be 60 percent of the amount specified for the totally disabled veteran. If this committee amends the act to include the dependents of veterans down to 50 percent, the dependents of such veteran would receive 50 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 would 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, the effect of these laws has been largely nullified.

During World War II, the Congress enacted the Servicemen's Dependents 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. 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.

Only small monthly allowances are 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.

Line of duty: The Disabled American Veterans is concerned with the present definition of the term "in line of duty," as applied to eligibility for veterans' benefits. We contend it is harsh in some respects and has caused injustices. The provisions of section 5 would be of benefit only to a small group but we are desirous of calling their plight to the attention of the Congress through your committee.

Currently it is provided in section 2, Public Law 439, Seventy-eighth Congress, approved September 27, 1944, that an injury or disease incurred during military or naval service will be deemed to have been incurred in line of duty when the veteran was in active service (whether on active duty or on authorized leave), unless the injury or disease was the result of his own misconduct. The second proviso of this section states the requirement for line of duty will not

be met if it appears that at the time of the injury, the person upon whose account benefits are claimed "(2) was confined under sentence of court martial or civil court."

It has come to the attention of our organization that some cases have arisen which warrant a change in existing law so that no injustice will be done, particularly in the cases of minor offenders. A few of these are cited below.

(a) A soldier was sentenced to 10 days confinement in the regimental guardhouse by a summary court officer for a minor offense. One of the guards at the guardhouse apparently did not like the looks of the prisoner and killed him with his service rifle. It was later found that the guard was suffering from dementia praecox, paranoid type, and was not responsible for his act but this did not prevent denial of the death compensation claim because the prisoner was "under sentence of a court martial."

(b) There is the case of a soldier who was confined for a minor military offense at Edgewood Arsenal, Md., by a special court martial. While working as a prisoner on a power crane or shovel, the boom of the machine came in contact with a power wire. The prisoner was killed instantly. That claim has been denied for death benefits for his dependents.

(c) There was a patient in Walter Reed General Hospital who had lost both legs below the knees, incurred when, as a prisoner under a special court martial in Germany, he was incarcerated in a dungeon without heat or necessary clothing and his feet were frozen. Under the present laws he cannot be paid compensation. The information we have is to the effect this soldier has been returned to the United States after honorable service during the war and was discharged on points, but he later reenlisted and returned to Germany in the Army of Occupation. The offense for which he was convicted was that he destroyed Government property, namely a jeep, when he drove the vehicle into the side of a building to avoid killing some children. He was court-martialed over the protest of his company commander.

There have been cases in which servicemen were confined while in the military or naval service and were injured by bombs dropped by hostile enemy aircraft; others that contracted rheumatic fever producing heart disease; and still others, particularly in the Southwest Pacific, who contracted malaria and filariasis while so confined.

We are unable to cite the number of claimants that would benefit through the proposed amendment, nor are we able to furnish an estimate of the cost. However, as previously stated, we believe the number of such claimants would be comparatively small, but the relief it would grant would prevent further injustices under existing law.

The Disabled American Veterans, now in national convention assembled at Cleveland, Ohio, consider H. R. 5598 a very important bill from their viewpoint. The delegates in attendance are grateful that the chairman and members of the Senate Finance Committee are holding early hearings on this measure. These same delegates are hopeful your committee will report the bill at an early date so that the Senate may have an opportunity to consider it before adjournment.

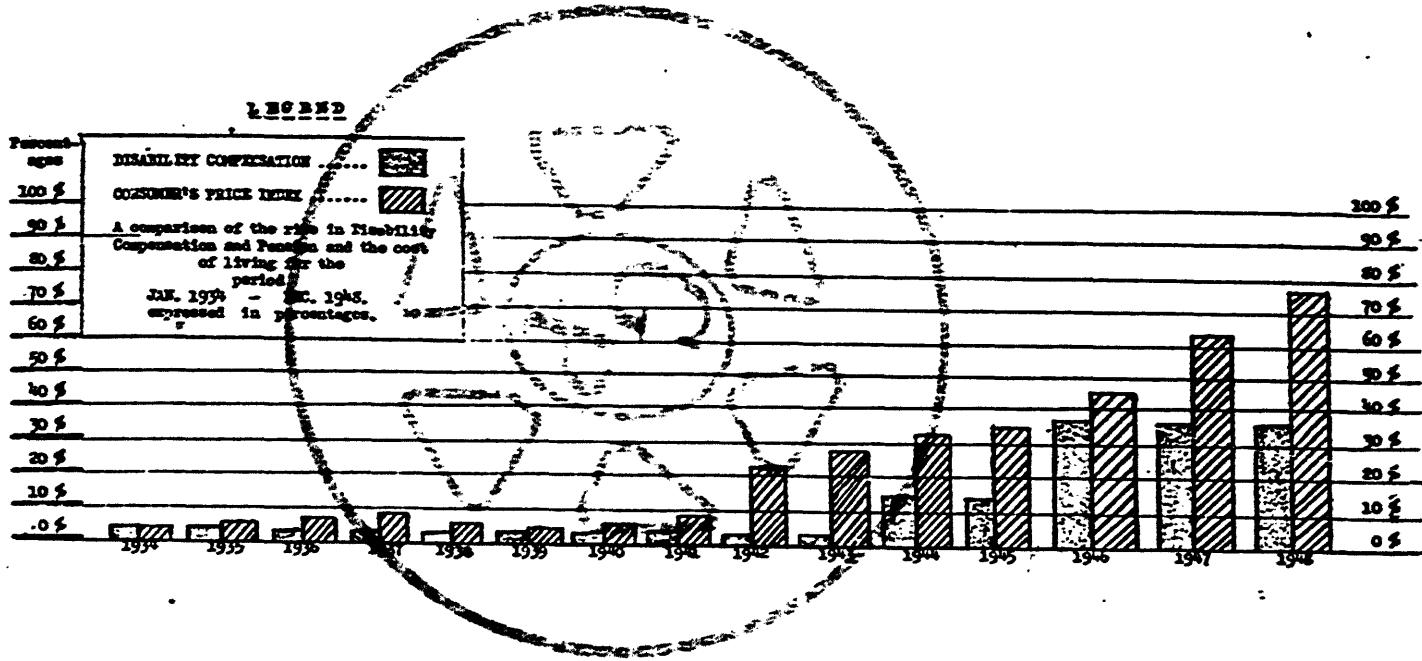
I do not believe there was a vote cast against this bill in the House. Two gentlemen refused to vote on the bill. They considered themselves beneficiaries, and thought it would not be good taste.

The CHAIRMAN. We thank you, sir. Are there any questions?

If there are no questions, we thank you.

Mr. HOGAN. Thank you.

(The chart is as follows:)



The CHAIRMAN. The Veterans of Foreign Wars will be unable to testify at these hearings, but they have submitted a brief, and without objection that brief will now be entered in the record. The Veterans of Foreign Wars are preparing for their annual convention, and they desire to go on record. I believe the brief submitted by Mr. Ketchum, as director of the national legislative service, approves this bill as written, but takes exception to section 3 and regards the increases in that section as inadequate.

(The statement is as follows:)

STATEMENT OF OMAR B. KETCHUM, DIRECTOR, NATIONAL LEGISLATIVE SERVICE,
VETERANS OF FOREIGN WARS OF THE UNITED STATES

Mr. Chairman and members of the committee, I appreciate very much this opportunity to express the views of the Veterans of Foreign Wars of the United States with respect to the bill H. R. 5598. This bill is an omnibus benefit bill for service-connected disabled veterans and contains several provisions which were contained in separate bills introduced in the House of Representatives at the request of our organization pursuant to resolutions adopted by our last national convention held in September 1948.

The first section of the bill restores to World War I statutory presumptive cases full compensation of 100 percent in lieu of the present 75 percent. The present law, authorizing only 75 percent of service-connected disability rates to this group of veterans, is a hang-over from the Economy Act of March 20, 1933, which you will recall made almost indiscriminate slashes at the veterans' benefit program, many of the benefits were restored within a year or two after the enactment of the Economy Act, but despite the repeated recommendations of the Veterans of Foreign Wars this particular amendment was retained. The existing provision of law presents an anomalous situation. There are approximately 21,000 World War I veterans who are presumed to be service-connected disabled, and because of this presumption these veterans receive only 75 percent of existing rates. In contemplation of law, these veterans are in fact service-connected disabled; and it is difficult to understand why a veteran who might be conclusively presumed service-connected disabled, such as in the case of tuberculosis and spinal meningitis, should have less a claim to the full service-connected disability rates than another veteran who is found to be service-connected disabled because of the evidence of record. In either case the Veterans' Administration must draw a legal inference, and there ought not to be any distinction between the inference drawn from evidentiary matter and the inference which must follow from a statutory presumption. We are confident that this committee will realize the inequity of existing law in this respect and will approve this particular section.

Section 2 of the bill provides for more liberal minimum ratings for service-connected arrested tuberculosis in the case of any ex-serviceman. This section would provide a rating of 100-percent disability for the first 2 years following arrest and a 50 percent rating for 4 years thereafter in lieu of the ratings presently provided by the Veterans Regulations for this latter period. The present VA regulations permit disability compensation for arrested tuberculosis service-connected at 100 percent for a period of 2 years following the date of arrest, 50 percent for the remaining balance of 5 years, and 30 percent for an additional period of 5 years. Section 2 is preferable in that the ratings are not only more liberal and more in accordance with sound medical principles but would be fixed by law rather than by Veterans Regulations which might be subject to variable determinants. This section would provide for total disability rating for 2 years following date of arrest, then 50 percent disability for an additional period of 4 years, and 30 percent for a further 5 years. Actually, the only difference between this section and the present Veterans Regulations would be the increase of the 50 percent rate period to 4 years.

Section 3 (a) establishes new rates for service-connected disability compensation based on \$150 for total disability instead of the present \$138. This amounts to approximately an 8.7 percent increase in disability compensation. The Veterans of Foreign Wars proposes an amendment to this subsection so that the disability compensation schedule would be based on \$170 for total disability or \$17 for each 10 per centum of disability. This represents slightly less than a 25 percent increase and is more consistent with the resolution on this subject unanimously adopted by the 1948 national convention of our organization. It is the considered opinion of the Veterans of Foreign Wars that such an amendment is

more in line with increases in present day cost of living and the increased wages paid by private industries and the Government.

In considering the question of periodic increases in disability and compensation, many members of the Congress fall into what we believe is a fundamental error in that such consideration is geared to the increases already provided by past Congresses over the basic rates established by Veterans' Regulations in 1933 pursuant to the authority contained in the Economy Act. We sincerely believe that a reorientation of the problem of providing adequate compensation for our service-connected disabled is long overdue and that we ought to consider the deplorably low basic rates established by the Economy Act. To say that disability compensation has increased 40, 50, or 60 percent since 1933 presents a rather distorted point of view. It has always been the contention of the Veterans of Foreign Wars that a totally disabled veteran, service-connected, does not deserve less than the average wage earned in manufacturing industry. I think that the least that this Nation can do to a man who has been totally disabled as the result of war service would be to place him on the same economic level as this average man in industry. That is why we contend that the 8.7 percent increase provided by this subsection is little more than a mere gesture in the right direction. The setting of \$170 as the basic rate for total disability would be more equitable and more consistent with the ultimate aim of the Congress in its efforts to provide adequate care and compensation for the service-connected disabled.

The committee ought to further consider the feasibility of providing a comparable increase to those veterans receiving pensions as distinguished from compensation. If the cost of living and the increased wages paid by private industry and the Government justifies an increase in compensation, then surely a comparable increase is justified in the pension rates. Pension and disability compensation rates are in a sense related benefits and the sound structure of veterans' benefits, which we all strive to maintain, would very likely be impaired by increasing one and not the other. We strongly urge the committee to consider a comparable increase in the pensions payable to World War I and World War II veterans.

Subsection (b) of section 3 increases the death compensation rate for a widow and one child from the present \$100 to \$105 and raises the rate for each additional child from \$15 to \$25. In the opinion of our organization the increase is a deserving one and we commend it for your earnest consideration.

Section 4 amends the Dependency Allowances Act so that a veteran with 50 percent or more service-connected disability would receive a proportionate additional allowance for dependents. Under existing law this benefit is available to only those who are rated 60 percent or more disabled. Our organization has no mandate on this particular subject, nevertheless, we interpose no objection to its enactment.

Section 5 liberalizes line of duty requirements with respect to a service person whose disease, injury, or death was incurred without willful misconduct, while in confinement under sentence of court-martial or civil court, unless the sentence involved an unremitted dishonorable discharge or the offense for which convicted involved a felony.

Under existing law the requirement for line of duty is not met, if at the time an injury was suffered or diseases contracted the individual concerned was absent without leave, in desertion, materially interfering with the performance of military duties, or was confined under sentence of court martial or civil court. It is the latter condition, that of confinement under sentence of court martial or civil court, which has resulted in the denial of compensation and pension in many cases where the disability or death was in no way connected with the facts resulting in such court martial and conviction.

The Veterans of Foreign Wars recognizes the need for some limitation to line of duty determination in injury and disease cases for the purposes of assisting in the maintenance of military discipline. However, it is unfortunate to set up a total denial of line of duty in all cases involving injury or disease while under sentence of a court martial. Rather, we believe that the rigid and harsh provision of existing law should be limited to only those cases where the man was serving a sentence pursuant to the sentence of a court martial where the sentence involved an unremitted dishonorable discharge upon the completion of such imprisonment. In the matter of sentence by civil court, we believe that the denial of line of duty should result only where the person concerned is serving a sentence because of conviction of a felony as defined by the law of the jurisdiction concerned.

The Veterans' Administration has disallowed many cases where the veteran was injured or otherwise disabled while confined under sentence of court martial where there was no question but that appealing circumstances were involved.

Very likely there is forbearance on the part of the Congress to make such a legislative change or for the Veterans' Administration to recommend such a change because of the basic principle involved; that is, the maintenance of military discipline. Our organization submits that the basic principle is a sound one and a necessary one; but that the principle would in no way be undermined through the exercise of equity and justice in the consideration of those cases where an independent intervening act resulted in disability to a serviceman serving a sentence for some relatively minor offense. Particularly, those cases where the young man was slated for restoration to duty upon completion of the sentence. Our files contain numerous cases of denial of compensation which, if related, would shock the conscience of the Congress. We are mindful of the adage that "hard facts make bad law," but we are also mindful that the sense of justice and fairness which run through our whole structure of veterans' benefits is based to a great extent on the tragic consequences resulting from injury and disability while in the armed services of the United States.

We commend this section to the committee's consideration in the hopes that it too will be approved and be enacted into law during this session of the Congress. In conclusion, may we express the hope that H. R. 5598 will receive early and favorable consideration by this committee and the Senate, with the amendment we have suggested in section 3, to the end that our disabled veterans, and the widows and orphans of deceased veterans, will not be overlooked by the Eighty-first Congress.

The CHAIRMAN. Mr. Knapp, are you the spokesman for the Veterans' Administration on this matter?

**STATEMENT OF DONALD C. KNAPP, OFFICE OF LEGISLATION,
ACCOMPANIED BY HENRY Q. BROOKS, L. F. BOLIEK, AND DR.
W. B. DYESS, VETERANS' ADMINISTRATION, WASHINGTON,
D. C.**

Mr. KNAPP. Yes, Mr. Chairman.

The CHAIRMAN. Other representatives of the Veterans' Administration may come around. Is Mr. Brooks, Henry Z. Brooks here?

Mr. BROOKS. Yes. It is Henry Q. Brooks.

The CHAIRMAN. And Mr. Boliek?

Mr. BOLIEK. Yes, sir.

The CHAIRMAN. And Dr. W. B. Dyess?

Dr. DYESS. Yes, sir.

The CHAIRMAN. Whoever is going to present the matter from the standpoint of the Veterans' Administration, will you speak? The Administration has a written report on the bill, I presume; you may be seated if you wish. I presume that you have a copy of that report, have you?

Mr. KNAPP. I have, sir.

The CHAIRMAN. This report is made by whom?

Mr. KNAPP. Mr. Clark, Deputy Administrator.

The CHAIRMAN. He is the Deputy Administrator?

Mr. KNAPP. Yes, sir.

The CHAIRMAN. You may proceed.

Mr. KNAPP. Mr. Chairman and members of the committee: My name is Donald C. Knapp, Office of Legislation, in the Veterans' Administration. The bill before the committee at this time is H. R. 5598.

Senator MARTIN. Do you have copies of your statement?

Mr. KNAPP. I am following generally the report referred to by the Chairman.

The CHAIRMAN. We have but one report.

Senator MARTIN. That is all right. Go ahead.

Mr. KNAPP. It is somewhat lengthy and I thought perhaps I might condense it a bit in following it, and paraphrase portions of it.

The CHAIRMAN. Very well. Proceed.

Mr. KNAPP. As the title indicates, it is an omnibus bill in that it covers five different subjects in the field of disability and death compensation for veterans and their dependents. The House Committee on Veterans Affairs considered at some length a number of independent bills on these subjects.

They held hearings and heard testimony from the various organizations and the Veterans' Administration. In executive session they approved this bill which is a consolidation of, and a more conservative approach to the matters that were contained in the various independent bills referred to. H. R. 5598 passed the House on August 2, 1949.

The first section of the bill is concerned with the so-called World War I presumptive cases, and it would restore those cases to 100 percent of the compensation they were entitled to before Public Law 2 restricted it. That ratio or percentage now being at 75 percent of the compensation otherwise authorized.

We refer in our report, Mr. Chairman, to an identical bill, which is before the committee, identical to section 1 of the House bill, and that is S. 350 of the Eight-first Congress. The Veterans' Administration reported to your committee under date of March 7, 1949, on that bill.

The CHAIRMAN. Who is the author of that bill?

Mr. KNAPP. I have the report, but no copy of the bill.

The CHAIRMAN. That is all right. You go ahead.

Mr. KNAPP. The rates of compensation payable to World War I veterans for disabilities service connected by statutory presumption under the World War Veterans Act of 1924 were equal to the rates of compensation payable for disabilities directly service connected. The first proviso of section 200 of that act provides that for the purpose of that section every officer, enlisted man, or other member employed in active service under the War Department or the Navy Department on or after April 6, 1917, and before July 2, 1921, and who was discharged or who resigned prior to July 2, 1921, and every such person who entered active service on or before November 11, 1918, and was discharged or resigned on or after July 2, 1921, shall be conclusively held and taken to have been in sound condition when examined, accepted and enrolled for service, except as to defects, disorders, or infirmities made of record at the time of or prior to inception of active service.

The second proviso to section 200 of the World War Veterans' Act provided further that veterans of World War I who were shown to have had prior to January 1, 1925, neuropsychiatric disease, spinal meningitis, an active tuberculosis disease, paralysis agitans, encephalitis lethargica, or amoebic dysentery, which was at least 10-percent disabling, were presumed to have acquired such disability during their war service.

As to tuberculosis and spinal meningitis, the presumption was absolute. As to the other diseases it was rebuttable by clear and convincing evidence.

As you recall, Public No. 2, Seventy-third Congress, March 20, 1933, repealed all public laws granting medical or hospital treatment, domiciliary care, compensation and other allowances, pension, dis-

ability allowance or retirement pay to veterans and the dependents of veterans of the Spanish American War, including the Boxer Rebellion and the Philippine Insurrection and World War I, or to former members of the military and naval service for injury or disease incurred or aggravated in the line of duty in military or naval service, with certain limited exceptions. Public Law 2 granted authority to the President to promulgate regulations within certain broad limitations to provide the various forms of relief covered by these acts that were repealed.

The regulations promulgated by the President pursuant to the act made no provision for presumptions of service connection as previously contained in section 200 of the World War Veterans Act.

Subsequently, under Public Law 78, Seventy-third Congress, special review boards were established by the Administrator to review all claims in which presumptive service connection had been granted under the World War Veterans' Act, but which were held not service connected under Public Law 2 and the regulations promulgated pursuant thereto.

In determining whether service connection should be granted under veterans' regulations, the boards were instructed to resolve all reasonable doubt in favor of the veteran, the burden of the proof being on the Government.

Public Law 141 of the Seventy-third Congress, March 28, 1934, passed approximately 1 year after the enactment of Public Law 2, provided in sections 27 and 28 of title III for a restoration to the compensation rolls of World War I veterans who had been in receipt of compensation under section 200 of the World War Veterans' Act prior to the repeal of that section by Public Law 2, provided the veterans entered service prior to November 11, 1918, that their disability were not the result of their own misconduct, and compensation had not been payable previously on account of fraud, misrepresentation of a material fact, or unmistakable error as to conclusions of fact or law.

However, in those cases where service connection had been established by virtue of the statutory presumptions, compensation was authorized at 75 percent of the rates otherwise payable. This provision is currently in effect, and applies to claims filed after March 19, 1933, as well as to cases on the rolls.

Section 1 would repeal that 75 percent proviso, and authorize the Administrator to pay 100 percent of the rates otherwise authorized under Public 141, which in the case of total disability, for example, is today \$138.

Based on the latest available figures, it is estimated that there are approximately 20,450 World War I veterans on the rolls for disabilities presumptively service connected, for which they are receiving 75 percent of the rates payable for direct service-connected disability. Of this number, 2,550 are estimated to be service connected under the statutory presumption of soundness contained in the first proviso of section 200 World War Veterans Act, and the remaining 17,900 are service connected under the statutory presumptions contained in the second proviso of section 200.

It is estimated that the repeal of the 75 percent limitation as to the group of 2,550, who are service connected by presumption of soundness would cost \$589,000, the first fiscal year, and such repeal

as to the 17,000 who are service connected under the second proviso of section 200—that is, the statutory presumptions—would cost approximately \$4,102,000, or a total of \$4,691,000 for the first year.

The Bureau of the Budget has advised the Veterans' Administration that the enactment of legislation such as section 1 of this bill would not be in accord with the President's program.

Section 2 of the bill proposes to amend Veterans Regulation No. 3 (a) as amended, by adding a new paragraph II to provide that any ex-service person shown to have active tuberculosis which is compensable under Public No. 2 and Veterans Regulations promulgated pursuant thereto, who in the judgment of the Administrator has reached a condition of complete arrest, shall be rated as totally disabled for a period of 2 years following the date of such 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 shall be 30 percent, and following moderately advanced lesions, the permanent rating after 11 years shall be 20 percent, provided there is continued disability, such as dyspnea on exertion, impairment of health, and so forth. Otherwise the rating shall be zero percent.

It is provided by the section that its enactment shall not be construed as requiring the reduction of compensation, authorized under any other law or regulation, and that no compensation shall be payable for any period prior to its enactment.

Senator MILLIKIN. Is this limited to World War I?

Mr. KNAPP. No, sir; under Public 2 and the veterans regulations, Veterans of World War I, II, and the Spanish American War group, and members of the regular establishment in peacetime are included.

The CHAIRMAN. What you have just said as to the statutory award of 50 dollars, is not interfered with by this bill?

Mr. KNAPP. That is correct, sir.

It is also provided that the total disability rating for 2 years following complete arrest may be reduced to 50 percent for failure to follow prescribed treatment or to submit to examination when requested.

The statutory rating proposed by section 2 of the bill would be applicable to veterans who served either in peace or in war, and who are eligible to benefits provided under Public 2. Such veterans who have arrested tuberculosis incurred in wartime service would be entitled to the rate provided under part I of Veterans Regulation 1 (a), as amended, which presently provides for compensation at the rate of \$138 per month for 100 percent or total disability, \$60 per month for 50 percent disability, \$41.40 per month for 30 percent disability, and \$27.60 per month for 20 percent disability. Those rates are payable for the percentages of disability which the bill would establish for the tuberculous condition during certain years following the arrest.

Such veterans who have arrested tuberculosis incurred in peacetime service would be entitled to compensation under the Veterans Regulation at 80 percent of the rates just mentioned applicable to wartime cases.

In addition to the amounts specified, veterans who are rated as 100 percent disabled would receive under Public Law 877 of the Eightieth Congress additional allowances for certain dependents, ranging in amounts in wartime cases from \$14 to \$91 monthly, and in peacetime cases from \$11.20 to \$72.80, monthly.

I might add that in the event of enactment of section 4 of this bill, which I will discuss a little later, those persons rated 50 percent disabled would also be entitled to an additional allowance for dependents, ranging in wartime cases from \$7 to \$45.50, and in peacetime cases from \$5.60 to \$30.40.

Senator MILLIKIN. Any special reason urged for reducing from 60 to 50 except it is more liberal?

Mr. KNAPP. For the additional allowances for dependents?

Senator MILLIKIN. Yes.

Mr. KNAPP. That, of course, is the apparent reason. Last year Congress determined that those disabled 60 percent or more generally had the more serious types of disability, requiring a greater supplementation of their earning capacities, and it was set arbitrarily at that figure.

Of course, the question arises, is 50 percent the proper minimum rating for this purpose, or should it be lower. In that connection, the House of Representatives did consider a number of bills which would have reduced the requirement of degree of disability to the minimum of 10 percent, and give a proportionate allowance for dependents in all cases 10 percent or more disabled. The bill that was approved set the arbitrary figure of 50 percent.

Returning to the subject of section 2, under the rating schedule now in effect, ratings of 100 percent are provided for service-connected active pulmonary tuberculosis, unless the veteran is employed without apparent detriment to his health. Ratings of 100 percent are continued for 6 months after attainment of arrest or inactivity following hospitalization. At the end of the six months period a 50 percent rating is provided for 4½ years, and a 30 percent rating is provided for 5 years thereafter.

In the case of far advanced lesions, the 30 percent rating is continued for life, and in the case of moderately advanced lesions, after 10 years a 20 percent rating is continued for life.

If reexamination discloses continued disability, such as dyspnea on exertion or scattered râles, otherwise the rating is zero percent. The 100-percent rating following arrest may be continued for successive periods of 6 months up to a maximum of 2 years in any case in which a certificate from a tuberculosis specialist employed by the Veterans' Administration or a specialist who is approved by the district section chief of tuberculosis, and who may be salaried or on a fee basis, is received before the expiration of each 6 months' period following arrest, establishing that the veteran is suffering from inactive pulmonary tuberculosis in a convalescent stage which precludes employment and requires medical rehabilitation under a suitable program in a sheltered workshop or his home under frequent medical supervision, and that the specialist's personal examination confirms the necessity for continuing the program of certain limited activity. This increased rating would be in lieu of the 50 percent rating following 6 months after arrest.

From the foregoing it will be seen that section 2 of this bill is substantially similar to the present regulations on the subject of ratings for arrested tuberculosis with the following exceptions:

First, the 100-percent rating for the first 2 years would be conclusive under the bill, except as to the penalty for failure to follow prescribed treatment or to submit to examination. Under the present regula-

tions, it is conclusive for 6 months and may be extended by 6-month periods up to 2 years upon the receipt of the required certification as to his condition.

The second difference between existing regulations and the bill on this subject is that the 50-percent rating would be authorized for one additional year under the bill. Under the schedule for rating disabilities, 1945, ratings for disabilities from tuberculosis, like any other disease, are based upon the actual disability found to exist. Extensive advances have been made during the past 24 years as the result of studies in the field of tuberculosis. Administrative amendments in the rating schedule have followed such advances, and the current rates have been fixed in proportion to the degrees of disablement resulting from the residuals of tuberculosis. It is believed by the Veterans' Administration that the current ratings authorized are liberal and medically sound, and we are not aware of the justification for the changes proposed by section 2 of the bill.

In view of the indeterminate factors involved, the Veterans' Administration is unable to submit an accurate estimate of the cost of this section. It appears that the added cost for the first 5 years would not be substantial, amounting to something approximating \$700,000 for the first fiscal year. The major portion of the additional cost would arise out of the additional year for which the 50-percent rating would be authorized. We have not received advice from the Bureau of the Budget on this proposal with respect to its relationship to the program of the President.

Section 3 of the bill proposes increases in disability and death compensation. Subsection (a) would increase the wartime rate for total disability under Public Law 2 and the Veterans Regulations from \$138 to \$150 per month, with proportionate increases for the nine degrees of partial disability. The new rate of disability compensation would represent an increase of approximately 8.7 percent, and would be effected by amending subparagraphs (a) to (j), inclusive, of paragraph 11, part I, Veterans Regulations 1 (a), as amended.

This increase would also result in an increase in the peacetime rates in view of the provisions of Public Law 876, of the Eightieth Congress, which provide that the rates for disability incurred in or as the result of peacetime service shall be 80 percent of the rates authorized for wartime service.

The proposal would not increase the special rates for certain specific service-incurred disabilities authorized under subparagraphs (k) to (o) of paragraph 11, part I, Veterans Regulation 1 (a). Those rates range from \$240 to \$360 per month. Nor would it increase the presently authorized additional allowance of \$42 per month in connection with the loss of use of limb, of one limb, or blindness of one eye.

Enactment of subsection (a) of this section, therefore, would discriminate against those veterans who, generally speaking, suffer from more serious disabilities. Further, the increase provided for service-connected disability compensation in this subsection would not be available to World War I cases receiving compensation under the World War Veterans Act, 1924, as restored by Public, No. 141—that group to which we referred in discussing section 1 of the bill. Such World War I veterans have received rates on a parity or in equal amounts as to degree of disability with those rates authorized by

Public, No. 2. In other words, the rate for total disability, for example, is \$138 under either statutory authority. However, if section 3 is enacted, the increase in such rate from \$138 to \$150 for Public, No. 2 cases, will not be available to World War I veterans who are taking under the World War Veterans Act and Public, No. 141.

It is believed that most of those who are taking under that act as directly service-connected cases could, if they desired, elect to take under the Public, No. 2 system, if the rate is higher. However, the presumptive cases which section 1 proposes to increase to 100 percent of the compensation otherwise payable would be limited to 100 percent of \$138 rather than of the new rate proposed in section 3 for the Public, No. 2 cases, namely, \$150.

Subsection (b) of section 3 would increase the wartime rate of death compensation for a widow with one child from \$100 to \$105, and the rate for each additional child with widow from \$15 to \$25. The similar peacetime rates of death compensation would be increased to 80 percent of the stated new wartime rates. Wartime and peacetime rates of death compensation for widows, children, and dependent parents were last increased substantially by Public Law 868, Eightieth Congress, July 1, 1948. A further increase in rates for only a portion of such group of dependents might be considered discriminatory with respect to the remaining classes, which include the widow alone, children alone, and dependent mothers and fathers.

It has been estimated that the enactment of section 3 (a) of the bill would increase the rates payable to 2,024,100 veterans of World Wars I and II, Spanish American War, and the Regular Establishment at a cost for the first year of \$84,432,000. May I state that this estimate of cost was included in the report of the Veterans' Administration on the bill. We have subsequently reviewed the proposal in section 3 (a) and concluded that it would not, as I stated, cover the Public Law 141 cases. The mentioned estimate assumed such coverage and is therefore somewhat high. We have not as yet been able to revise that figure, but it would be somewhat lower than the \$84,000,000 in view of the limited effect of section 3 (a).

Section 3 (b), providing increases in death compensation, would affect approximately 58,000 cases, at an estimated cost the first year of \$7,368,000.

We have not been advised as to the relationship of this proposal to the program of the President. However, advice has been received with respect to bills proposing percentage increases generally in compensation rates that the enactment thereof would not be in accord with the President's program.

Section 4 of the bill would authorize additional compensation because of dependents under Public Law 877 of the Eightieth Congress, July 2, 1948, to veterans whose service-connected disability is rated 50 percent.

As I mentioned in response to Senator Millikin, the present law, Public Law 877, establishes an arbitrary figure of 60 percent disability rating, at and beyond which veterans are entitled to additional allowance for dependents. Those rates today range from \$14 to \$91, depending on the number and type of dependent the veteran has, for total disability; for disabilities of 60, 70, 80 and 90 percent, they are proportionately less.

The peacetime cases likewise by virtue of Public Law 878 would be entitled to 80 percent of the wartime rates.

If section 4 of the bill is enacted, it would bring in for additional allowances, as I stated, all disability compensation cases where the rating is 50 percent, and the additional allowance which would thereby be authorized for dependents would range from \$7 to \$45.50 per month, depending on numbers and types of dependents. Likewise, the peacetime cases of 50 percent disability would be entitled to 80 percent of the particular rate.

Public Law 877 of the 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. The cost estimate of the enactment of section 4 of the bill is approximately \$15,406,300 for the first fiscal year. We have not been apprised of the relationship of the proposal to the President's program.

The last section of the bill deals with the definition of "line of duty" for compensation and pension purposes in the Veterans' Administration.

Senator MILLIKIN. When are the reports expected?

Mr. KNAPP. You are referring to advice from the Bureau of the Budget? We should have that in the near future. We requested it at the time we reported to the House committee.

Senator MILLIKIN. How long ago was that?

Mr. KNAPP. As I recall, approximately 4 weeks. We will advise the committee as soon as we hear with respect to each specific proposal.

The line of duty definition is contained in paragraph VIII of Veterans Regulation No. 10 as amended.

The definition of line of duty therein provides that an injury or disease incurred during military or naval service will be deemed to have been incurred in line of duty and not the result of the veteran's own misconduct when the person on whose account benefits are claimed was at the time the injury was suffered or disease contracted in active service in the military or naval forces, whether on active duty or on authorized leave, unless injury or disease was the result of his own willful misconduct.

There then follows in the definition in paragraph VIII certain exceptions, including the following:

Provided, That the requirement for line of duty will not be met if it appears that at the time the injury was suffered or disease contracted the person on whose account benefits are claimed (1) was avoiding duty by deserting the service, or by absenting himself without leave materially interfering with the performance of military duties; (2) was confined under sentence of court martial or civil court.

This section of the bill would add a proviso to that second exception to this effect:

Provided, however, That disease, injury, or death incurred without willful misconduct on the part of the service person shall be deemed to have incurred in line of duty if the sentence of the court martial did not involve an unremitted dishonorable discharge or if the offense for which convicted by civil court did not involve a felony, as defined under the laws of the jurisdiction where the service person was convicted by such civil court.

Under the language of this proposed change in the definition of line of duty, every disease, injury or death not due to willful misconduct incurred by a service person while in confinement under sentence of a court martial or a civil court would be deemed to have been incurred in line of duty unless the court-martial sentence involved an unre-mitted dishonorable discharge or the sentence of the civil court involved conviction of a felony, as defined by the laws of the jurisdiction where the person is convicted.

It is not clear whether disability occurring prior to the actual remission of a dishonorable discharge is intended to be presumed to have been incurred in line of duty, after such remission is made effective.

As commissioned officers are dismissed, rather than dishonorably discharged from the service, the bill, if enacted, could be construed to require that any disability or death suffered by a commissioned officer, while confined under sentence of a court martial, was incurred in line of duty.

This section of the bill presents a question of national policy for determination by the Congress, as to whether persons referred to in the bill, and their dependents, whose disease, injury, or death is incurred without willful misconduct on their part, while in confinement as prisoners for unlawful acts, by which acts and confinement they rendered themselves unable to perform their service contracts with the Government, should be afforded compensation benefits on a parity with those veterans and their dependents whose disease, injury or death was incurred without willful misconduct on their part, while in a duty or leave status, in keeping with their service contracts.

It is difficult to understand on what theory disability or death occurring while in confinement under sentence of a civil court would be deemed to have been incurred in line of duty. While there are some cases disallowed where the veteran was confined under sentence of court martial, which may be thought to involve appealing circumstances—and Mr. Hogan recited some of those specific cases to you—legislative changes designed to relieve such cases would require re-consideration of the basic principle supporting existing legislation, and consideration of possible inequalities which might result as to cases otherwise disallowed under the provisions of paragraph 8, defining line of duty.

Senator MILLIKIN. How do you meet the inequities that arise in the type of cases which the gentleman mentioned? What is the argument? A man goes out and gets drunk and gets thrown in the guard-house. While he is in there, the guard takes a rifle and beats him to death. How can you deny that man benefits?

Mr. KNAPP. I assume, Senator, that the theory is, or was as Congress applied it in defining this in the law, that any person who by his misdeeds is placed in confinement, civil or military court, thereby precludes himself and his dependents from certain benefits which otherwise flow from being a good soldier. I think that is the thought. There also enters into it—

Senator MILLIKIN. The question is whether you can get at these harsh results without upsetting a basic principle. Do you think that is possible?

Mr. KNAPP. That is the problem. I am not prepared to say whether it is possible. You certainly could meet the hard cases by amending the law, but you do run counter to the basic theory of the

present restriction, and of course, there is involved in that the matter of discipline required in the armed services; the threat, so to speak, over the head of the soldier that unless he goes along the line with the rules of the game, as the vast majority of soldiers do, there are certain penalties attached. That perhaps dissuades some misconduct.

Senator MILLIKIN. There have to be penalties for not going along with the rule, but the penalty can be so harsh as to constitute an offense in itself.

Mr. KNAPP. That is sometimes the case.

The CHAIRMAN. The penalty is to put him in the guardhouse, is it not, if he is guilty of some minor infraction, particularly of the military regulations. The difficulty about it is in the cases given just now by the witness who first appeared, there seems to be no approximate connection or cause of the misconduct with the subsequent disability that he suffered, where the guard shoots him or beats him while he is temporarily confined, and it does look like an awfully harsh rule that would deny him or his dependents simply because of a minor infraction which has no connection with the disability that he suffers. That is no proximate cause of it.

Mr. KNAPP. I think that is very true, Mr. Chairman.

The CHAIRMAN. You correctly say that it is a question of broad policy here that Congress would have to determine without relaxing the general principle which we thought was a sound and good one.

Mr. KNAPP. We have noted, Mr. Chairman, that under the provision of the new criminal procedure code there is provision for paying compensation to United States prisoners and their dependents for injuries suffered while employed by the Federal prison industries. It is my understanding that in all Federal penal institutions, the able-bodied prisoner is required to work under the Federal cooperative corporation, or organization known as Federal Prison Industries. The results of their work and the products that are made there accrue certain income to the prison, and from that there is paid compensation to the prisoner if he is injured while so employed, or if he is deceased, to his dependents. So that, so far as this section of the bill proposes relief for injuries or death while imprisoned under sentence of a civil court, if it is a Federal institution there might be that limited relief now available.

Senator MILLIKIN. That is an affirmative way to get at it. You make provision for cases of the kind mentioned, entirely apart from the system of the law that we were discussing.

Mr. KNAPP. That is true.

Senator MILLIKIN. They would not have to be tied together at all.

The CHAIRMAN. This would not constitute a large outlay, would it, if this provision were amended somewhat in line with the treatment given in the bill? It could not add a large total sum, could it?

Mr. KNAPP. No, sir; we believe not. I think the cost would be small, relatively small. We were unable to estimate it because we have no available information on the number of cases involved.

Senator MARTIN. Are there not quite a number of cases where the soldier was confined for minor infractions, I am now referring to World War I, and then when we went into action, they were fine patriotic youngsters and wanted to get into action, and we let them out. It was really in the way of parole by the regimental commander. I know in my regiment I had one soldier that had been confined for

quite a length of time and then was killed in action. The question did not come up because he did not have any dependents, but he might have had a wife and child. He was strictly interpreting the law in confinement. He was just kind of out under parole, because he wanted to get into the battle, and that was what the Army was organized for. I had quite a number of cases like that in my own outfit. Fortunately none of them came up where it was a matter of dependents, but, Mr. Chairman, I am wondering, we have to have discipline in the services, no question about that, and the man that is not a good soldier is not entitled to what the good soldier is entitled to, I appreciate that, but I am wondering if there could not be some latitude so we could take care of these cases that were mentioned by the witness preceding you.

Mr. KNAPP. I take it, Senator, the cases you have in mind did not involve a formal restoration to duty when they were put into action, but rather they were just taken from actual confinement to a constructive confinement in order to fight, is that it?

Senator MARTIN. That is correct. Of course, you know I could appeal to young men to do their duty. I never was so much concerned about confining young men. I was a young soldier myself at one time and we frequently violated the regulations when there was not anything of a strenuous nature going on, and I have a good deal of sympathy for them, because I might have been in trouble myself at some time.

Mr. KNAPP. In those cases where they were taken out of confinement, and abruptly put into combat, or otherwise given full military duties to perform, I assume they would be considered back on active duty and without this exception.

Senator MARTIN. I am very doubtful whether strictly interpreting the law they could be. There were times in World War I when the ranks were very much depleted and we needed fighting men, and these men had been confined for, well, offenses that were very serious, a. w. o. l. for a few days, or on leave, got drunk, and they had not completed their sentences, and there was no regular order issued remitting that sentence. Technically they were still in confinement. I am just bringing that up. I wondered whether or not we could not have something that would give some latitude. The witness preceding you brought out half a dozen cases where it is most unjust that the dependents are not able to secure their dependency allowances. I am just suggesting it. Maybe something might be worked out so it would not be as harsh as it is now.

Senator MILLIKIN. I think the basic principle, the injury in those cases, does not result from his voluntary action, and as the chairman points out, it is not the proximate result of his bad deed. A man is in the jailhouse, and it burns down. He suffers serious burns. You cannot possibly relate that to the fact that he got drunk some time or other. A drunken guard clubs him to death. You can't relate that to the fact that he got drunk himself some time. There is no relation between them.

Mr. KNAPP. The Congress did not intend that there be any relationship, because if there was misconduct involved, the case would have been not in line of duty, in or out of the guardhouse.

Senator MILLIKIN. That is like during prohibition days. Some fellow got up in the pulpit and thanked God that people were struck blind drinking bootleg liquor. We cannot run a government on principles that are harsh to that extent.

The CHAIRMAN. Anything else?

Mr. KNAPP. Mr. Chairman, I believe I neglected to add with respect to the relationship of this proposal of the President's program that we have been advised with respect to an identical, a bill proposing the identical legislation, that it would not be in accord with the President's program.

That concludes our statement on the various sections of the bill, Mr. Chairman. We have with us Mr. Brooks of the Veterans' Claim Service, Mr. Boliek and Dr. Dyess who is our expert on claims statistics particularly with reference to the costs. They are available for any questions that you may have.

The CHAIRMAN. Are there any questions that you may wish to ask or any voluntary statements that you wish to make?

This section 5 reads this way:

Provided, however, That disease, injury, or death incurred without willful misconduct on the part of the service person shall be deemed to have been incurred in line of duty if the sentence of the court martial did not involve an unremitted dishonorable discharge.

In that case, of course, this amendment would not help.

Or if the offense for which convicted by civil court did not involve a felony as defined under the laws of the jurisdiction where the service person was convicted.

So it would be after all narrowed to comparatively limited numbers of claims perhaps arising out of the court martial which did not involve an unremitted dishonorable discharge and imprisonment by a civil court for some minor offense less than a felony.

Mr. KNAPP. That is true, Mr. Chairman, and in the first instance the disease or injury must not have been caused by his willful misconduct. That meets your objection relative to proximate cause.

The CHAIRMAN. I said you still retain that provision.

Are there any questions you wish to ask of any of these other gentlemen, these other representatives of the Veterans' Administration?

I suppose there is nothing you could add to the cost estimate of the bill, is there?

Dr. DYESS. Nothing additional on that. Mr. Knapp covered it adequately.

Mr. KNAPP. I believe I did not sum up the total cost. It appears that the total cost of the bill would be approximately \$112,597,300 for the first fiscal year.

The CHAIRMAN. That is the cost under the sections of the bill where you have made an estimate.

Mr. KNAPP. Where we are able to estimate the cost, yes, and that would be somewhat less in view of the construction I mentioned that we put on section 3 (a), the increase in Public Law 2 disability compensation, in that it would not apply to the Public Law 141 compensation cases.

The CHAIRMAN. Yes. That would be reduced.

Mr. KNAPP. That would be reduced somewhat; yes, sir.

The CHAIRMAN. If there is nothing else you gentlemen wish to add, we thank you for your appearance.

Mr. KNAPP. We thank you, sir.

The CHAIRMAN. We will next hear from General Taylor, of the American Legion.

**STATEMENT OF GEN. JOHN THOMAS TAYLOR, DIRECTOR,
NATIONAL LEGISLATIVE COMMISSION, THE AMERICAN LEGION,
WASHINGTON, D. C.**

Mr. TAYLOR. Mr. Chairman and gentlemen of the committee. On this H. R. 5598, which passed the House on August 2 by a vote of 354 to nothing, there was no objection whatever voiced on the floor of the House, when this bill was considered and passed. It is a combination of a series of bills, all of which are before your committee, and the one referring to the adjustment in compensation for presumptively service-connected cases was put in by Senator Johnson and Senator McFarland.

The CHAIRMAN. That is S. 350, I believe it is.

Mr. TAYLOR. Yes, sir. The first section of this bill, H. R. 5598, refers to only World War I veterans, and you heard the statement this morning about the cost for the first year. It will decrease annually as the veterans die. Bearing in mind, Mr. Chairman and gentlemen of the committee, that the average age of the World War I veteran today is 50, and the numbers are not on the increase at all, but death is taking most of them, that cost will fade out of the picture.

Now, the total cost of the bill that was given in the final statement of the representative of the VA, \$112,000,000, is really the result of this, the fact that the other sections include the World War II veterans, of which some 15,000,000 have been added since World War II, you see, a possible 15,000,000.

Insofar as the increase in compensation from \$138 to \$150 is concerned, this is about 8 percent. As a matter of fact, in a bill introduced by Senators McFarland and Johnson, upon our request, S. 342, in veterans' compensation we sought an increase of 20 percent. This is a very, so far as we are concerned, a very realistic and a very modest approach to these problems that have been confronting us in speaking for veterans, and as to any reference at all to Public Law 2 that has been made this morning, of the Seventy-third Congress, we must bear in mind that that was the old Economy Act. You know the Economy Act that wiped out practically speaking all veterans laws, and resulted in a promulgation of regulations which have been referred to, which fixed the compensation.

Now, we, as I say, asked for an increase of 20 percent, and a modest increase of 8 percent is allowed in this bill and only to a certain limited group of disabled veterans.

On the question of dependent's compensation, of course, dependency compensation goes back to the beginning of pensions, back to the very beginning, and it was only in the Eightieth Congress that finally dependency compensation was given to the dependents of World War I and World War II veterans. We asked at that time that the dependency compensation be straight across the board for want of a better term, and after much discussion, they limited it to claims rated 60 percent or greater, and certainly it was very interesting this morning listening to the compensation for a child, \$14. Well, if the veteran was disabled 60 percent, the child would get 60 percent of \$14, which is \$8.40, or somewhere thereabouts, which harks back to the very earliest days of compensation and pensions for veterans, \$8 a month. It is a pitifully and pitifully low amount and even the

raise from \$138 to \$150 is not anything that can be considered extravagant or exaggerated, because our whole request in this presentation to the Congress for an increase of 20 percent is based upon the very thing that is hounding everybody, and that is the increased cost of living.

Before this Congress, this very Congress, the first session, are any number of bills for the increase in pay of the Federal employees and everybody else, and they have gotten it, too, I might say, and legislation to raise the labor rate, the hour labor rate to 75 cents. Why? Because of the increased cost of living.

I mean we can't close our eyes to it. And you take the permanently totally disabled man getting \$138 a month, which is really under present day values, say, 58 percent of the amount paid before living costs skyrocketed. The disabled veteran is getting somewhere around \$70 in purchasing power. That is the situation that we are facing.

Because we are called upon constantly, I wish I could give you the exact figure of the thousands and thousands of dollars that we are pouring out of our pockets in the Legion itself for the assistance to the aid to the children of disabled veterans, not permanently totally disabled veterans. How much money are they putting out, I mean the auxiliary?

Mr. KRAABEL. It is several million dollars.

Mr. TAYLOR. It is running into fantastic figures, so last year Congress provided dependency allowances for veterans to assist them in meeting the high cost of living.

We are asking now that instead of, as the House did in H. R. 5598, go from 50 to 60 percent, that the Senate do as we asked the last Congress, grant the dependency all across the Board, from 10 percent up. Certainly the children of disabled men drawing compensation, they are just as much in need, whether it is 10 percent, 50 percent, or any other percent. They are in the low income bracket. That is why we are here.

Getting back, section 1, where we ask that the 75 percent award resulting from the Economy Act, Public Law No. 2, be put back to the full rate of compensation. We have been asking that ever since 1934, for 15 years. That refers to the World War I veteran who is on his way out. The average age is 50, and men in that category are dying pretty rapidly.

Senator MILLIKIN. What are we doing about World War II?

Mr. TAYLOR. What are we doing?

Senator MILLIKIN. Yes.

Mr. TAYLOR. They get the 100 percent, do they not?

Mr. KRAABEL. World War II; yes.

Mr. TAYLOR. And the other sections referred to, the other four sections refer to both World War I and World War II. That is all I wanted to say. I just want you to know that this is not something that just sprang up this year at all. So far as we are concerned, it is something we have been coming before Congress now for a good many years on, and with this impetus that has been given to it by the decrease in the value of the dollar or increase in the cost of living, whichever way you want to look at it, and the cost, when you are told that it will cost \$112,000,000, and I hope that is correct, that that is because of the increased load of some 15,000,000 veterans that are

added since World War I. That is the real reason for it. It is a very modest piece of legislation.

This is the first time we have had the opportunity to appear before your committee, Mr. Chairman, this session. We all know how busy you have been, and I think you know that I have not, Mr. Chairman, bothered you or any other members of the committee at all about these things. We know exactly how busy you are. I bothered Senator Johnson once in a while to put in some bills which he has been good enough to do, but we know just what the situation is. We appreciate very much, Mr. Chairman and members of the committee, this opportunity.

Now will you take the chair here, Mr. Kraabel, and explain these matters a little bit more clearly than I can explain them?

Thank you, Mr. Chairman.

STATEMENT OF T. O. KRAABEL, DIRECTOR, NATIONAL REHABILITATION COMMISSION, THE AMERICAN LEGION, WASHINGTON, D. C.

Mr. KRAABEL. Mr. Chairman and members of the committee, we have prepared a statement on the different sections of this bill. I am asking permission now to revamp page 2 of that statement and submit a corrected page 2 this afternoon to your reporter. Will that be all right?

The CHAIRMAN. That is quite agreeable.

Mr. KRAABEL. Commenting informally on the bill itself, section 1 as the previous witnesses have pointed out, ask that now, 15 years after the dire effects of the Economy Act, Congress sees fit to restore to those, who have presumptive service connections, the full rate of compensation which their disabilities call for under the schedule, instead of the 75 percent which was provided by Public Law 141, Seventy-third Congress.

The CHAIRMAN. You are asking no changes in the substantive law regarding the presumptions themselves? It is only the rate of pay?

Mr. KRAABEL. That is right, sir. It is interesting to note that the Seventy-third Congress itself, within 60 days after the passage of Public Law 2 on March 20, 1933, the so-called Economy Act, passed a law, Public Law 78, designed to afford some remedy to the most severe effects of the Economy Act, the feature of which was the establishment of special review boards. These review boards were composed not only of VA people, but generally of citizens of this country, doctors, lawyers, businessmen, farmers who were called in on special assignment to sit and hear the facts back of these various cases that had presumptive service connections.

Well, there is a wide variation in the decisions of these special review boards throughout the country. The service connections continued by decisions of these boards caused disability compensation payments to be made on the same basis as the cases held directly service connected, being granted under Public Law 2 of the Seventy-third Congress. Thousands of cases were denied service connection and were allowed no compensations whatever. Thus some further corrections seemed to be in order, and within a year and 8 days after the Economy Act, then with the presentations of the American Legion and veterans' organizations, the Seventy-third

Congress passed Public Law 141. In that you had two sections pertinent to the present issue, sections 27 and 28, that have been explained to you by the VA people, that these presumptive service connections that had not been considered as directly service connected by the review boards, would again be held presumptively service connected by virtue of section 27, and section 28 provided for award of 75 percent of the amount otherwise payable.

That has been going on these many, many years and there are too many of the old veterans affected. We feel that justice and the equity would call for restoration of the full amount to these World War I veterans in that category.

In section 2 we have the discussion on the tuberculosis cases. We have with us today Charles W. Stevens, the assistant director for claims in our national rehabilitation commission, and we usually have Dr. H. D. Shapiro, our medical consultant, who is otherwise engaged today, but who would be available to the committee tomorrow, if further questions in the medical side would be required.

Senator MILLIKIN. Did we not thresh that out last year?

Mr. KNAABEL. I was going to say that we were here on the stand last year and the Senator and others questioned him and you went quite thoroughly into the matter of the tuberculosis patient and the equity and justice of a statutory rating for them following the cessation of activity of his disease.

We have gone into considerable detail in our statement on that based on what Dr. Shapiro told us last year in our discussion.

Under section 3 we have the matter of adjustment upward in the base pay for the service-connected disabled. We were mandated by our last two national conventions to ask for a 20-percent adjustment, and we had bills introduced for that purpose, H. R. 903 in the other House, and S. 343 in this House. The hearings and the studies on this section were quite extensive, and the House committee came out with this section which grants only an average of approximately 8.7 percent increase of base pay of \$150 for the total disability, and the partial disabilities taken in accordance with the percentages of disability. We don't think this is the full adjustment that is justified, but whatever this committee decides upon as being equitable, we urge that it be made available as promptly as possible, because those who have all of their economy based upon the receipt of disability compensation are looking forward to some means of adjustment in their battle for the ordinary necessities of life. We ask also that the \$150 rate for total disability, if that is the rate fixed, apply to all laws under which compensation is paid, partial disability to be compensated as the percentage relates to the total rate.

In section 4, we again, as the General pointed out, ask that the additional amounts to service-connected disabled veterans, because of dependents, be granted in proportion for the 10 percent as well as the 100 percent.

Last year Congress saw fit to establish that for 60 percent or higher service-connected disability. This section authorizes the additional amount in proportion to the percentage of disability to start at not less than 50 percent; 50 percent up. We ask again that the committee give consideration to allowing additional disability compensation for dependents for the full gamut of percentage disabilities from 10 to 100 percent.

Section 5 has evoked considerable interest, although it does not affect a great number of people, but there are extreme examples of injustice or inequity that have come to our attention and we cite two cases in here for the consideration of the committee.

I would like to just comment on them briefly. Here are two typical cases.

A soldier was absent without leave for a few days. The absence did not materially interfere with his performance of duty. He was sentenced to a short term of confinement by summary court martial in north Africa, and was being transported in a boxcar to an Army train. He was sitting on the floor reading a Bible when an enemy shell burst over the car and he was killed instantly by a shrapnel fragment.

Another soldier was sentenced to brief confinement by a summary court martial for disrespect to a superior. He was on the fatigue detail as a garrison prisoner emptying garbage cans when the brakes of the refuse truck were inadvertently released by the driver. The truck ran over the soldier's leg and crushed it, so that a high amputation resulted.

Death compensation payment was denied in the first case. Disability compensation payment was denied in the second case. Disallowance of claims was mandatory because of the present law.

The American Legion believes that Congress will want to liberalize existing law through this section so that benefits can be paid in these and similar cases.

Mr. Chairman, the National Rehabilitation Commission of the American Legion appreciate very much the opportunity of appearing here and I might state again that if there are any questions on the medical or intricate claims features, we are available to answer those questions either now or at a session later on whenever you call us. Thank you very much for this opportunity.

The CHAIRMAN. Your prepared paper will be made a part of the record.

(The statement is as follows:)

STATEMENT BY T. O. KRAABEL, DIRECTOR, NATIONAL REHABILITATION COMMISSION, THE AMERICAN LEGION

The National Rehabilitation Commission of the American Legion is grateful for the opportunity of being heard on this important measure, H. R. 5598. Although its provisions do not go as far in some respects as our organization has advocated, we sincerely feel that it is must legislation that should be enacted by this session of the Eighty-first Congress. Without further preliminary comment we move into discussions of the individual sections.

Section 1: This section would provide full compensation payment for presumptively service-connected disabilities, and pertains to World War I veterans. The American Legion has never been satisfied that only 75 percent of the full rate has been payable in these cases for the past 15 years. Payment before March 20, 1933, was on the same basis as for directly service-connected disabilities. The grants of service connection were made under the provisions of section 200 of the World War Veterans Act of 1924. The records will show that after considerable study and hearings it was determined and written into the law that if certain diseases showed up to a disabling degree of 10 percent or more prior to January 1, 1925, they would be presumed to have been acquired in service between April 6, 1917, and July 2, 1921. Provision was also made for the presumption of aggravation of such ailments during that same period. This provision and the service connections established thereunder continued until the enactment of Public Law 2, Seventy-third Congress, March 20, 1933. This law granted certain authority to the President to issue regulations which could be considered to take the place of

the laws repealed by that act. These regulations, however, made no provision for the continuance of presumptions of service connection.

Within 3 months after the passage of the Economy Act, however, Congress saw fit to pass another law, Public Law 78, on June 16, 1933, setting up special review boards. These boards were composed of doctors, lawyers, and other private citizens as well as VA people. These boards carefully studied and reviewed all cases in which presumptive service connection had been granted under the above-cited section of the World War Veterans Act of 1924 as amended. These boards were instructed to resolve all reasonable doubt in favor of the veteran, the burden of proof being on the Government to show that the original presumptive service connection was not in order. Service connections continued by decisions of these boards were established under Public Law 2, Seventy-third Congress and the full rate of compensation continued to be paid in these cases. However, many thousands of meritorious cases were not restored to the rolls. The Congress, following testimony of representatives of the American Legion and other veterans' organizations, saw fit to provide for restoration of presumptive service connections which had been covered by virtue of application of, or regulations or instructions promulgated under, Public Laws 2 or 78, Seventy-third Congress, unless (1) the veteran's service commenced after the armistice of November 11, 1918, (2) clear and unmistakable evidence disclosed that the disability had inception before or after service, unless aggravated by service, or (3) service connection was established by fraud, clear or unmistakable error as to conclusions of fact or law, or misrepresentation of material facts. The Seventy-third Congress which enacted the Economy Act, Public Law 2, of March 20, 1933, enacted Public Law 141, approved March 28, 1934, and it was section 27 of title III of this act which restored the presumptive service connections, subject to the conditions mentioned, and provided authority for placing back on the rolls those cases which were adversely affected by the reviews. The section also authorized initial grants of presumptive service connection in World War I cases upon manifestation to a compensable degree before January 1, 1925, of the disabilities enumerated in section 200, World War Veterans' Act, 1924.

Section 28 of the act provided that the payment would be 75 percent of the amount payable for wartime directly service-connected disability in cases in which presumptive service connections were established or reestablished under provisions of section 27. These are the cases which will be affected by approval of section 1 of this bill. We now urge restoration of award of the full rate of compensation in these cases so that these veterans, disabled as a result of active military or naval service in World War I, may henceforth be granted the same compensation as is now, or may in future, be awarded for wartime directly service-connected disability.

As the bill passed the House of Representatives, we believe the language of section 1 might be interpreted as allowing only the full rate of compensation in effect when Public Law 141, Seventy-third Congress, was approved March 28, 1934. With this in mind, and because it is the obvious intent of the Congress and the desire of organized veteranism that the full rate of compensation be paid in presumptively service-connected, as well as in directly service-connected cases as authorized by Public Law 2, Seventy-third Congress, as now or hereafter amended, the American Legion offers this substitute language for the section following the enacting clause, and recommends the deletion of the language of the section as passed by the House.

(a) That part of the second proviso of section 28, Public Law No. 141, Seventy-third Congress, March 28, 1934 (48 Stat. 524; 38 U. S. C. 722), which limits payment thereunder to 75 percent of the payments otherwise authorized, is hereby repealed.

(b) Any person otherwise eligible for disability compensation under the World War Veterans' Act, 1924, as restored with limitations by Public Law No. 141, Seventy-third Congress, March 28, 1934, as amended, shall be entitled to monthly compensation of \$150 if and while the disability is rated as total, and if and while partially disabled an amount having the same ratio of \$150 as the degree of his disability bears to the total disability.

Section 2: Awards of disability compensation in service-connected cases of tuberculosis under Public Law 2, Seventy-third Congress, and pertinent veterans' regulations are based presently upon a schedule for rating disabilities promulgated by the Administrator of Veterans' Affairs. The schedule provides a basis for convalescent ratings in tuberculosis cases after arrest has been attained. Total disability ratings are continued following hospitalization for active tuberculosis after attainment of arrest or inactivity for successive periods of 6 months up to a

maximum of 2 years. Then graduated ratings downward are assigned. This section would fix by statute a 100 percent rating for the first 2 years following arrest, a 50 percent rating for 3 years thereafter, and 30 percent for a further 5 years. Moreover, it is provided that following far-advanced active lesions the permanent rating shall be 30 percent, and following moderately advanced lesions the permanent rating after 11 years shall be 20 percent, provided there is continued disability, dyspnea on exertion, impairment of health, and so forth; otherwise the rating shall be 0 percent.

We believe that the psychological effect upon veterans suffering from this disease would be beneficial if they were assured a minimum rating for arrested tuberculosis and the continuance of a certain award. These arrested cases can and should live very useful and constructive lives, and under the proposed arrangement they could be somewhat selective in securing the employment in which there would be the least handicap. This is why we seek these minimum statutory ratings. We do not want these veterans to be in constant fear that the Veterans' Administration change the basis for ratings with a consequent reduction or discontinuance of the disability compensation award. We ask no minimum rating unless disability is present because we recognize that compensation is paid because of impairment of earning capacity by disability. There is always potential disability in arrested tuberculosis no matter how mild. These minimum statutory ratings should in most cases, we believe, be a factor in prevention of reactivation. Unless disabling residuals of tuberculosis are present, we believe there should be no handicap in employment and thus the rating would be, and should be, 0 percent.

This bill would not preclude the assignment of any partial rating in excess of the minimum evaluations provided, or of a total rating, as might be deemed equitable in the individual case. Conceivably there will be in the future, as there have been in the past and are now, veterans who will continue, for many years or for a lifetime to be held to be permanently and totally disabled by reason of tuberculosis even though complete arrest of the active disease has been reached because the damage done is so extensive that these veterans cannot hope ever to engage in a substantially gainful occupation continuously.

Section 3. Under mandates from our last two national conventions the American Legion advocated an upward adjustment of 20 percent in the amounts of disability compensation. In this Congress H. R. 903 was introduced in the House and S. 343 in the Senate for that purpose. Section 3 of the bill before us is a product of considerable testimony furnished the House Committee on Veterans' Affairs and of extended studies by that committee as to an equitable adjustment. The American Legion is committed to a higher adjustment and urges favorable consideration of this provision to the end that whatever increase is determined may be made available to the disabled veterans of this country at the earliest possible date. As the bill reads now, the average increase is approximately 8.7 percent. It might be well to consider that from December 24, 1919, up to May 27, 1944, nearly a quarter century, the base pay for permanent and total service-connected disability was \$100. Congress on the latter date increased that by 15 percent effective June 1, 1944, and on August 8, 1946, made a further increase of 20 percent with the result that from September 1, 1940, the base pay for total disability, service connected, has been \$138. (This does not take into account the special and statutory awards.) If this section is approved the total rate will be increased to \$150, with partial disabilities drawing compensation according to percentage evaluations in steps of 10, for example: 10 percent, \$15; 20 percent, \$30; and so forth.

We would like to point out that with this increase the base pay for the totally disabled service-connected veteran will still be less than the cost-of-living index, which has more or less formed a pattern by which our organization has endeavored to determine the need for upward adjustments. The cost-of-living index as of August 9, 1949, was 152.7 as compared to the average of 100 in 1926.

Subsection (b) of section 3 affords a very modest increase for widows with children, but unfortunately neglects making any adjustment for the orphan children of veterans who die from service-connected disabilities. Certainly these folks who have suffered the most are entitled to the small adjustment provided and we feel strongly that additional provision should be made not only for the beneficiaries named but also for dependent children of these veterans who have no parents surviving. Incidentally, it is interesting to note that the additional cost estimated under this subsection would be less than average 2 hours' expenditures in the operation of our Federal Government.

Section 4: The American Legion has consistently advocated additional disability compensation payments for dependents in all cases in which evaluations range from 10 percent to total. The last Congress saw fit to provide such payments in those cases in which disability was rated 60 percent or greater. This bill will permit the award to be made in cases in which the service-connected disability is rated at not less than 50 percent. We agree that this is a step in the right direction but hope that ultimately the Congress will see fit to establish this additional money award in all service-connected cases. We submit that the housewife of the veteran with a 10 or 20 percent service-connected disability will find good use for the few extra dollars payable on account of dependents in providing the vital necessities of life.

Section 5: This section would modify "line of duty" requirements somewhat. Present law requires a finding of "not in line of duty," barring award of benefits if a person in active military or naval service incurs disease or injury or dies while confined under sentence of a court martial or civil court. This section would require that the disease, injury, or death be held incurred in line of duty if the sentence of the court martial did not involve an unremitted dishonorable discharge or if the offense for which convicted by civil court did not involve a felony. This would permit award of benefits to veterans and dependents in those cases in which disability or death was not due to willful misconduct. This enactment is necessary. The American Legion firmly believes disability or death should be deemed incurred in line of duty when in no way attributable to willful misconduct or related to the cause of the conviction. We have had many cases in which the confinement was for a trivial offense, but nevertheless benefits may not be awarded under existing law. Here are two typical cases: A soldier was absent without leave for a few days. The absence did not materially interfere with his performance of duty. He was sentenced to a short term of confinement by a summary court martial in north Africa and was being transported in a boxcar of an Army train. He was sitting on the floor reading a Bible when an enemy shell burst over the car and he was killed instantly by a shrapnel fragment. Another soldier was sentenced to a brief confinement by a summary court martial for disrespect to a superior. He was on a fatigue detail as a garrison prisoner emptying garbage cans when the brakes of the refuse truck were inadvertently released by the driver. The truck ran over the soldier's leg and crushed it so that a high amputation resulted. Death compensation payment was denied in the first case. Disability compensation payment was denied in the second case. Disallowance of claims was mandatory because of present law. The American Legion believes that the Congress will want to liberalize existing law through this section so that benefits can be paid in these and similar cases.

In conclusion we again express our appreciation of this committee's consideration of the American Legion's stand on these important provisions. We respectfully and earnestly ask that they receive your prompt and careful attention.

The CHAIRMAN. Thank you very much.

Mr. KRAABEL. Thank you.

The CHAIRMAN. The committee can come back tomorrow, and we can finish them. The committee will recess until tomorrow morning at 10 o'clock.

(Thereupon at 11:55 a. m., a recess was taken until Friday, August 10, 1940, at 10 a. m.)

OMNIBUS BENEFITS BILL FOR SERVICE-CONNECTED DISABLED VETERANS

FRIDAY, AUGUST 19, 1949

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

The committee met, pursuant to recess, at 10 a. m., in room 312, Senate Office Building, Senator Walter F. George, chairman, presiding.
Present: Senators George and Millikin.

The CHAIRMAN. The committee will come to order.

We will hear from Mrs. Jordan. Come around, Mrs. Jordan, and have a seat, if you will. You are representing the Gold Star Wives of America?

STATEMENT OF MRS. EDWARD W. JORDAN, CHAIRMAN, BOARD OF DIRECTORS, THE GOLD STAR WIVES OF AMERICA, INC., WASHINGTON, D. C.

Mrs. JORDAN. Yes, Sir.

The CHAIRMAN. You may be seated there.

Mrs. JORDAN. My name is Mrs. Mary Jordan, chairman of the board of directors of the Gold Star Wives of America, Inc.

We appreciate this opportunity to speak in favor of H. R. 5598 which would adjust pension and compensation payments for disabled veterans and for the children of the men who lost their lives in World War II. The members of our organization, all of whom are widows of men who died in service or as a result of a direct service-connected disability, are completely in accord with the provision which would grant \$30 per month instead of the present \$25 to the first child of a deceased serviceman and \$25 in lieu of the present \$15 per month now given to the second and each additional child.

Since World War I monthly compensation payments for widows without children, as well as for many classes of veterans, have been substantially increased to keep pace with the rising cost of living. The table presented below gives a comparison of 1917 and 1949 rates for widows, showing the percentage increase and the new rates proposed in H. R. 5598.

	1917 rates	1949 rates	Percent- age increase 1949 over 1917	Rates proposed in H. R. 5598
Widow (no children).....	\$25.00	\$75	300	\$75
Widow, one child.....	35.00	100	285	105
Widow, two children.....	47.50	115	242	130
Widow, three children.....	52.50	130	247	155

It will be noted from this comparison that widows without children, as well as other classifications of veterans and their dependents, have had their benefits increased by 200 percent. A widow with one child, however, has had her benefits increased by 180 percent, whereas a widow with two children to support has received an increase of only 142 percent. The rates proposed in H. R. 5598 would simply equalize the amount of increase for widows with dependent children with the 200 percent increase already granted to widows without children during the past years.

Obviously the widow with two or more children is actually in greatest need of assistance. In most cases she finds it impractical to seek employment outside the home in order to supplement her income, and is, therefore, completely dependent upon the increase she receives from the Government for support. We ask, accordingly, that this necessary adjustment be made to aid the group that needs assistance most—the widows with small children in their care.

The CHAIRMAN. I believe that the witness yesterday called attention to the fact that the child whose mother either remarried or died did not receive an increase under this bill.

Mrs. JORDAN. The child whose mother remarries?

The CHAIRMAN. The whole orphan.

Mrs. JORDAN. It was increased substantially in the last session of Congress.

The CHAIRMAN. Is that the reason of it?

Mrs. JORDAN. To the extent of about \$55 per month. That is the reason for it. The widow last year was increased, the widow without children was increased \$15 a month. The first child was increased.

The CHAIRMAN. I remember that very well. That is correct.

Mrs. JORDAN. The first child was increased \$7 per month, and the second and each additional child was subtracted, 60 cents per month was taken away, instead of anything added on. Therefore, it has been continuously the second, third, and fourth child that has been left out. Our contention is that it costs as much to feed a child, whether the second or third or fourth child, as it does the first.

Senator MILLIKIN. You do not believe in watering the soup just a little bit.

Mrs. JORDAN. No. It just does not work particularly.

The CHAIRMAN. That is the explanation, though, why the child whose mother has remarried or who has died is not increased, because they were taken care of last year?

Mrs. JORDAN. That is right, and in a substantial amount.

The CHAIRMAN. You are correct. That had not occurred to me, but that question was raised yesterday by one of the witnesses.

Any questions, Senator?

Senator MILLIKIN. No.

The CHAIRMAN. Thank you very much for your appearance here.

Mrs. JORDAN. Thank you.

The CHAIRMAN. Mr. Matthias of the United Spanish War Veterans. We will be glad to hear from you.

**STATEMENT OF E. S. MATTHIAS, UNITED SPANISH WAR VETERANS,
WASHINGTON, D. C.**

Mr. MATTHIAS. Thank you.

The CHAIRMAN. You are representing the Spanish-War veterans?

Mr. MATTHIAS. That is right, Senator. I had hoped that Judge McCord might be with us on this presentation, as he has been heretofore upon occasions like this, if you will recall, Senator.

The CHAIRMAN. Yes, sir. I know Judge McCord very well. I have known him for a long time.

Mr. MATTHIAS. It is such that he cannot be here. In speaking of him, I am reminded if I may suggest it along the side, that when he was before a committee upon occasions such as this, where other interests were involved, he reminded us of the very wayward individual who, coming down to his last hour, it was suggested or queried whether he should not make his peace with the devil and all of his cohorts, and he replied, "Well, now, the condition I am in, I just don't want to make enemies of anybody."

I speak of that because I want it understood that I am not here in opposition to any legislation for any veterans or their dependents, but since this bill was presented, it was felt that in view of the fact that heretofore, when these increases were asked the Spanish War veterans and their dependents have been on the rear end of the cycle, as they were granted and in order to avoid that sort of piecemeal legislation, it was felt by our organization that the interests of Spanish War veterans and their dependents should be presented to avoid, if it were possible, the necessity of separate legislation following any increase that would be granted at this time.

Therefore, the measure should be so amended as to include them, and not only service connected, but so-called non-service-connected.

In that connection I really do not care to go through what has been argued heretofore, and has been before committees and before the House and the Senate several times with reference to the situation as to the Spanish War veterans. We have been treated really as service connected. That, as you know without repeating it, has been based upon the fact that there were no medical records kept at that time upon which any claim of service connection can be based.

I learned that in the adjutant general's office just recently, in the various offices of the adjutant general of the various States, that where they show any illness, there is nothing to indicate what it was, the nature of the illness or the extent of it. Therefore, there are just no records upon which you can predicate a claim of service connection. I merely mentioned that. We have been all through that a number of times, and the Congress has been very fine in that respect, and has taken cognizance of those facts, but now assuming, and I think we have a right to assume, that what has been granted heretofore has been fair and just, then we come to the proposition which as I understand this bill is based upon, that is the increases provided or sought through it, are based upon the increased cost of living.

Of course, that is just as severe or possibly a little more severe upon those who are older, and assuming that what has been done heretofore was proper and right, then the suggestion is that Spanish-War veterans and their dependents should be considered along with

the others in this proposed increase, based upon the increased cost of living.

Whether that can be done, I am really not prepared to say, by an across-the-board horizontal increase, or whether by a separate provision—it could be by a separate provision very tersely expressed, I am sure, which would provide in substance that the monthly rates of pension payable to a Spanish-American War veteran or veterans of the Spanish-American War, and the Boxer Uprising, and the Philippine Insurrection and their dependents now payable under existing law by the Veterans' Administration be increased by 20 percent, or whatever percent is finally determined upon.

That is in substance and very concisely stated our proposition and our request that comes from our organization.

At the last session the only specific mandate upon that by the organization was just what I am presenting to you now, that their interests should be considered in adopting increases, and that the provision such as I have suggested or an across-the-board provision which would preserve all of the rights which they now have, that is the Spanish-War veterans, and their dependents, and permit an increase proportionate to that allowed in the bill generally.

I think that is all I have to suggest that presents our claim fully and fairly and frankly to you.

The CHAIRMAN. We thank you. Any questions?

Senator MILLIKIN. How many dependents, under age dependents are there of Spanish-American War veterans?

Mr. MATTHIAS. It is so small that it is infinitesimal. That goes back to this question we sometimes ask about these old Spanish-War veterans following the Civil-War veterans and marrying young wives, but Spanish-War veterans haven't been very successful along that line, Senator.

Senator MILLIKIN. A man can keep his ambition.

Mr. MATTHIAS. Well, the ambition may not be lacking, but I thank you very much for this opportunity to present our claim.

The CHAIRMAN. Thank you.

Mr. MATTHIAS. Thank you. I do have a copy of that suggestion, if I may give it to you.

The CHAIRMAN. Will you give it to the reporter and let him put it in the record there?

Mr. MATTHIAS. Yes, sir.

(The proposed amendment is as follows:)

That all monthly rates of pension payable to veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, and the dependents of such veterans, which are payable under any laws administered by the Veterans' Administration, are hereby increased by 20 per centum.

The CHAIRMAN. Mr. Lloyd Greenwood, executive director of the Blind Veterans Association, is unable to appear in person this morning. He will submit at a later date a statement of the views of the Blind Veterans Association on this measure.

The CHAIRMAN. Mr. Adams, you may have a seat.

STATEMENT OF CLARENCE ADAMY, NATIONAL SERVICE DIRECTOR, AMERICAN VETERANS WORLD WAR II, WASHINGTON, D. C.

Mr. ADAMY. I want to apologize for being late, and express the appreciation of AMVETS for having this opportunity to appear. My name is Clarence Adamy, the national service director of AMVETS, and we wish to appear in support of H. R. 5598.

Senator MILLIKIN. How many blind veterans are there?

Mr. ADAMY. I am sorry, sir. I don't know. Slightly less than a thousand in the Blind Veterans Association. That is the only actual figure I have.

Senator MILLIKIN. Does the VA know how many blind veterans there are?

Mr. KNAPP. We will be glad to furnish that information for you, and try to secure it for the record.

Mr. ADAMY. Our organization has taken no stand on sections 1, 4 and 5 of this bill. Therefore, I do not wish to speak on them, merely because we have no stand.

The CHAIRMAN. 1, 4 and 5?

Mr. ADAMY. Yes.

The CHAIRMAN. You are not making any recommendations in regard to those?

Mr. ADAMY. However on sections 2 and 3, our last national convention at Chicago took active stands on them. It was the contention of our convention that section 2, which permits a greater compensation in arrested tuberculosis cases, was merely good sense, that because it provides greater security to these men at the period of arrest, when they leave the hospital and return to full civilian life, that allows them an opportunity to take better care of themselves, thereby preventing rehospitalization, thereby assuring us of their much more rapid assimilation into the productive life of America, which of course is the end result of any hospitalization.

It is our thinking, as expressed by our convention, and the members of our organization, that this is a money-saving proviso, both in the fact that reducing the cost of hospitalization and in the fact of increasing the productivity of America by returning these men who are well worth returning to productive life, as well as of course the therapeutic value of it.

We, all of us Americans, are desirous of having any tuberculars absolutely recovered, and his only hope to recover is that during the period right after he leaves the hospital that he can change his mode of living; obviously the mode of living that he was carrying on previous to his hospitalization was not conducive to the healing of his disease. Therefore, when he comes back out of the hospital and returns to the same environment, it is rather obvious too that there is a greater potentiality of reoccurrence of the disease, and we feel that by this minimal security that you grant him under this bill, you allow him an opportunity to change his mode of living, change his occupation to fresh air and milk and that type of thing.

On section 2, of course we are wholeheartedly in favor of 8.7 increase in disability compensation. We feel it is totally inadequate in view of the present cost of living. We draw to your attention the cost of

living index of the BLS of April, which is the last figure I had, which rested at 100.7, and if compensation was raised in line with that, establishing the compensation that we had at the base period, of the BLS, and the compensation we are now paying, it would take a 22 percent increase to bring it up to the same ratio.

Senator MILLIKIN. What would the viewpoint of the veterans' organizations on the sliding scale be, depending on the cost of living?

Mr. ADAMY. That is my next point, sir, because we have a mandate wholeheartedly in favor of that. We think that is the next step that should be taken, because it is such obvious good sense. Considering the man who is 100 percent disabled, Addison's disease, any of the systemic diseases, and they are really totally unemployable, under our present scale they draw \$138; with the consequent increasing cost of living during the postwar period, these gentlemen have been taking the most severe beating probably of any segment of our population. Their care remains static, and their cost does too, and there is no increase in income whatsoever. Therefore, if a sliding scale, our proposal for every 10-point increase in the cost of living index established by the BLS, there would be a corresponding 10-percent increase in compensation and likewise a decrease, that is, it would go up and down.

Senator MILLIKIN. I have had some experience with these sliding scales. Everybody wants to go up, but when the time comes nobody wants to go down.

Mr. ADAMY. That is another point that we want to emphasize, sir, is that it is tremendously difficult for the Congress, and for the people of America, it would be difficult for us or any other honest group of Americans to reduce compensation in a reducing cost-of-living period, and if this type of legislation was inaugurated in a period such as today, when the cost of living is constantly increasing, the equity of it may be readily seen, and therefore the problem that could be presented in a period of depression or deflation would be prevented by having this sliding scale, and certainly it is the most equitable fashion that there is for doing it. In a few years that AMVETS have been in existence, this is the third time we have been up on compensation, and we have had to take into account that Congress has spent much time and energy on this matter that could be settled once and for all by means of a sliding scale that would keep it constantly in a fair balance. As you undoubtedly remember, gentlemen, the compensation, the base period was at \$100, and today it is \$138, and if it had kept the same ratio, it would today be \$100.07, and knowing the cost of living as we all know it, having to live in these United States, it is incomprehensible to me how these men who have 70- and 80- and 90- and 100-percent disability, are unable to earn a living; are even able to exist on the compensation. Certainly I recognize that those fellows who have disabilities that accrue additional benefits, the aid in attendance, the statutory awards are more amply cared for, but there is a whole group whose number I do not know, of these systemic diseases, these 100 per centers, and very serious disabilities which actually preclude them from working.

I have a case that we are handling in the office in the last 2 or 3 months, an Addison's disease, a young veteran about 30 just been released from the hospital and of course our first question of the doctors upon releasing him was what can we do with him now? Can we put

him in a job? Can we get him a little job? His life must be boring, and the answer was absolutely not. He can do nothing, stay home and rest. And \$138 a month to live on. He has a wife that he acquired before the war. It must be impossible to live.

Therefore, we not only support the provision of this bill but we do urge that a serious consideration be given to the possibility of establishing the so-called escalator clauses in compensation bills of all natures. Of course, anything I say about section (a) about this bill would apply to the widows and orphans under section (b). That is just a common problem.

That completes my remarks.

The CHAIRMAN. We thank you very much for your appearance.

Any questions?

Senator MILLIKIN. No.

The CHAIRMAN. Thank you.

Mr. ADAMY. Thank you.

The CHAIRMAN. Mr. Clorety. We will be glad to have your evaluation of this bill.

STATEMENT OF JOSEPH A. CLORETY, JR., NATIONAL VICE CHAIRMAN, AMERICAN VETERANS COMMITTEE (AVC), WASHINGTON, D. C.

Mr. CLORETY. My name is Joseph A. Clorety, Jr. I am the national vice chairman of the American Veterans Committee.

Mr. Chairman and members of the committee: I am sure that all of the members of the American Veterans Committee (AVC) join me in expressing our appreciation for the opportunity to present the views of our membership on a veterans' measure of such significance as H. R. 5598. We appreciate the action of this committee in expediting consideration of this measure, which provides sorely needed benefits for men, women, and children who have suffered and are now suffering because of death or disability incurred during service in our armed forces.

AVC endorses the purpose and general principles incorporated in this legislation, but we wish to suggest certain changes which we believe to be equitable and just. Before proceeding to a discussion of these proposals, I wish to take a moment to place our position in context for the benefit of members of this committee who are not fully acquainted with the principles and program of the American Veterans Committee.

If our principles could be reduced to a single sentence it would be: "Citizens First, Veterans Second." We believe that the welfare of the average veteran can best be served by promoting the general welfare. We endeavor at all times to distinguish between uniquely veterans' problems and what we may call national problems. On each and every issue, we endeavor sincerely to determine our stand solely on the basis of the Nation's interest.

Foremost among the uniquely veterans' problems is certainly provision for adequate care for those disabled by war service and for the widows and orphans of those men whose service led to their death. On the other hand, our basic principles have required us to oppose the bonus, general service pensions and kindred proposals, which we regard as at best a partial system of social security and which in fact

we regard as debasing our service and involving such staggering sums from the public treasury as to court national bankruptcy.

This testimony is based primarily on the following plank from the platform adopted by our third national convention held in Cleveland, Ohio, November 25-28, 1948:

Compensation: We oppose the general reduction of compensation ratings and elimination of pensions when such reductions and eliminations be limited only to cases in which there has been substantial improvement in the veteran's condition.

We call for the liberalization of compensation ratings and a general review of past pension cuts with the view of reinstating unjust cuts.

We call for a drastic increase in the amount of compensation payments to adequately meet the cost of living, based on the BLS index.

The terms of that plank obviously dictate complete support of the provision for raising compensation to World War I presumptive cases from 75 percent to 100 percent of the compensation otherwise authorized under Public Law 141, Seventy-third Congress. I believe that the above plank and the entire philosophy of AVC, which I would repeat and emphasize, calls for us to fight for adequate compensation for those suffering from service-connected death or disability, justifies support of sections 2 and 4 of H. R. 5508.

On behalf of AVC, pursuant to the last paragraph of our platform I wish to urge that section 3 be amended to provide for a higher scale of compensation payments. The scale incorporated in H. R. 5508 as it passed the House of Representatives incorporates: an 8.7 percent increase over existing compensation to veterans suffering from disability; a lower percentage increase to a widow with one child; and a much higher percentage increase for each additional child. We urge this committee to do simple economic justice to these most deserving veterans and dependents of veterans, who to a greater extent than any others now on or eligible for the compensation and pension rolls of the VA, have suffered in the service of this country.

Instead of the 8.7 increase, we urge an increase of 22.5. This is the percentage by which the cost of living has risen since the existing rates were established according to the consumers' price index of the Bureau of Labor Statistics. Even if the committee believes that that index will fall substantially in the next year, I doubt if any authority on price movements or any member of this committee believes that the decline in the price level will be of such magnitude as to make the proposed 8.7 percent increase in compensation either adequate or fair.

In stressing the elements of justice to the beneficiaries of this legislation, I am assuming that the existing rates were fair, just, and adequate at the time that they were set. If that assumption is tenable, failure to increase the rates by the extent to which the cost of living has increased since that time means that the purchasing power of these veterans' benefits has declined substantially and, consequently, that the economic position of the beneficiaries has deteriorated seriously. While H. R. 5508 will repair their economic position in part, we earnestly recommend that this committee take advantage of this opportunity to correct this inequity completely.

We are, of course, aware that such an amendment would increase the cost to the Government very significantly. We have demonstrated our opposition to unjustified increases in the costs of a veterans' pension program, but believe that our obligation to the beneficiaries of this particular legislation should be met fully and fairly,

without regard to cost. Certainly there is no other cost of the recent war which should not be trimmed before we skimp on benefits to the disabled veteran and the widows and children of those who fell in the service.

The CHAIRMAN. Well, sir; we thank you for your appearance. Any questions?

Senator MILLIKIN. No.

The CHAIRMAN. Thank you.

Mr. CLORETY. Thank you very much.

The CHAIRMAN. We are very glad to have you.

Is there any other witness present whose name has not been called, who wishes to be heard?

Is there anyone from the service who has anything to add to your previous statement?

Mr. KNAPP. We have nothing further to add, Mr. Chairman.

The CHAIRMAN. Well, that will complete the hearing on this bill. The committee is adjourned until next Thursday.

(The following letters and telegrams received by the committee will be inserted at this point:)

DISABLED AMERICAN VETERANS,
Lincoln, Nebr., August 3, 1940.

HON. KENNETH WHERRY,
United States Senator, Washington, D. C.

MY DEAR SENATOR WHERRY: On August 2, 1940, a bill known as the omnibus benefit bill for service-connected disabled veterans (H. R. 5598) passed the House of Representatives without a dissenting vote or a debate. Our Washington office informs us that the bill will now go to the Senate Finance Committee for consideration.

I urge you to contact Senator Butler's office to inform him of the necessity of an immediate hearing on H. R. 5598 in the Senate Finance Committee, as we are cognizant of the fact that time is running short in this session of Congress.

It is perhaps somewhat out of the ordinary to ask one Senator to contact another Senator, but we of Nebraska, knowing of your prestige in the United States Senate and your strong support of the disabled veteran, feel that we can count on your support at this time. We are reminded of the Eightieth Session of Congress wherein you backed the dependency-allowance bill for disabled veterans, known as Public Law 877, and on behalf of the Department of Nebraska Disabled American Veterans I want to thank you for all the interest and the time that you have spent on behalf of America's disabled veterans. It is our belief that money should be expended for the disabled veterans first before money is appropriated for European nations to squander.

Respectfully yours,

EARL B. WRIGHT,
Adjutant, Department of Nebraska DAV.

DETROIT, MICH., August 11, 1940.

HON. HOMER FERGUSON,
Senate Office Building, Washington, D. C.

DEAR SENATOR FERGUSON: We were pleased to note through the press that House Veterans' Affairs Committee approved H. R. 5598, which proposes an increase of 8.7 percent in compensation paid to service-connected disabled veterans and certain other benefits. It is further noted that this bill does not provide an increase in pension for all veterans who are receiving compensation for service-connected disabilities, leaving out those who are drawing the so-called statutory awards. This includes the amputation cases and the other very seriously disabled men now receiving compensation under Public Law 182. It also leaves out all those others who are drawing the statutory award for arrested TB and others receiving pension under special congressional action. The bill also fails to provide any additional pension for those very deserving cases where financial hardship is apparent to all: namely, the permanent and totally disabled, non-service-con-

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nected veteran, and the widows of World War I veterans who receive only \$42 per month.

It is felt that the proposed bill is unfair in this respect because the cost of living has gone up for everybody proportionately. The previous cost-of-living increase in compensation and pensions, effective September 1, 1947, granted a 20-percent increase to everyone drawing veterans' compensation or pension benefits from the Veterans' Administration. While the bill is probably still in the Senate Veterans' Affairs Committee, we urge your support of it when it does come on the floor. It would be very much appreciated, however, if you could in some way make the above facts known to the committee of the Senate, so that it may be incorporated in the Senate bill before it comes to the floor for a vote, so that all parties receiving benefits from the Veterans' Administration might be treated equally.

Very truly yours,

WALTER R. HAEDKE.

LINCOLN, NEBR., August 10, 1949.

United States Senator KENNETH WHERRY,
Washington, D. C.

DEAR SENATOR WHERRY: There is a bill identified as H. R. 5508, providing certain veterans' benefits for the service-connected and dependents. The bill passed the House about 2 weeks ago. I hope you will see your way clear to support this bill and to do anything you can to get it before the Senate. So, hopefully looking forward to your active support of this bill,

LESLIE E. FINLAK.

LINCOLN, NEBR., August 9, 1949.

Hon. KENNETH WHERRY,
United States Senator, Washington, D. C.:

Omnibus bill (H. R. 5508) stymied in Senate Finance Committee. Believe important hearing should be scheduled. Will you contact GOP members that committee and urge such be done to end same may be enacted into law before adjournment present session. Nebraska veterans counting on your help. Time is very short, it appears.

ELMER A. WEBB,
State and Department Service Officer.

HASTINGS, NEBR., August 15, 1949.

Hon. KENNETH WHERRY,
United States Senator, Washington, D. C.:

Disabled American Veterans, Hastings (Nehr.) Post No. 9, urge you to request an immediate hearing on H. R. 5508 in the Senate Finance Committee. We solicit your support on this bill.

WALTER R. SCHULTZ,
Commander, Post No. 9.

HASTINGS, NEBR., August 17, 1949.

Senator KENNETH S. WHERRY,
United States Senate, Washington, D. C.:

Urge your support H. R. 5508.

CHARLES A. GALER.

LINCOLN, NEBR., August 17, 1949.

Senator KENNETH S. WHERRY,
Senate Office Building, Washington, D. C.:

About 800 veterans, with 450 widows of Spanish-American roll, live in Nebraska. Majority dependent for living upon present pension. In behalf of these, request you use your efforts to have them included in H. R. 5508, now before Senate finance committee. High cost of living affects these veterans, average age 75. They need this increase. 99,527 surviving veterans in Nation, with 78,600 widows as of June 30, 1949, report. This is a worthy group.

CHARLES M. SUTHERLAND,
Past Department Commander.

HASTINGS, NEBR., August 17, 1949.

United States Senator KENNETH WHERRY,
United States Senate, Washington, D. C.

I am asking your aid in procuring amendment of H. R. 5598.

J. D. HOUSER, Department Commander, USWV.

HASTINGS, NEBR., August 17, 1949.

Senator WHERRY,
Washington, D. C.

Your support of H. R. 5598 urged by Spanish-American veteran.

JAMES W. ROBERTS.

LINCOLN, NEBR., August 17, 1949.

Hon. KENNETH S. WHERRY,
United States Senate, Washington, D. C.

The United Spanish War Veterans of Nebraska unanimously request support of amendment to H. R. 5598 to provide cost of living increase of their service pensions and of allowances to their dependents.

GEORGE A. EBERLY.

LINCOLN, NEBR., August 17, 1949.

Hon. KENNETH WHERRY,
Senate Office Building.

To meet present high cost of living pension increase needed by Spanish-American war veterans. They invite your favorable consideration amending H. R. 5598 to include them.

H. L. COOPER,
Commander, Wm. Lewis Camp, USWV.

LINCOLN, NEBR., August 17, 1949.

KENNETH WHERRY,
Senate Office Building.

Will you please support H. R. 5598 with amendment to include Spanish war veterans.

JOHN F. SHAFER.
FANNIE M. SHAFER.

LINCOLN, NEBR., August 17, 1949.

Hon. KENNETH WHERRY,
Senate Office Building.

We urge your favorable consideration amendment to H. R. 5598 to include Spanish war veterans and dependents.

GEORGE LUDDEN, Department Adjutant, USWV.

OMAHA, NEBR., August 17, 1949.

Hon. KENNETH WHERRY,
United States Senator.

Leo Forby Camp No. 1 request that you vote to amend H. R. 5598 to include Spanish-American war veterans.

JOHN E. WHITNEY, Commander.
CHAS. F. WILLE, Adjutant,
ARL A. ANDERSON,
GEO. E. MITCHELL,
FRED J. BOLSHAW.

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HASTINGS, NEBR., August 17, 1949.

Senator KENNETH WHERRY,
United States Senate.

I request your support of H. R. 5598 with thanks.

HARRY A. SHUMAN.

HASTINGS, NEBR., August 17, 1949.

Hon. SENATOR KENNETH WHERRY,
United States Senate Building.

Urge your support on bill H. R. 5598.

C. E. VAN ORSDIEL.

(Thereupon at 10:40 a. m., the committee recessed to reconvene Thursday, August 25, 1949, at 10 a. m.)

X