

# Calendar No. 788.

66TH CONGRESS, }  
3d Session. }

SENATE.

} REPORT  
No. 821

## SOLDIER BONUS.

FEBRUARY 24 (calendar day, FEBRUARY 28), 1921.—Ordered to be printed.

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

### REPORT.

[To accompany H. R. 14157.]

The Committee on Finance, to whom was referred the bill (H. R. 14157) to provide adjusted compensation for veterans of the World War; to provide revenue therefor; and for other purposes, report favorably thereon with certain amendments, and as so amended recommend that the bill do pass.

Page 3, strike out lines 5 to 24, inclusive, and insert:

(b) Such application shall be made on or before July 1, 1922, and if not made on or before such date shall be held void; but if application for land-settlement aid is made on or before such date, the time for receiving the credits and exercising the preferences provided for in Title VI, shall be as specified in such title.

Page 12, line 3, strike out "July 1, 1921," and insert "January 1, 1923".

Page 13, strike out lines 7, 8, 9, 10, and 11.

Page 13, line 12, strike out "302" and insert "301".

Page 13, line 24, strike out "the date of application therefor" and insert "January 1, 1923".

Page 14, line 4, strike out "20 years after the date of application therefor" and insert "on December 31, 1942".

Page 14, lines 5 and 6, strike out "to the expiration of such 20 years" and insert "thereto".

Page 14, line 11, strike out "303" and insert "302".

Page 14, lines 18 and 19, strike out "during the third to fifth years, inclusive, after the date of application for the certificate" and insert "on or after January 1, 1925, and before January 1, 1928".

Page 14, lines 21 and 22, strike out "the date of application for the certificate" and insert "January 1, 1923".

Page 15, lines 1, 2, and 3, strike out "during the sixth to twentieth years, inclusive, after the date of application for the certificate" and insert "on or after January 1, 1928, and before January 1, 1943".

Page 15, lines 5 and 6, strike out "the date of application for the certificate" and insert "January 1, 1923" and a comma.

Page 15, line 8, strike out "304" and insert "303."

Page 15, lines 20 and 21, strike out "23 years after the passage of this act" and insert "on January 1, 1944" and a comma.

Page 15, line 23, strike out "305" and insert "304."

Page 15, lines 24 and 25, strike out "within two years after the date of application for the certificate" and insert "prior to January 1, 1925."

Page 16, line 22, strike out "306" and insert "305."

Page 16, line 25, strike out "303" and insert "302."

Page 17, line 6, strike out "307" and insert "306."

Page 17, line 17, strike out "308" and insert "307."

Page 17, after line 19, insert a new section as follows:

SEC. 308. If the veteran dies, after making application in accordance with the provisions of section 4 and before January 1, 1923, the amount of the adjusted service pay of the veteran shall be paid by the Secretary of the Treasury to his estate.

On page 18, line 3, after the word "attendance" insert the following inclosed in parentheses: "on or after January 1, 1923."

On page 21, line 2, after the word "directed" insert a comma and the following: "on or after January 1, 1923" and a comma.

On page 34 strike out lines 10 to 19, both inclusive, and in lieu thereof insert the following:

#### EFFECTIVE DATE.

SEC. 617. Sections 602 to 616, both inclusive, shall take effect on January 1, 1923.

Strike out all of Title VII beginning on page 34, line 20, down to and including page 44, line 2.

Page 44, line 3, strike out "VIII" and insert "VII."

Page 44, line 4, strike out "801" and insert "701."

Page 44, line 22, strike out "802" and insert "702."

Page 45, line 3, strike out "803" and insert "703."

Page 45, line 10, strike out "804" and insert "704."

Amend the title so as to read: "An act to provide adjusted compensation for veterans of the World War, and for other purposes."

The purpose of the second amendment must be apparent to anyone who is conversant with the estimated income and liabilities of the Government for the fiscal years ending June 30, 1921, and June 30, 1922.

The annual report of the Secretary of the Treasury, submitted to the Congress in December, 1920, estimates the state of the Treasury for the fiscal years ending June 30, 1921, and June 30, 1922, as follows:

Estimated gross deficiency June 30, 1921.....	\$2,005,037,119
Estimated gross deficiency June 30, 1922.....	1,448,589,211

Total for the two years.....	3,453,618,330
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These estimates assume a rather extravagant conduct of public affairs during the years 1921 and 1922. Your committee is of the opinion that by proper economy these deficiencies can be greatly reduced and that our revenues can be considerably augmented, without, added burdens, by judicious revenue measures.

The committee, recognizing the rights of the veterans to this adjusted compensation, feel sure that these veterans will in turn recognize the condition of our national finances and, with the same

patriotism which impelled them to war, cheerfully acquiesce in the extension of the time for the beginning of the installment period.

By this first amendment the law will become operative six months after the close of the fiscal year 1922 and 18 months later than the bill proposes as passed by the House last May. This will give sufficient time for the Government to prepare the way to meet the additional obligation and to make such retrenchment in other lines as may be proper.

The second amendment proposes to strike out the appropriation clause and also the entire tax provision. This latter provision, as is well known, had scant consideration by the House and no consideration by the Senate. In a little more than one month we shall be engaged in the construction of a new revenue bill, which must be framed to meet all the obligations of the Government. If the Congress shall enact this bill into law, as reported, it will become one of the established obligations which must be estimated for and for which provision must be made. It is quite important, therefore, that if this is to become a law in the near future it should be enacted before we complete our next revenue act.

The other amendments recommended are to make this bill conform to the extension of the time when the provisions of the bill become operative.

With these amendments the committee recommend that the bill do pass.

Under the present depressed industrial and financial conditions of the country, with the Treasury facing a deficit for the fiscal years 1921 and 1922, any proposal calling for a considerable outlay should show not only a most satisfactory justification for the proposition, but should also present to the country as definitely as possible what the total cost of the proposed legislation will be and what must be appropriated each year during its continuance. All these matters have received careful consideration by the Committee on Finance in reporting this bill for favorable action.

The general assumption that the enactment of this bill into law will immediately load upon the backs of an already excessively tax burdened public an immense sum of money is not warranted.

It will be seen that no payment whatever will be required until the year 1923, giving ample opportunity to adjust the estimated Treasury deficits and, by reasonable economy, to meet the added liability incurred by this legislation, without any increase in taxation.

The payments to be made after January 1, 1923, will be so divided through ensuing years, ranging from 2 to 20, as to add a comparatively small sum to our national expenses for each year.

Without attempting the allotment of any prospective receipts, but merely as the suggestion of one means of meeting the obligations of this measure, the committee beg to remind the Senate that there will undoubtedly be funded into long-time bonds the debts due this country for money advanced our associates in the World War. The interest on these bonds will probably more than care for the payments required each year. And, if, by reason of a larger number of applications for the cash plan than contemplated, it is found that such interest is insufficient to cover the amounts due the first two years, authority might be given the Treasury Department to sell a small amount of these bonds, guaranteed by the Government, to cover such deficiency.

The total advances made by this Government during the war to our associates aggregated \$9,580,823,677, of which there has been repaid \$114,540,505, leaving a debt due us of \$9,466,283,172 and interest to date.

Roughly speaking, the British, French, Italian, Belgian, and Greek debts, with interest to date, will approximate 10 billions of dollars. Whatever we may secure from Cuba, Czechoslovakia, Liberia, Rumania, Russia, and Serbia would add to this amount. Nearly one-half of the aforesaid ten billions will be the proportionate share of Great Britain. All of the balance of the said amount, except about \$416,000,000, would be the debt of France and Italy. It is probable that even though we fund these debts of Great Britain, France, and Italy, the financial condition of said countries is such that we can hardly expect payment of interest before January 1, 1923. We believe, however, that by that period these nations will be able to meet their annual interest payments without further delay.

#### MERITS.

As indicated by the title of this bill, its purpose is to provide adjusted compensation for the veterans of the World War. In plain, simple English, its purpose is to give to the soldier who offered his life with his service a compensation that will approach that of the laborer who remained at home, secure from danger, and whose compensation increased from 200 to 300 per cent, and, measured by the amount of labor actually performed, a percentage far beyond those figures.

At the time of our Civil War and for many years thereafter, the wage of a private soldier was \$13 per month. The cost of maintenance, of each soldier for food and, clothing added to this sum, brought this wage up to about the average wage paid for common labor.

During the World War we paid our soldier \$30 per month or \$1 per day. His food and clothing probably cost the Government about \$2 per day additional, making the equivalent of \$3 per day. How does this compare with the wage received for common labor in the United States during the war?

During this war anyone who could saw a board or drive a nail could and did qualify as a carpenter and received from 80 cents to \$1 per hour for 8 hours and double that amount for any number of hours per day exceeding 8, and for holidays and Sundays. The cost-plus system of making contracts during the stress of war resulted in wastefulness, slacking, and extravagance which enormously increased our war debt.

When the soldier returned from the field of battle he found that his home-staying brother had not only been receiving from two to three times the monthly stipend of the soldier, but that this extraordinary home wage, coupled with this wastefulness and extravagance, had greatly added to our bonded debt, which is now (including short-time certificates) about 28 billions of dollars, and which he, in common with other citizens, must pay. He found vast increases in savings accounts and many other evidences of gain in which he had no share. He had none of those opportunities for quick gain which always come with sudden currency inflation and high wages; but returned to share

the losses which always follow deflation and the return to normal conditions.

Leaving out of the equation every vestige of sentiment, every element of gratitude, and applying only the rigid rule of mathematical calculation, we can not deny that, by allowing the man who fought for his country, who placed his life in pawn for his country, the increase in his compensation provided by this bill, we are still giving him for his service, with all its risks and hardships, a compensation much below that which the common laborer in the United States received during his absence.

Can a grateful country do less than this? It might be asked right here why we should not bring the soldier's compensation fully up to the average wage of the laborer who remained at home. The answer is three-fold: First. The State of the Treasury; the debts that are staring us in the face demand extraordinary caution at this time. Second: The American appreciation for heroic service will not die with this Congress nor with the ensuing scores of years. Though often forced to delay, the American people have never failed ultimately to do full justice to the men who fought their battles. Third. The World War veterans are satisfied with this effort at this time to equalize compensation.

## PRECEDENTS.

The precedents for legislation of this character are the rule and not the exception. In the closing days of the Civil War large bounties were paid soldiers. After its close land warrants were given them. Like donations have been given in all our previous wars. All the allied Governments in this war have recognized this just claim of their war-worn veterans.

The following table will show the action of other governments in granting additional compensation to their veterans:

## NOT OVERSEAS.

	Italy, up to.	France (not with fighting units), up to.	Great Britain, up to.	Canada, up to.	United States.
Commissioned officers:					
Major general.....	\$352.42	(1)	\$7,200.00	\$2,302.00	\$60.00
Second lieutenant.....	209.08	\$187.21	1,215.00	301.00	00.00
Enlisted men:					
Warrant officer.....	73.34	187.21	131.00	318.00	00.00
Private.....	03.09	187.21	82.00	300.00	00.00

## OVERSEAS.

	Italy, up to.	France (with fighting units), up to.	Australia, up to.	Great Britain, up to.	Canada, up to.	United States.
Commissioned officers:						
Major general.....	\$352.42	(1)	\$751.82	\$7,200.00	\$4,758.00	\$60.00
Second lieutenant.....	209.08	\$233.58	224.17	1,215.00	719.80	00.00
Enlisted men:						
Warrant officer.....	73.34	233.58	185.90	189.54	043.40	00.00
Private.....	03.09	233.58	98.42	140.94	000.00	00.00

<sup>1</sup> Special.

This bill proposes to meet the national obligation to these veterans by presenting to them for their choice any one of four separate and distinct plans of remuneration. Briefly stated, these plans are:

1. Adjusted service pay, or \$1 per day for each day's home service and \$1.25 for each day's overseas service during the war, in excess of 60 days, in the military or naval forces of the United States between April 5, 1917, and July 1, 1919, said sum, if more than \$500, to be paid in 10 equal quarterly installments, and if less than \$500 in quarterly installments of \$50, conditioned that the home-service pay shall not exceed \$500 and the overseas-service pay shall not exceed \$625 to any one person.

2. Adjusted service certificate plan, which increases the adjusted pay service 40 per cent, allows 4½ per cent per annum, compound interest, for 20 years, the whole amount payable upon the death of the recipient as insurance, and against which the applicant may borrow 90 per cent of the total amount due, including interest, from the third to the fifth year, inclusive, and 80 per cent due at any time between the fifth and twentieth years.

3. Vocational-training aid, which provides for the payment of \$1.75 per day for each day's service by the veteran in a course of vocational training, the total payment not to exceed 140 per cent of adjusted service pay.

4. Farm or home aid, the amount expended by the Government for such assistance to be 40 per cent higher than the adjusted service pay.

Conceding the justice of this proposal, the duty to meet it, if it can be met without injustice to the public, conclusively follows.

What will it cost and how will that cost be distributed throughout the ensuing years under the terms of the bill?

It is not difficult to arrive at the minimum cost, the amount that would be paid by the Government if everyone in the military and naval service entitled to it should avail himself of the provisions of Title II, the adjusted service pay plan, generally described as the cash plan, and the maximum cost, if every one entitled thereto should apply for the adjusted service certificate, generally referred to as the certificate plan. These two plans represent the minimum and the maximum costs. The application for the benefits under either or both the other two plans, vocational training aid and farm or home aid, will to the extent of such applications add somewhat to the minimum cost and diminish to the same extent the maximum.

Because of the very limited area of public lands suitable for entry, and because of the opportunity provided for borrowing 90 per cent of the amount due under the certificate plan which one contemplating the building of a home may draw, comparatively few will avail themselves of the farm or home aid plan, and undoubtedly very few will apply for vocational training aid. But whatever may be the number of applications under these two titles, such number will not diminish the minimum cost nor add to the maximum cost.

It is evident that an accurate computation of the cash to the United States of any or all of these plans must be based on the knowledge of just how many will make application for the benefits of each plan.

In the case of the certificate plan we must, in addition, know what number will borrow on their certificates each year and the percentage of their borrowings. These numbers must necessarily be conjectural.

But while we are unable to give definite figures as to cost because of lack of this knowledge, we can give both the minimum and the maximum costs, and between these two extremes we believe we can approximate very closely what the total cost will be and what appropriation must be made each year to meet the obligation incurred.

As plan No. 1, the cash plan, fixes the amount which must be paid per day for each day's service, and plans numbered 3 and 4, mentioned above, provide other ways in which the sums found due may be expended for the applicants, and plan No. 2 adds 40 per cent to the adjusted pay of No. 1 plan, and  $4\frac{1}{2}$  per cent compound interest for 20 years, it follows that plans No. 1 and No. 2 only of these plans need to be considered, representing as they do the minimum and maximum costs. The actual cost to the country will, of course, be found somewhere between this minimum and maximum, depending upon the number who will apply for the benefits of each plan. Here we must enter the field of conjecture. But guiding our estimates by observation and knowledge of human nature we can reasonably approximate the number who will apply for the cash plan and the number who will apply for the certificate plan, and as the number who will apply for the other two plans must necessarily be very small, it will affect but little the general result.

#### PROPORTIONATE NUMBER APPLYING UNDER EACH PLAN.

Assuming that men will use ordinary judgment and be guided by what clearly appears to be to their best interest, we will find little difficulty in determining which plan will be sought by the vast majority. If an applicant, who would be entitled to receive \$400 under the cash plan, which would be paid to him in quarterly installments of \$50 and spread over two years, finds by examination of the certificate plan that he can, immediately after the expiration of these two years, have a credit of \$600, against which he can immediately draw \$540 and still retain an insurance on his life for 20 years, without the payment of a single cent, can there be any doubt that he would accept the latter proposition?

It must also be remembered that the average age of the recipients in 1921 will be in the neighborhood of 28 years, the time of life at which they either have homes or are contemplating such and who will, therefore, give greater weight to ultimate benefits than to immediate gratification. The question is not presented to the applicant as to whether he will accept \$400 in a single immediate cash payment or \$540 at the expiration of two years, but whether he will accept \$400 in \$50 installments spread over two years or \$540 at the end of two years, with an additional credit of life insurance, fully paid, for 20 years.

It would seem therefore that only the inconsiderate or hard-pressed would exercise his option in favor of the cash plan when he fully understands the advantage of the certificate plan. And before the veteran exercises his judgment he will have been fully informed as to just what each proposition means to him.

We believe we are more than conservative in saying that at least 80 per cent of the veterans will take the certificate plan, carrying, as it does, a very greatly added sum and paid-up life insurance, with the right to borrow against it.

But as all may not agree on the division we shall include in this report several tables, as follows:

Table I, showing total cost if every veteran should accept the cash plan, together with the amount to be paid each year.

Table II, showing total cost if every veteran should accept the certificate plan, with no borrowings, together with the estimated amount to be paid each year due to deaths.

Table III, showing total cost if 80 per cent of the veterans should accept the certificate plan and 20 per cent the cash plan, together with cost for each year, after making allowance for 33½ per cent of borrowings and payment of full amount assured on account of deaths.

Table IV, showing total cost if 66½ per cent should apply for the certificate plan and 33½ per cent for the cash plan, making allowance for deaths and estimating the borrowings at 33½ per cent.

Table V, showing total cost if 50 per cent should apply for the certificate plan and 50 per cent for the cash plan, making allowance for deaths and estimating the borrowings at 33½ per cent.

TABLE I.—Total cost if every veteran should accept the cash plan, together with the annual cost.

	Home service.	Overseas service.	Total.
Number affected.....	2,244,853	2,435,000	4,679,853
Deaths, June 30, 1919, to Jan. 1, 1923.....	63,881	69,284	133,165
Number entitled to cash:			
1923.....	2,180,972	2,365,716	4,546,688
1924.....	2,162,593	2,345,778	4,507,996
1925.....	2,144,189	2,328,814	.....
Average number of days entitled to pay.....	260.51	333.26	.....
Cost:			
1923.....	\$436,194,400	\$473,143,200	\$909,337,600
1924.....	\$130,858,502	\$469,155,600	\$600,014,102
1925.....	.....	\$38,552,693	\$38,552,693
Total cost.....	\$567,052,902	\$980,851,493	\$1,547,904,395

NOTE.—The above table is based upon the average cash payment, and while the total shown is approximately correct, certain payments, owing to length of service, will extend beyond the average, into the year 1926. There are 136,000 veterans in this class and the total payments, included above, of about \$3,000,000 will run into 1926.

TABLE II.—Total cost if every veteran should accept the certificate plan, with no borrowings, together with annual payments.

	Home service.	Overseas service.	Total.
Total veterans affected.....	2,444,853	2,435,000	4,679,853
Deaths, June 30, 1919, to Jan. 1, 1923.....	63,881	69,284	133,165
Average number days payable service.....	260.51	333.26	.....
Number entitled to certificates Jan. 1, 1923.....	2,180,972	2,365,716	4,546,688
Average face of certificates.....	\$880.52	\$1,406.02	.....
Total value of all certificates.....	1,920,389,465.00	3,330,975,442.00	\$5,251,364,907
Annual payments:			
1923.....	16,183,077.00	28,073,103.00	44,256,180.00
1924.....	16,207,732.00	28,109,711.00	44,317,443.00
1925.....	16,248,236.00	28,188,560.00	44,436,796.00
1926.....	16,319,558.00	28,308,242.00	44,627,800.00
1927.....	16,383,830.00	28,428,108.00	44,808,944.00
1928.....	16,455,168.00	28,548,381.00	44,998,539.00



TABLE II.—Total cost if every veteran should accept the certificate plan, with no borrowings, together with annual payments—Continued.

	Home service.	Overseas service.	Total.
Annual payments—Continued.			
1929.....	\$18,566,103.00	\$28,730,648.00	\$45,296,751.00
1930.....	16,676,168.00	28,923,179.00	45,603,347.00
1931.....	16,834,660.00	29,195,295.00	46,029,955.00
1932.....	16,991,394.00	29,478,307.00	46,469,701.00
1933.....	17,195,675.00	29,827,496.00	47,023,171.00
1934.....	17,395,553.00	30,169,645.00	47,565,198.00
1935.....	17,638,577.00	30,601,907.00	48,240,484.00
1936.....	17,944,998.00	31,067,961.00	49,012,959.00
1937.....	18,250,538.00	31,653,698.00	49,904,236.00
1938.....	18,607,149.00	32,284,490.00	50,891,639.00
1939.....	19,054,453.00	33,063,125.00	52,117,578.00
1940.....	19,549,305.00	33,910,754.00	53,460,059.00
1941.....	20,133,970.00	34,925,936.00	55,059,906.00
1942.....	20,828,581.00	36,132,609.00	56,962,190.00
1943.....	1,568,923,744.00	2,721,356,287.00	4,290,280,031.00
Total payments.....	1,920,389,465.00	3,330,975,442.00	5,251,364,907.00

TABLE III.—Total cost if 80 per cent of the veterans should take the cash payment plan and 20 per cent the certificate plan; assuming that one-third of those entitled borrow from the Government on their certificates, with a repayment of the loans in 10 equal annual installments, covering principal and interest.

	Cash payment plan.	Certificate plan.		Total.
		Loans less repayments.	Payments on account of deaths or maturity.	
Total number of veterans living Jan. 1, 1923.....	909,488	3,637,200		4,546,688
Total annual cost:				
1923.....	\$181,897,600		\$35,404,944	\$217,302,544
1924.....	120,002,820		35,453,954	155,456,774
1925.....	7,108,540	\$51,450,688	35,549,437	94,108,665
1926.....	600,000	33,926,176	35,702,240	70,228,416
1927.....		23,594,536	35,847,155	59,441,691
1928.....		60,246,715	35,998,832	96,245,547
1929.....		46,058,994	36,189,400	82,248,394
1930.....		23,857,722	36,484,279	60,042,001
1931.....		10,085,410	36,823,963	46,909,373
1932.....		3,257,710	37,175,762	33,918,062
1933.....		6,961,619	37,618,530	30,656,917
1934.....		15,800,210	38,052,159	22,251,949
1935.....		35,017,096	38,592,387	3,575,291
1936.....		41,901,546	39,210,366	2,691,180
1937.....		44,228,208	39,923,389	4,304,819
1938.....		55,928,558	40,713,310	18,235,248
1939.....		49,293,077	41,694,062	7,599,015
1940.....		40,221,725	42,768,046	2,546,321
1941.....		32,548,966	44,047,925	11,498,959
1942.....		26,244,533	45,569,752	19,325,219
1943.....		20,463,424	3,404,185,920	3,383,692,496
Total.....	309,608,960	—126,276,163	4,173,006,818	4,356,338,615

<sup>1</sup> \$28,038,130 principal due after Jan. 1, 1943. This amount is deducted from the payments on maturity of certificates.

## SOLDIER BONUS.

TABLE IV.—Total cost if one-third of the veterans (say 1,515,688) take the cash payment plan and the other two-thirds (say 3,031,000) the certificate plan; assuming that one-third of those entitled (say 1,010,333) borrow upon their certificates, with a repayment of the loans in 10 equal annual installments, covering principal and interest.

	Cash payment plan.	Certificate plan.		Total.
		Loans less repayments.	Payments on account of deaths or maturity.	
Total number of veterans living Jan. 1, 1923.....	1,515,688	3,031,000		4,546,688
Total annual cost:				
1923.....	\$303,137,600		\$29,504,120	\$332,641,720
1924.....	200,021,200		29,544,961	229,566,161
1925.....	11,848,545	\$42,875,573	29,624,531	84,348,649
1926.....	1,000,085	28,271,813	29,751,867	59,023,765
1927.....		19,062,113	29,872,029	49,534,742
1928.....		50,205,596	29,999,027	80,204,623
1929.....		38,382,495	30,157,833	68,540,328
1930.....		19,631,435	30,403,565	50,035,000
1931.....		8,412,841	30,686,636	39,099,477
1932.....		— 2,714,759	30,979,801	28,265,042
1933.....		— 5,801,349	31,348,780	25,547,431
1934.....		— 13,166,841	31,710,132	18,543,291
1935.....		— 29,180,913	32,160,323	— 2,979,410
1936.....		— 34,917,055	32,675,305	— 2,242,650
1937.....		+ 36,856,840	33,269,491	— 3,587,349
1938.....		— 49,115,405	33,927,759	— 15,187,706
1939.....		— 41,077,564	34,745,062	— 6,332,512
1940.....		— 33,518,104	35,640,039	2,121,935
1941.....		— 27,373,915	36,706,604	9,332,689
1942.....		— 21,870,444	37,974,793	16,104,349
1943.....		— 17,077,853	<sup>1</sup> 2,836,821,600	2,819,743,747
Total.....	516,007,430	—105,230,136	3,477,504,848	3,888,282,142

<sup>1</sup> On Jan. 1, 1923, \$23,365,108 is owing on loans. This amount is deducted from the payments on maturity of certificates.

TABLE V.—Total cost if one-half the veterans take the cash payment plan and one-half the certificate plan, assuming that one-third of those entitled, borrow upon their certificates, with a repayment of the loans in 10 equal annual installments, covering principal and interest.

	Cash payment plan.	Certificate plan.		Total.
		Loans less repayments.	Payments on account of death or maturity.	
Total number of veterans living Jan. 1, 1923.....	2,273,344	2,273,344		4,546,688
Total annual cost:				
1923.....	\$454,668,800		\$22,123,060	\$476,796,860
1924.....	300,007,051		22,168,721	322,165,772
1925.....	17,771,346	\$32,156,680	22,218,398	72,146,424
1926.....	1,500,000	21,203,860	22,313,900	45,017,760
1927.....		14,746,585	22,404,472	37,151,057
1928.....		37,654,197	22,499,270	60,153,467
1929.....		28,786,871	22,618,375	51,405,246
1930.....		14,723,576	22,802,674	37,526,250
1931.....		6,809,631	23,014,977	29,324,608
1932.....		— 2,036,069	23,234,851	21,198,782
1933.....		— 4,351,012	23,511,585	19,160,573
1934.....		— 9,875,131	23,782,599	13,907,468
1935.....		— 21,885,685	24,120,242	2,234,557
1936.....		— 26,188,466	24,506,479	— 1,681,987
1937.....		— 27,642,630	24,952,118	— 2,690,512
1938.....		— 30,836,509	25,445,819	— 11,390,780
1939.....		— 30,808,173	26,058,789	— 4,749,384
1940.....		— 25,138,578	26,730,029	1,591,451
1941.....		— 20,630,436	27,529,953	6,899,517
1942.....		— 16,402,833	28,481,095	12,078,262
1943.....		— 12,808,390	<sup>1</sup> 2,127,616,200	2,114,807,810
Total.....	773,947,197	—78,922,602	2,608,128,636	3,303,153,231

<sup>1</sup> \$17,523,831 of principal due after Jan. 1, 1943. This amount is deducted from the payments on maturity of certificates.

TABLE A.—Illustrating the loanable features of the certificate plan, assuming that the loans are made for a period of 10 years; the principal and interest at 4½ per cent to be repaid in 10 equal annual installments.

Year.	50 per cent choosing certificate plan; one-third borrowing.			20-80 per cent plan.			One-third-two-third plan.		
	Number of loans.	Amount loaned.	Repayments.	Number of loans.	Amount loaned.	Repayments.	Number of loans.	Amount loaned.	Repayments.
1926	95,760	\$32,155,680	.....	153,200	\$51,450,648	.....	127,667	\$42,875,573	.....
1928	72,000	25,208,400	94,064,540	115,200	40,429,440	96,503,264	98,000	33,001,200	95,419,392
1927	60,000	22,005,000	7,258,415	96,000	35,208,000	11,613,494	80,000	29,340,000	9,677,887
1929	140,000	47,694,000	10,030,803	160,000	76,310,400	18,068,085	133,383	63,692,000	18,386,404
1930	90,000	44,555,100	18,038,229	144,000	71,768,160	28,709,187	120,000	59,806,800	21,428,305
1931	70,000	36,457,400	21,733,824	112,000	58,331,840	34,774,118	93,333	49,609,867	28,978,432
1932	60,000	32,658,600	30,345,896	96,000	52,248,960	42,153,576	80,000	43,540,800	35,127,955
1933	50,000	28,437,600	30,473,689	80,000	45,808,000	48,757,710	66,947	37,916,667	40,631,425
1934	40,000	24,717,000	34,068,012	64,000	37,847,200	54,808,810	52,686	32,622,666	45,424,016
1935	45,000	27,949,050	37,824,181	72,000	44,718,480	60,518,690	60,000	37,266,400	50,423,241
1936	30,000	19,471,200	41,356,885	48,000	31,153,920	61,171,010	40,000	25,916,000	55,142,512
1937	20,000	13,565,000	39,753,468	32,000	21,704,000	63,706,548	26,667	18,046,867	63,004,621
1938	15,000	10,631,550	38,274,180	24,000	17,010,480	61,240,682	20,000	14,175,400	61,082,240
1939	.....	.....	36,630,599	.....	.....	58,038,558	.....	.....	49,117,465
1940	.....	.....	30,408,173	.....	.....	49,298,077	.....	.....	41,077,664
1941	.....	.....	25,138,578	.....	.....	30,221,725	.....	.....	33,519,104
1942	.....	.....	20,530,434	.....	.....	22,848,698	.....	.....	27,373,915
1943	.....	.....	16,402,833	.....	.....	26,244,551	.....	.....	21,870,444
1944	.....	.....	12,808,300	.....	.....	20,498,424	.....	.....	17,077,553
<b>Total</b>	<b>797,766</b>	<b>\$70,863,480</b>	<b>.....</b>	<b>1,212,400</b>	<b>\$393,381,568</b>	<b>.....</b>	<b>1,010,333</b>	<b>\$349,484,640</b>	<b>.....</b>

NOTE.—An annual payment for 10 years of 12.6398 cents will liquidate a debt of \$1, principal and interest, at the rate of 4½ per cent per annum.

A condensation of the facts presented in the tables shows:

Total number in service in Army	4,262,105
Total man-days service from Apr. 5, 1917, to July 1, 1919	1,427,826,000
Average days' service per man	334.89
Total number overseas force in Army	2,022,635
Total man-days service overseas from Apr. 5, 1917, to July 1, 1919	709,740,000
Average days' service per man overseas	350.90
Total number exclusively in home-service force	2,239,470
Total man-days home service from Apr. 5, 1917, to July 1, 1919	717,585,000
Average days' service per man, home service, less 60 days to be deducted first from home service	260.42
<b>Number of deaths in service overseas</b>	<b>80,686</b>
<b>Number of deaths, home service</b>	<b>34,617</b>
<b>Total deaths in service</b>	<b>115,282</b>
<b>Number of officers above rank of captain in overseas force (estimated)</b>	<b>7,000</b>
<b>Number of officers above rank of captain in home service (estimated)</b>	<b>7,500</b>
<b>Total number of officers above rank of captain</b>	<b>14,500</b>
<b>Total number of deaths in Army from July 1, 1919, to Jan. 1, 1923 (estimated)</b>	<b>117,586</b>
<b>Number in Army entitled to benefits Jan. 1, 1923</b>	<b>4,014,767</b>
<b>Total number in service in Navy</b>	<b>551,738</b>
<b>Deaths in service:</b>	
Enlisted men	2,341
Officers above rank of lieutenant (estimated)	1,895
<b>Total</b>	<b>4,236</b>

Number entitled to benefits of this bill July 1, 1919.....	547,500
Deaths between July 1, 1919, and Jan. 1, 1923.....	15,579
<hr/>	
Number entitled to benefits Jan. 1, 1923.....	531,921
Overseas force (estimated).....	500,000
Home force (estimated).....	47,500
Average length of service (days).....	325
Less 60 days deducted (days).....	265
Total number Army and Navy entitled to benefits Jan. 1, 1923.....	4,546,688

The cost tables show as follows:

1. On the basis that every veteran should accept the cash plan:

Total cost.....	\$1,547,904,395
To be appropriated for in—	
1923.....	909,337,600
1924.....	600,014,102
1925.....	38,552,693

2. On the basis that every veteran should accept the certificate plan, with no borrowings, and making allowance for annual payments on account of deaths:

Total amounts in 1943 would aggregate.....	\$5,251,364,907
To be appropriated for in 1923.....	44,256,180
This sum increases yearly up to 1942, when the amount required would be.....	56,962,190
Leaving all the balance to be paid in a single payment, due in 1943, of.....	4,290,280,031

But, as suggested, these two tables do not indicate what, in fact, will be the operation of the law, but are given to show possible minimum and maximum costs and place a limit upon extreme calculations.

3. On the basis that 20 per cent of the veterans should accept the cash payment plan and 80 per cent the certificate plan, and assuming that one-third of those entitled borrow on their certificates the full amount they are entitled to borrow and making allowance for repayments, and also for deaths, the total amount in 1943 would aggregate \$4,356,338,615.

The yearly payments, however, would be:

1923.....	\$217,302,544
1924.....	155,456,774
1925.....	94,108,665
1926.....	70,228,416
1927.....	59,441,691

After 1927 the annual payments would decrease on account of repayment of borrowings until 1936, when the repayments on account of loans would be more than sufficient to meet the payments on account of deaths and loans. This would continue until 1940, when the excess of payments on account of deaths would amount to \$2,543,321. These payments would increase until in 1942 they would amount to \$19,325,219. The final payment on account of maturity in 1943 would amount to \$3,383,692,496.

4. On the basis that one-third of the veterans would accept the cash payment plan and two-thirds the certificate plan, making the same allowance as in previous tables, the entire cost up to and including 1943 would be \$3,888,282,142.

The yearly payments would be as follows:

1923.....	\$332,641,720
1924.....	229,506,161
1925.....	84,348,649

From 1925 the amounts will decrease until 1935 when there would be no cost until 1939, four years, during which period the repayments would exceed the amounts necessary to meet the obligation. There would be a balance due at the maturity of the certificates in 1943 of \$2,819,743,747.

5. On the basis that 50 per cent of the veterans take the cash payment plan and 50 per cent the certificate plan, making the same allowance as in the previous tables, the entire cost up to and including 1943 would be \$3,303,153,231.

The yearly payments would be as follows:

1923.....	\$476,796,890
1924.....	322,165,772
1925.....	72,146,424

These yearly amounts then decrease each year to 1926. Then there would be an excess of repayments of loans over payments on account of loans and deaths for the four years, 1936, 1937, 1938, and 1939, of over \$20,000,000. A final payment upon the matured certificates would be due in 1943 of \$2,114,807,810.

It will thus be seen that while this bill provides for a very large sum, when distributed over the 20 years, under any reasonable estimate of the proportionate number that will apply for each plan, the yearly cost will not be burdensome. And if, as suggested in the report, the debts due this country from our war associates should be funded into long-time interest-bearing bonds, the interest thereon will far more than take care of the obligations created by the bill without any increase whatever in our taxes.





# Calendar No. 788.

66th Congress, }  
3d Session. }

SENATE.

{ REPT. 821,  
Part 2. }

## SOLDIER BONUS.

FEBRUARY 24 (calendar day, MARCH 1), 1921.—Ordered to be printed.

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

### MINORITY REPORT.

[To accompany H. R. 14157]

The short interval between the presentation of the majority report accompanying this bill compels me to submit an outline of my objections to it before the majority report has been received from the printer. Any reference to that report or comment upon it is therefore impossible.

The report of the chairman of the Committee on Ways and Means of the House upon this bill gives a very clear outline of its principal features and I shall therefore avail myself of some of its recitals. Mr. Fordney informs the House that the bill recommended was prepared by the committee after earnest study and consideration of evidence presented. It proposes to permit the veteran to elect to receive the benefits of any one of five alternative plans of compensation. These plans are:

1. To receive "adjusted service pay," as provided in title 2.
2. To receive an "adjusted service certificate," as provided in title 3.
3. To receive "vocational training aid," as provided in title 4.
4. To receive "farm or home aid," as provided in title 5.
5. To receive "land-settlement aid," as provided in title 6.

The House report then proceeds to a consideration of these five titles in extenso. It also informs us that \$1,250,000,000 is the approximate amount required for carrying out the provisions of the bill.

In the minority report submitted to the House, estimates of money needed are considerably in excess of Mr. Fordney's estimate and fix the amount in excess of three thousand billions of dollars. The minority report also informs us that the war has burdened every congressional district in the Union with a mortgage of \$40,000,000, exclusive of the billion required to finance the railroads in the imme-

diate future, and the amount needed in the next three years to pay certificates and short-term loans. I am unable to give the details of any estimate of my own but I feel very sure that if the bill becomes a law its ultimate cost to the taxpayers of the United States will be considerably in excess of the minority estimate and in all probability will exceed \$3,500,000,000.

The term "veteran" is defined in the bill as including any individual a member of the military or naval forces of the United States at any time after April 5, 1917, and before November 12, 1918, exclusive of those separated from such forces under other than honorable conditions, conscientious objectors performing no military duty or refusing to wear the uniform, and aliens at any time during such period or thereafter discharged on account of such alienage. These exclusions are of nominal importance, and it may safely be assumed that the benefits of the bill will apply to more than 4,000,000 men but equally divided between those serving overseas and those remaining at home.

The basis of compensation fixed by the bill is \$1.25 for each day of overseas service not to exceed \$625, and \$1 for each day of home service not to exceed \$500. A simple calculation fixes the approximate aggregate to overseas men at \$1,250,000,000, and those serving at home at \$1,000,000,000, or a total of \$2,250,000,000. The history of our pension laws justifies the assertion that these classes will receive considerable accretions through suspension of exemptions on the one hand and special bills for the benefit of applicants on the other. This, together with the cost of administration, will swell the total to considerably more than the amounts above recited.

The alternate plans of compensation are, to my mind, comparatively unimportant. If resorted to in considerable numbers, they may be fruitful of much greater expenditure than the amounts named in the bill. Its advocates are stimulated by the opportunity for securing ready money from a Government whose representatives are not only ready but seemingly eager to respond to their demands. Hence, it may be safely assumed that the great majority of the beneficiaries of the bill will elect to receive the adjusted service pay as provided in title 2. The administration of the four remaining plans and particularly the last two will prove expensive, complicated, and in all probability quite as unsatisfactory as the attempted vocational training of disabled soldiers up to this time.

Titles 5 and 6 will in the end cost the Government very much more than the maximum compensation if they are administered as such schemes are liable to be administered by Federal bureaus. This is particularly true of title 6, under which provision is made for homes for veterans upon lands reclaimed by irrigation, drainage, "or other means," the amount to be applied as first payment on the land selected. A board of five members with an aggregate annual salary of \$30,000, and including the Secretary of the Interior, is to be created and charged with the work of reclaiming the desired lands. This board must select "one or more projects" in every State where feasible projects may be found. The approving signature of the President will be hardly dry upon the parchment before projects in ever increasing number will be organized or promoted in every State in the Union, and thrown at the heads of the board with ample political



backing in every instance. It may be safely asserted that the governors of the States or their representatives, and doubtless the appraisers of the Federal Farm Loan Board will readily approve these projects since their acceptance will mean the local expenditure of Federal money upon them when thus approved. The added approval of the board itself is in my judgment the only check upon the development of those schemes into proportions whose limitations will be measured only by the owners of the projects and their ability to secure favorable consideration. I know of no pork-barrel scheme more alluring and fraught with more extravagances and reckless expenditures than this. The local camps or posts of the American Legion will be in evidence behind many of them and a carnival of appropriations will follow in their train. The spectacle of many such projects in every State in the Union and administered by a board in the city of Washington at once suggests a new army of Federal employees, who, like their predecessors, will take good care that their jobs be made permanent and as expensive as their organizations can make them. My experience in Congress justifies the prediction that whatever they demand they will get so long as the Treasury contains any moneys for the purpose.

The Congress has recently made commendable appropriations for securing and constructing hospitals for disabled ex-service men. The bills appropriating this fund contain provisions for the location of hospitals at certain designated places in the country which may or may not be desirable for the purpose. That, however, has become a secondary consideration; the investment and expenditure of the money as dictated by the Congress has been the controlling one. I might if time permitted elaborate upon this subject but it is perhaps unnecessary. I think it is, however, perfectly safe to say that the land settlement scheme, plus the farm or home aid scheme, will cost the Government quite as much in the next 10 or 15 years as will the cash payments to those demanding adjusted service pay.

The House bill makes provision in title 7 for a series of what it is pleased to term "victory taxes." Doubtless the qualifying adjective will ameliorate the additional burden to be imposed upon the taxpayers of America. They have responded with three "Liberty loans," one "Victory loan," and a large and promiscuous assortment of taxes, victory and otherwise, ever since the war began. These proposed taxes summarized consist of an additional surtax on incomes retroactive as to 1920 and graduated from 1 to 3 per cent in addition to those already borne. A stock and bond tax is also provided for, which the House report declares to be a tax equivalent to one-fifth of 1 per cent on sales of stocks and bonds. Provision is also made for a produce exchange tax to be levied upon each agreement to sell products of any merchandise under the rules of any exchange. Also a real estate tax, which the House report estimates as equivalent to one-half of 1 per cent on sales. To this is added an additional tax on cigars, tobacco, and the manufactures thereof equivalent to 15 per cent above the existing tax on cigars and tobacco and 25 per cent over the existing tax on cigarettes. This pyramid is capped by an excise tax on stock dividends subsequent to March 15, 1920, equivalent to 10 per cent of its value.

It is unnecessary to have discuss the legality of the last-mentioned tax, in view of the recent decisions of the Supreme Court. The seriousness of the proposition is that it adds to the overburdening taxes of the present a supertax upon some of our most important and nation-wide activities, which it is claimed will in three years yield an approximate revenue of \$1,276,500,000, not to secure money for public administration, but to realize a fund which extracted from the pockets of one class of our citizens is to be directly transferred to the pockets of another class. The Senate committee, excepting myself, although unanimous in reporting out the bill, shrank from the responsibility of recommending this or any specific form of tax. It therefore struck title 7 from the bill, and having thus mutilated it have favorably reported what remains to the Senate.

The Washington Post of the 28th of February very properly characterized the passage of the bill as amounting "to the execution of a promissory note to the former service men on the part of the Government, pledging payment of the bonus in the future." It might well have added that the promissory note, like the German indemnity, is indefinite in amount and will be filled both as to time and quantity as the cupidity of the beneficiaries and the political ambitions of Senators and Representatives may determine. The Post further declares that "probably no precedent for this proposed extraordinary procedure could be found in all the annals of Congress."

I think no precedent can be found for it in the legislative record of any civilized country in the world of absolute despotisms, except when the edict of the ruler constituted the supreme law. This legislation, unjust, expensive, burdensome, and unprecedented, is nevertheless advocated by an unquestioned majority of the Congress, without regard to party, and will in all probability be enacted into law by the next Congress either in its present or some equally obnoxious form. The theory, if it may be so called, upon which this legislation rests is, first, the Government has made no proper provision for its soldiers of the recent war and, second, that they are entitled, as a matter of right, to compensation for their services over and above the statutory pay and emoluments of a soldier. Both these assumptions are unfounded.

First. At the outbreak of the war or shortly afterwards the pay of the American soldier was increased to \$30 per month, with an allowance for the support of those dependent upon him. Every additional provision was made as far as possible for his well-being. He was better clothed and better fed; had better hospital facilities than any soldier of any country in the world at any time. Ample arrangements were made for his well-being and entertainment during his period of service. Four or five great volunteer organizations, richly endowed with unlimited contributions from a patriotic public, established themselves in their camps at home and accompanied them across the seas. They were constantly devoted to the moral, spiritual, and physical welfare of the boy in khaki, and performed their mission, generally speaking, with the highest credit to themselves and for the good of the soldier. The declaration of war had hardly been made when the War Risk Bureau was created. Its proponents declared its purpose to be to substitute the principle of insurance for that of the pension, and I am within bounds in stating that the appropriation of the Congress to the War Risk Bureau, amounting literally to

hundreds upon hundreds of millions of dollars, is without precedent in the annals of warfare. Some of us predicted that its establishment as a substitute for pensions would prove illusory, and that it would ultimately be a supplement to that system. The prediction is being verified, even at this early period after the armistice. Vocational education and care for the disabled have had the serious consideration and the generous support of the Congress for the last two years. The Nation owes a debt to those suffering from disabilities as a result of the war, and will discharge it faithfully, provided its resources are not exhausted by such assaults upon its Treasury as the bill under consideration. It has become a common habit in the Congress to denounce the Government for its neglect of its soldiers. This, however, is designed for outside consumption, and to secure a political sympathy if not the support of the ex-service man. The fact that the two parties compete with each other with this disingenuous rivalry means, and ought to mean, that neither will politically profit thereby.

Second, It is not true that the Government of the United States is under any obligation whatever to the citizen who in the performance of his duty has worn the uniform of his country and returned to public life unscathed and uninjured. On the contrary, this duty is the corollary of citizenship, and the man who in performing it expects or demands money compensation from his Government therefore degrades American citizenship and would substitute a régime of contract for a régime of highest forms of civic duty. Patriotism, devotion to free institutions, and a decent regard for the obligation of free citizenship are degraded and disgraced whenever the soldier citizen becomes a mercenary and either expects or demands that his Government should measure his services in terms of money. Unfortunately, this view has been entertained for many years and is encouraged by every Member of Congress who places his desire to comply with an organized propaganda above his own obligation to the Government which he serves. The American Expeditionary Forces and the soldier unable to cross the seas are in some measure to be excused for this early exhibition of a desire to plunder the Treasury of his country, because he has before him the example of other soldiers of other wars. These by demanding and securing pension laws universally applicable to those who fought and those who did not have since 1834 drawn from their Government the stupendous sum of \$5,634,079,694.23. The soldiers, the soldiers' widows and dependents of the Grand Army of the Republic, 56 years after the surrender at Appomattox, are drawing \$265,000,000 per annum from the Treasury. It is not surprising that the youths of 1918-19, with this sordid example before them and with the encouragement of politicians of both parties, should demand the stupendous total of three and one-half billions of dollars bonus for serving the country.

And this is but one of other demands which will inevitable follow. Upon the close of the war the Congress quickly appropriated a bonus of \$60 for each soldier. This total of \$240,000,000 was at once absorbed. At that time I declared in the Senate that it would be a precedent for other and further and never-ending demands. The second is before us. When that fund shall have been exhausted another and perhaps a greater one will be demanded and complacent Congressmen will not only grant, but champion the demand. The

end of it must be indifference to governmental duties and responsibilities, on the one hand, and bankruptcy on the other. Indeed it is not too extravagant to assert that if the American Nation has been preserved from German aggression only to loose the flood-gates of its Treasury upon its returning soldiery, it is a serious question whether it is worth while to safeguard a country from its enemies only to be plundered by its own citizens.

The constant demands of all sorts and conditions of men and enterprises and localities upon the National Treasury indicate that our people, the soldiers included, recognize no obligation from themselves to the Government, but insist that the contrary is the fact. Judged by their conduct, the Government owes its citizens everything it possesses and more, while the citizen, on the other hand, owes it practically nothing. It is not, therefore, surprising that the assertion of rights constitutes the clamor of the multitude, and the recognition of obligations has become obsolescent and no longer regarded or recognized.

Apart from the considerations already expressed are some of an equally serious and more practical character. I have only time to outline them.

First. The country is in no condition to submit to the stupendous added burden which this bill imposes upon its resources and its enterprises. We must give to the Government of our substance not less than five billions annually for an indefinite period. Even then, due to the reckless extravagance of Congress and the equally reckless demands of our constituencies for money, we are and will continue to be confronted with deficits which must be met by additional sources of taxation. I care not how ingeniously the committee proposes to distribute this burden, it is a burden just the same. Its outrageous injustice should of itself defeat the bill. Unhappily those who dispense the national treasure and those who enjoy its dispensations are, generally speaking, not those who supply it.

Second. If it be true that the power of taxation can only be exercised to secure revenue for public purposes, what shall we say of a measure especially designed to take the property of one private citizen and give it to another private citizen—for that is what this bill does. I know of no reason why civil-service employees have not the same right to demand bonuses by specific forms of taxation or why the adherents of the two great political parties should not be equally the objects of congressional solicitude. It is true that we have long ago departed from the doctrine of taxation for public purposes and we now seem to be on the threshold of the precipice where one man's money can be taken directly from him by his Government and bestowed upon his neighbor.

Third. How can these added billions be wrung from a tax-burdened nation? It is easy to lead a horse to water, but said to be sometimes difficult to make him drink. There may be such a thing in this country as a taxpayer's strike. In my judgment, the sooner it comes the better. The taxpayer has been robbed with continued impunity. He may have voiced his anguish occasionally, but thus far he has suffered in silence. This has doubtless encouraged those in office who do not hesitate to secure political advantage by an indiscriminate use of the public funds, but if the taxpayer does not resist he may and doubtless will become insolvent. I do not believe this way is far dis-

tant if Congress continues its reckless and profligate expenditure of the public treasure. When that day comes a seat in the Senate or House will not be worth holding.

In conclusion, I do not hesitate to affirm that this bill is sordid and mercenary, humiliating, outrageous, and illegal. It subordinates duty to the sordid and degrading influences of pelf and profit, makes the Army an agency for the extortion of money from the citizen, and places the republican soldier upon a level with the mercenary soldier of fortune or adventure who acknowledges no country and depends upon fighting for his livelihood.

Second. The one encouraging feature of the situation is presented by that splendid segment of the late American Army which disdains to ask for bonuses and compensation, which has repudiated this and all similar measures, and which contains within itself that old and splendid Americanism which recognizes service to country as the highest and supreme duty of the citizen. The hearings are filled with these protests from fine Americans whose attitude encourages us all to hope that the sober second thought of the young men who served their country so well will cause them to realize the unjust and unfounded nature, as well as the certain consequences, of the monstrous demand embodied in this bill.

Third. The beneficiaries of this stupendous raid upon the Treasury very naturally conclude that the money will come from other pockets than their own. But this is only partially true since it will be passed on to the consumers of whom the American Legion forms a conspicuous part. They are in reality placing a burden upon themselves and their families, and the profiteer will in the end suffer quite as little as any of our classes. Moreover the collateral injury must also be reckoned in millions of dollars, for the immediate and doubtless the permanent effect of the passage of this bill will be a serious fall in the market value of Government securities, Liberties, Victories, and otherwise. This will penalize those who invested in bond issues. Which added to their new tax burdens, will not tend to enlarge their devotion to the country.

C. S. THOMAS.

WASHINGTON, *March 1, 1921.*

