

# **SOLDIERS' ADJUSTED COMPENSATION**

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## **HEARINGS**

**BEFORE A**

### **SUBCOMMITTEE OF THE COMMITTEE ON FINANCE UNITED STATES SENATE**

**SIXTY-SEVENTH CONGRESS  
FIRST SESSION**

**ON**

## **S. 506**

**A BILL TO PROVIDE ADJUSTED COMPENSATION FOR VETERANS  
OF THE WORLD WAR, AND FOR OTHER PURPOSES.**

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**JUNE 2, 1921**

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**Printed for the use of the Committee on Finance**



**WASHINGTON  
GOVERNMENT PRINTING OFFICE  
1921**

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**HOWARD SUTHERLAND.**

**DAVID I. WALSH.**

# SOLDIERS' ADJUSTED COMPENSATION.

THURSDAY, JUNE 2, 1921.

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

The subcommittee met, pursuant to call, at 10.30 o'clock a. m., in room 312, Senate Office Building, Hon. Porter J. McCumber presiding.

Present: Senators McCumber (chairman), Sutherland, and Walsh.

Present also: National Commander F. W. Galbraith, jr.; Mr. Gilbert Bettman, chairman of the national legislative committee; and John Thomas Taylor, vice chairman national legislative committee, American Legion.

Senator McCUMBER. I thought it best, Senators, to make a very short explanation of my own as to the changes that have been made in the bill as it passed the House in May of 1920.

This bill in form is substantially the same as the bill which passed the House last May. It differs in form in two respects only.

First. Payments under Title II—the cash plan—to not begin prior to July 1, 1922.

Second. The elaborate reclamation project contained in the bill as it passed the House has been omitted entirely and in its place is submitted a new title, Title VI, which gives the soldier a preference right on the opening of public or Indian lands and also on all reclamation projects now in existence or hereafter established.

There were, to my mind, serious objections to the old Title VI:

First. It obligated the Government to enter upon a new and additional scheme of reclamation.

Second. It provided an entirely new Bureau of Reclamation.

Third. There was no limitation to the cost to the Government.

Fourth. There was no limitation of law in which the project must be completed to give the soldier the advantage of it.

Fifth. It might be 5 or it might be 10 years before the soldier would know what he was to secure under any reclamation project.

Sixth. He would be compelled to make his choice without knowing what that choice might bring him.

Everything that the soldier might gain under the old Title VI is preserved by giving him a preference right in any public lands open or to be opened to settlement, or any reclamation project now in existence or which may hereafter be established, without involving the country in some new project with its endless uncertainties.

By act of Congress, at the time of the discharge of our soldiers, they were each given two months' extra pay, or \$60. Therefore, in the old bill, as in this one, 60 days are deducted from the service of each soldier and sailor at home or abroad. If he had service both at home and abroad, the 60 days are first deducted from his home service.

The bill then gives \$1 per day for each day's service in the United States and \$1.25 per day for each day's service abroad, exclusive of the said 60 days.

This is the cash plan provided in Title II, and is called "Adjusted service pay."

The cash payment, if \$500 or over, is to be paid in 10 quarterly installments. If less than \$500, it is to be paid in quarterly installments of \$50.

Title III, "Adjusted service certificates," allows the veteran, at his option, to take insurance, payable at the end of 20 years. If he chooses this insurance plan he will receive as the basis of his adjusted pay a sum 40 per cent greater than the cash plan, and this sum will bear interest at the rate of 4½ per cent per annum, compounded annually. In the event of his death prior to 20 years his estate or beneficiary will receive the amount of such adjusted pay with interest at 4½ per cent, compounded annually for 20 years.

The veteran can borrow against this insurance. If the loan is made between July 1, 1924, and July 1, 1927, he can borrow 90 per cent of the sum which would be due him at the time of borrowing; if made after July 1, 1927, he could borrow 80 per cent of the sum. On these borrowings he must pay 4½ per cent interest, the same as he is allowed by the Government.

Title IV, "Vocational training aid," authorizes the veteran to receive vocational training at the expense of the Government at an amount equal to his adjusted service pay plus 40 per cent.

Title V, "Farm or home aid," authorizes the veteran to receive from the Government the said adjusted service pay plus an additional 40 per cent, to be applied toward the purchase price of such home or farm.

Title VI has already been explained.

On the basis that every veteran would accept the cash plan, the total cost would be \$1,560,166,330; the 1922 appropriation would be \$456,571,800; the 1923 appropriation would be \$475,124,000; the 1924 appropriation would be \$276,937,900.

On the basis that every veteran should accept the certificate plan with no borrowings, making allowance for annual payments on account of deaths, the total amount to be appropriated would be as follows:

Up to 1942, aggregate, \$5,273,345,563; 1922 appropriation, \$21,980,650. This sum increases yearly until 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.

On the basis that 20 per cent of the veterans should accept the cash 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 of, in 1942, would aggregate \$4,356,338,615.

The yearly payments would be: For 1922, \$108,878,900; 1923, \$200,737,944; 1924, \$118,453,954; 1925, \$79,386,725; 1926, \$69,628,416.

After 1927 the annual payments would decrease on account of the 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 yearly until in 1942 when they would amount to \$19,325,919. The final payments on account of maturity in 1942 would amount to \$3,324,692,496.

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 1942 would be \$3,808,282,142.

The yearly payments would be as follows: For 1922, \$160,471,900; 1923, \$336,304,120; 1924, \$113,073,061.

From 1924 the amount would 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 1942 of \$2,819,743,747.

On the basis that 50 per cent of the veterans should take the cash plan and 50 per cent the certificate plan, and making the same allowance as in previous tables, the entire cost up to and including 1942 would be \$3,303,153,231.

The yearly payments would be as follows: For 1922, \$239,276,000; 1923, \$478,611,255; 1924, \$133,472,721.

These figures which I have given you are made by the actuary of the Treasury Department, Mr. McCoy, and are a correction of the figures that were given in the report last winter, which correction was necessary due to the expiration of the time since then when there would be a certain number of deaths, etc., which would necessitate a revision of the entire sets of figures, but I had him go over them the other day and revise the statements, and these are the figures which he gives me.

We have already had hearings upon the soldiers' adjusted compensation bill. I do not think there is any point that we did not go over practically in our last hearings, but I asked these gentlemen representing the veterans of the last war to be present this morning and to give to the subcommittee any additional statements they had to make on the subject, and I especially desired their presence, for the reason that I had taken it upon myself, after consulting with the Secretary of the Interior, Mr. Fall, who advised that this matter of the reclamation project be cut out, and that we give the soldier the preference right in any reclamation project that might be entered into by the United States; in other words, the first choice to make his selection.

Senator WALSH. But on the same financial basis?

Senator McCUMBER. Upon exactly the same financial basis. You will observe that I only made my calculations on the matter of cash and insurance, but the other propositions are equivalent to cash, because, take the same amount that will be due with 40 per cent added and simply apply it on the farm, home, or training—

Senator WALSH (interposing). Do you not think the largest percentage will be for a cash payment?

**Senator McCUMBER.** On the contrary, I think that very much the larger percentage will be on the insurance basis. Naturally, when the matter is first agitated, and notice given that a bonus will be given and that it will be either cash deferred payments, the first impulse, of course, would be to take the cash. But when the soldier learns, as he will learn, after this becomes a law, through the activities of his organization, that it is for his very best interests to take the insurance plan, from a financial standpoint, I am certain that at least 80 per cent will take it.

I will explain that to you, Senator: We will suppose that a soldier is entitled to \$400 on a cash payment basis. That \$400 would be paid over the two years at \$50 quarterly. So he could get but \$50 each quarter under the cash plan.

Suppose he takes the insurance plan. He will get \$400 plus his 40 per cent, or \$560, which, you see, would be due him at the end of the two years or the three years; he can then draw 90 per cent of that, or \$504, in one sum.

So that by waiting a very little longer he can receive a greater cash payment and will at the same time be carrying his insurance right along. I believe that that will be most fully explained, and I am quite certain that when the soldier understands that, unless he is very much pressed for money, that fully 80 per cent will take the insurance plan.

**Senator SUTHERLAND.** In the event of his death his family or heirs would receive it?

**Senator McCUMBER.** Yes; of whoever he devises it to will receive it

**Senator SUTHERLAND.** All benefits?

**Senator McCUMBER.** Yes; that is, of what is due at that time.

The committee will now be pleased to hear Mr. Taylor.

**STATEMENT OF MR. JOHN THOMAS TAYLOR, VICE CHAIRMAN  
NATIONAL LEGISLATIVE COMMITTEE, AMERICAN LEGION,  
WOODWARD BUILDING, WASHINGTON, D. C.**

**Mr. TAYLOR.** Mr. Chairman, we appreciate this early opportunity to appear before your committee on the adjusted compensation bill, and there are just two observations I should like to make before calling on the national commander and the chairman of the national legislative committee. One of them is in reference to the misnomer of the bill being called the "bonus bill." It is through that misnomer that the wrong impression has gotten, first, to Congress and, second, to the public generally. "Bonus" really means an increased compensation for some service already performed.

**Senator McCUMBER.** More than that, it means a gift.

**Senator WALSH.** The Latin word "bonus" means good—bonus for a good man. "Bonus" really means, in American slang, "something to the good."

**Mr. TAYLOR.** Yes; it does; and that has never been and is not now in the minds of the members of the American Legion or any of the other veteran organizations. What they believe they are entitled to is an adjustment of their compensation due to the change in their economic condition as a result of the war and as a result of their participation in the war. This was, of course, all gone over very

carefully before the Ways and Means Committee of the House and the Senate Committee on Finance, and yet I feel that it can not be reiterated too frequently.

The average soldier at the time of the war, who left his then-existing circumstances, went away for what was conceded to be reasonable wages; he performed his duty to the best of his ability; he returned to this country and to his former occupation and found that those men who had remained home at their work had increased their advantages and increased their savings to a tremendous extent; and also—and most important—that the living conditions and costs had gone up so that he was discriminated against financially in his position. This adjusted compensation bill—

Senator McCUMBER (interposing). I think that you might also add there, "and had increased the public debt by reason of these excessive earnings to such an extent that he would be called upon, without the benefit of those earnings, to go so much deeper into his pocket."

Mr. TAYLOR. To bear his part of that burden?

Senator McCUMBER. Yes, sir.

Mr. TAYLOR. And this adjusted compensation bill is only to remedy that in part—because it could not be expected that it could be remedied in whole—and not only in the way of a cash payment, but more in the way of an opportunity, and that opportunity is really the thing in which the American Legion is most deeply interested. In other words, we are deeply interested in the productive features of this bill.

I am not going to stress that, because I want the national commander and the chairman of the legislative committee to dwell upon it.

We appreciate the fact that the Finance Committee and the Ways and Means Committee have both been very busily engaged with tariff legislation, and for that reason the American Legion has not up to this point stressed action on the adjusted compensation bill. We knew—we were confident that just as soon as the opportunity came to the committee it would be taken up and considered and that you would call upon us; we knew that—and for that reason we have not stressed it.

I just want to make this further observation: This legislation would have been most beneficial if it had been in effect immediately the men returned from the service. Then their financial condition was in a bad state; then they were ready to take advantage of the productive features of this legislation. Mr. Chairman, that situation exists to-day just about as bad as it was then. There were thousands of men, but there are hundreds of thousands of ex-service men in the United States to-day out of employment, and right now this legislation is vital; and if you could get it through in a reasonably short space of time the men are ready to take advantage of these productive features of the adjusted compensation bill.

Senator SUTHERLAND. Do you not think that there is some danger now that because of nonemployment their condition is such that they are more inclined to take the cash?

Mr. TAYLOR. Senator, it never has impressed me that the men would take cash, and Mr. Galbraith and Mr. Bettman will speak

upon that. The American Legion is within itself—we have said this before your committee—within itself pledged to work for the productive features of this bill. What we want here is help for the soldier; we want help for the ex-service man, and I need not tell you we know what will help him best, because we do know what will help him best. The other features of this bill have been made attractive for that reason, and just as soon as the likelihood of this thing going through appears we will be active; indeed, already we are getting in motion machinery to show to the men just what they should take.

As I said to Senator McCumber, when the matter was up before the Senate Finance Committee, the men who went into the Army were between the ages of 18 and 22 years. That was in 1917, four years ago. To-day they are between 22 and 26 and 27 years of age. It is just the period of a young man's life when they are getting married, when they are thinking about permanently establishing themselves on account of their recent experience. They know what it means to be disestablished.

When this adjusted service certificate—which is the insurance plan of this bill—is properly set forth to the ex-service men, and I have seen it with hundreds of them, these young men who have just married and who are starting out to make a home for themselves, when this possibility for their families is set forth to them, they think it over very seriously, and when they talk it over with their wives and mothers and fathers at home, they will see that here is something that has never been done before; here is insurance given to them. All they have to do is to leave it alone; that is all, just leave it there, not disturb it, and they have something for their family. When you put it up to these fellows, they know that; that gets under them. And the payment of the cash is made in such a way, as Senator McCumber has said, payments of \$50 in quarterly installments over a period of several year's time, that when the other features are shown to the men and the attractiveness is impressed upon them, we never hear any word about the cash; every one of them thinks about the other plans.

Senator SUTHERLAND. You have had experience with them in meetings?

Mr. TAYLOR. I shall leave that to be discussed by Mr. Galbraith and Mr. Bettman. With that short statement, Mr. Chairman, may I call upon Mr. Bettman, the chairman of our national legislative committee?

Senator McCUMBER. We will be glad to hear him.

#### **STATEMENT OF MR. GILBERT BETTMAN, CHAIRMAN NATIONAL LEGISLATIVE COMMITTEE, AMERICAN LEGION.**

Mr. BETTMAN. Gentlemen of the committee, the first thing I would like to take a moment of your time to impress upon you is that the attitude of the American Legion throughout has been what Senator Penrose said to us one day it had been—patriotic.

We have not come before the Senate Finance Committee or the House Ways and Means Committee with a spirit of presenting a cause just from the point of the cause. We tried to keep in mind the

welfare of the country. That has been the attitude of the American Legion throughout; and this provision which is now so deeply imbedded in this proposed law, the giving a greater payment to a man if he took it in the form of what we call the "productive channel" than if he took it in cash, originated in the beneficial legislation committee of the American Legion.

We presented that idea from the point of view of having this adjusted compensation used by the men productively, knowing that that was to the country's benefit just as well as to the men's benefit. So, I want to say that word, that our attitude throughout has been an attitude of trying to help the Congress of the United States in a way not only to discharge the obligations to the soldiers, but also in a way that would help the general public.

We did not initiate this legislation; we did not ask Congress for it. The first convention of the American Legion said that it would do nothing with regard to adjusted compensation; that it would leave that entirely to the sense of obligation and fairness of the Congress of the United States. That was in November of 1919, and thereafter, as you gentlemen will remember, there were bills pressed upon Congress—75 or 80 of them—all manner of soldier beneficial legislation, which bills were referred to the Ways and Means Committee of the House, and the Ways and Means Committee of the House then asked the American Legion to come and present to it the legion's ideas of what would best meet the needs of the soldiers, and also the needs of the country. Then our commander appointed this committee, called the "soldiers beneficial legislative committee"; and instead of presenting to the Congress of the United States generalizations we tried to get up a bill, and we got up that original bill, called the "fourfold optional plan," which had the home aid and the land project and the cash, but did not have the fifth plan which the Ways and Means Committee added, the adjusted service certificate or the insurance plan that found its origin in the action of the Ways and Means Committee.

So I want the committee to appreciate that first point—I hope you do appreciate that we are coming in the spirit of trying to solve a national problem rather than simply presenting the views of the soldier element.

Next, some attempt is being made, and I refer to some letter or report gotten out by the industrial conference board, that the legion and the soldiers are not a unit or are not unanimous in recommending the passage of this bill. The statement is that it is just a militant minority of the soldiers that is pressing this—

Senator McCUMBER (interposing). And some of them, you might add—I do not know whether you want to call them "suborganizations," were inclined to be opposed to this because the leaders had in mind some other thing—

Mr. BETTMAN (interposing). Yes.

Senator McCUMBER (continuing). That was evidenced in the hearings which we had last winter.

Mr. BETTMAN. Yes.

Senator McCUMBER. It was not that they were not willing to take a bonus and did not want it, but they had in mind some other project.

Mr. BETTMAN. That position is not based on facts; it is really remarkable how unanimous the soldier element is upon this subject.

As far as the American Legion's action is concerned, the practical outline of this bill as it had been passed by the House was presented to the national convention of the legion in September of last year at Cleveland, and that very bill was unanimously affirmed and supported by the American Legion at that time.

It seems to me that that is a complete refutation of a statement that the soldiers are not unanimous upon this. I can say, in addition to that, that in any shape and however brought up, before every meeting of Legion posts I have attended, the demand for an adjustment of compensation has been practically unanimously approved.

Of course one can not say there is no one who dissents. Now and then there is a scattering dissent, but whenever the thing comes up for formal action, such as post action or departmental action or national convention action, the approval is unanimous.

Senator WALSH. Is there any feeling that the Government is not generous enough in this measure?

Mr. BETTMAN. In this particular measure?

Senator WALSH. Yes.

Mr. BETTMAN. Well, I do not think the thing is scrutinized sufficiently, Senator, from that point of view. My own personal view is that the Government is getting off with remarkable cheapness in the present bill. I think it is only, as Mr. Taylor said a moment ago, almost a vague approximation of the payment of the real debt—it does not pay in full for the inequality which the men suffered. It is just a minimum; it is low rather than high.

But to answer your question, I do not think that that note has been much sounded, that it is not enough.

Senator WALSH. Of course, enemies of the Legion might proceed to raise such a question for their own selfish ends and purposes against the officers of the Legion who are back of the bill?

Mr. BETTMAN. You mean, we have thought too much of the country and too little of the men?

Senator WALSH. I mean your enemies and rivals that the men have who are leading a movement at this time might take occasion to undermine by having you agree to something that was not sufficient.

Mr. BETTMAN. No; that note has not been sounded.

Senator WALSH. I have not heard it.

Mr. BETTMAN. I have not heard the legion criticized for standing for a bill and for being part author of a bill which provided too little.

Senator WALSH. I have not heard it either. I did not ask the question because I had heard it, but because I wanted to know what the sentiment was.

Senator SUTHERLAND. What organization which has headquarters in Washington has sent out propaganda in opposition to this bill?

Mr. BETTMAN. Because it provides for anything other than cash?

Senator SUTHERLAND. Yes.

Mr. BETTMAN. Yes.

Senator SUTHERLAND. I think the man in charge of that organization appeared before the committee at the former hearings.

Senator WALSH. Did they find fault with the amount of cash?

Senator SUTHERLAND. Yes. He did not believe in all these various options.

**Mr. GALBRAITH.** He wanted cash, and a lot of it, and he wanted it "now."

**Mr. BETTMAN.** He did not suggest at the hearing before the Senate Finance Committee any alternative; nothing was suggested by him that the Senate Finance Committee could have adopted.

To turn a moment to the justification of the passage of the bill, to place the bill upon any sentimental ground, upon the payment to men for military risks assumed, I submit is error. There is no sentiment in this bill at all.

To call it a "bonus" bill is an error. A bonus has the imputation of gratuity, something handed out. It is not a bonus at all. It is an adjustment of compensation, exactly as the bill is worded. It is an approximation of adjustment of compensation, which is justifiable from the point of view of the Congress of the United States because of this basic fact: When the war came along we did not draft labor but we did draft the soldier. We drafted the soldier at a dollar a day. The man who stayed at home or at his job had his wages doubled and trebled, and he had a saving; and when the man who was drafted at a dollar a day came back he found himself, from an economic point of view, from the mere dollars and cents point of view—I am not talking about his coming back as a hero—from an economic point of view he was at a disadvantage.

**Senator SUTHERLAND.** Of course, a dollar a day does not represent his full compensation by any means, because the soldier had other compensation in the way of board and clothing, etc.

**Mr. BETTMAN.** He had his board and lodging, true.

**Senator SUTHERLAND.** Their compensation really amounted to the equivalent of \$90 a month.

**Mr. BETTMAN.** About \$3 a day. But even if you should take that view, there was still a great increase of pay to the average man, and there was some as we know from the savings bank report, a great increase of savings during that period.

There is, as it seems to us, gentlemen of the committee, an economic disadvantage which rested on those men who were in the military service of the United States. The question for the Congress of the United States to determine, it seems to me, is, Shall that economic advantage remain a permanent thing: or is not that a debt of the Nation to a certain element of the community that ought to be adjusted or paid?

All the debts of the Nation for other things in connection with the war—munitions and similar things—the Nation paid for; any obligations which the Nation incurred were paid in full. Those things go to make up our \$15,000,000,000 net debt resulting from the war. It seems to me that that also is a debt to the soldier element, an economic debt, not a sentimental debt. And when we get under way in this decade and the next decade and shoulder the debt resulting from the war—our \$15,000,000,000 debt, that is a debt too—that, additionally, that we owe to that particular soldier element; and instead of shouldering the debt in the next two decades of the \$15,000,000,000 we ought to shoulder \$16,000,000,000. In other words, the Nation should shoulder \$16,000,000,000 and pay that debt of \$1,000,000,000 to the soldier man and not let that element of our social and political fabric carry that debt itself when all the rest of the Nation's obligation is borne by the entire Nation.

In saying that I have not said a word about paying the men for the military risks. You can not pay them for that. I have not said a word about paying them for glorious service well done. You can not pay them for that. But you can adjust that economic disadvantage which fell upon the men by reason of their being detached from the economic fabric, being told to serve at \$1 a day, or \$2 or \$3 a day; even at that there was an economic loss which those men suffered. Shall they suffer it over again, or shall it be shouldered by the entire Nation? Our view is that that debt should be shouldered by the entire Nation, and not by the soldiers themselves.

So much for the justification—the basic justification for an adjustment of their compensation.

Into what channels should that adjustment of compensation be directed? It is for the benefit of the Nation as a whole that that adjustment of compensation—those payments—the payment of that debt be sent into as productive channels as possible; and that is why, when this problem first came up to the Legion men—I hope we give you the suggestion that we are patriotic—before the national soldier beneficial legislative committee of the Legion, we tried to sweeten up what we call the “productive features” of our proposed bill; that is, if a man took it in cash he would get an adjustment of compensation of so much—\$1 or \$1.25 a day. If, however, the soldier took it to build himself a home, we sweetened it up; we made it \$1.50 in the original suggestion to the Ways and Means Committee in our original bill; that was changed to 40 per cent more than the basic pay.

Those features had their origin, as I say, in an attempt on the part of the American Legion to direct as much of the adjustment of compensation into productive channels as is possible.

The idea of settling soldiers on the land, of course, is an old idea. Young men who have been temporarily detached in one way or another from social or business relations are fertile soil out of which to get men on the western lands. That is one fact of the thing, but that is not the only fact.

There is also the home aid, getting home builders. If a man can get \$700 or \$800 as adjustment of his compensation as a boost to buying a home, he becomes a better American citizen, and it is to the Nation's advantage to try to get these men to become home owners and home builders.

And there is the vocational feature.

The attempt was made by having these four or five options to meet the needs of all parts of the country. We were proposing a national law. Therefore we were trying to think up an optional plan which would meet the needs of the various parts of the country.

The West, for example. In California the American Legion has actually opposed a State bonus bill, which was a mere cash outlay, with no productive features to it, in order to get the national adjusted compensation bill passed, because the national bill had in it these land-settlement features. I do not think the Legion is particularly interested in the exact form which the land-settlement feature takes. They want something which will encourage the soldiers, and which will give opportunities to the soldiers to get upon the land and become farmers, tillers of the soil, and to permit them to get their adjustment of compensation in that shape. The particular form used

is, of course, for the Congress of the United States to determine, but that is their objective.

That is the explanation of the four or five optional plans.

The fifth plan, you know, was added by the Ways and Means Committee of the House. It contains that insurance feature, which, as Senator McCumber has said, is so attractive that there is very little doubt that it will probably be the most popular of the options.

As to the calculations of what the bill is going to cost the Nation and how many will elect this and that option, gentlemen, it is impossible to give positive figures upon that. As Mr. Taylor said, at the beginning and by reason of the opposition which a bill of this kind naturally excites, the only thing that was talked about was the cash. The average well-informed citizen that you spoke to did not know there was anything else to this bill than cash, and, of course, when a soldier was talked to he said, "Of course, I want cash." He did not know the advantages of the other plans. They are not known now. The public is lamentably misinformed as to this bill. You have to justify it as you walk upon the street. "What do you think of the bonus? Are you for handing out something?" etc. It is the same with all the other features of the bill—the advantages of the bill to the Nation are not known at all.

I do not like to call it the "capitalist press"—you know what I mean—the press that feels the necessity of holding back a little bit in that direction plays up only that feature. Probably we are young in propaganda work, young in getting our views before the public. So that those features of the bill which we think would make it far more acceptable to the general public have not been played up in the way they should have been played up.

Senator SUTHERLAND. That is used to get the publicity along that line?

Mr. BETTMAN. Yes. It is very striking the way the newspapers handle those things. After being before the Senate Finance Committee, being at the hearings one would naturally be interested enough to read all the New York papers on the subject of the hearing, and it certainly is very strikingly interesting to note what each particular paper will play up. They must have a policy; that is a fact in regard to the newspapers, which, of course, you gentlemen know.

Therefore we can not get definite figures on how many will select this option or select that option. I can say, for example, the other evening I was speaking in a farming community at Franklin, Ohio, and the commander of the post there told me at that time that a poll had been taken, and that less than 5 per cent of the men of the Franklin post would take cash.

The American Legion, through its paper, which has a circulation of almost 1,000,000, has pledged itself to propagandize among the soldiers.

Senator SUTHERLAND. What is the name of that paper now?

Mr. BETTMAN. The American Legion Weekly. As I say, it has pledged itself to propagandize among the soldiers and show the advantages of the productive features of the bill, and in the productive features I include the insurance feature as well as home aid and the land project.

So that I think if there is an objection to the cash feature on the ground that it is going to mean a lot of waste, that the soldiers will just dissipate their money, I think that you gentlemen can feel pretty safe in that regard. Those men in the past have been capable of thinking for themselves. They are capable also of receiving suggestions from men who are working in their interests, and when there is wide publicity on the solid benefits of the productive features of the bill I think we are pretty safe in regard to the number of men who will select either home aid or participation in the land project if that should remain, or to take the preference privileges, under the bill, as Senator McCumber has now drawn it.

Senator McCUMBER. From a purely dollars and cents standpoint it would be very much cheaper, of course, for the Government if all were to take the cash plan.

Mr. BETTMAN. Of course it would be cheaper. You must figure that you are really giving interest for 20 years in using that figure of four billion; and it also includes the insurance feature: that is, the adjusted service certificate as payable on death to the beneficiaries of the soldier.

So there is an insurance that he is being given in addition to an absolute promise to pay at the expiration. But those features are so obviously for the country's benefit; you are so obviously taking the debt of the United States, which debt has never been disputed by any representative of the United States when this matter has been presented to them; not one member of the Ways and Means Committee has ever disputed that question, nor has one member of the Senate Finance Committee, and not one member of the business community has done so. We have addressed chambers of commerce and rotarian societies, etc., and none has ever disputed the idea that there is an obligation to adjust that compensation.

If the Congress of the United States can take that admitted debt and pay three-fourths of it in a way which is productive of the country's good, I submit, with great and deep conviction, gentlemen, that it is a golden opportunity for the country.

Just one other little matter: I have made this a basis of communication to Senator McCumber. It is not in the bill, and I do not know as to its validity. It is an idea which occurred to me. I can not say that it has been sanctioned by the legion, because there has never been an opportunity to submit it to the national convention. But it has occurred to me that if the length of time within which the men might elect or choose their option, if the men would have a longer time than six months to elect, you would have a greater time for your propaganda to get them to elect the productive features.

Many men have not yet made up their minds what they want to do. They may be floating; they may be unmarried. If a man is unmarried, a home does not mean much to him. But if he had some considerable time to elect which of the options he would take, and if there were a provision that by deferring his election he did not lose anything—that is, if his claim ran with interest—he might say, "Oh, well, my money is secure with Uncle Sam. I will leave it there until I know what my life's plans are."

Senator SUTHERLAND. Would you favor extending that time, and to what extent?

Mr. BETTMAN. I am making the suggestion. As I say, it is personal, and I have not had an opportunity to submit it, because there have been no meetings in convention. My plan is if they had as much as five years in which to elect whether they would take land or home aid or adjusted service certificate or something—to give a longer time for a man to choose, until he could get settled in his own mind what he wanted.

Senator SUTHERLAND. It would probably defer a good many payments?

Mr. BETTMAN. It probably would defer a good many payments, as the man would say, "My money is good with Uncle Sam."

Senator SUTHERLAND. Men might neglect it for a long time?

Mr. BETTMAN. They might neglect it entirely, Senator Sutherland. Mr. Longworth said, when I made this statement before the Ways and Means Committee, "The Government must assume that all men will file applications for adjustment of compensation." I think it may well be that many men will not file applications, because the number of men who took even that \$60 bonus was not 100 per cent by far; and then, as you say, if you gave a longer time in which to exercise the option, the man will say, "Oh, well, I will wait and see; maybe I won't need it."

That is one feature I would like to add; that is probably the only thing we are really adding to our original statements before the committee.

If there are any questions, I should be glad to answer them.

Senator McCUMBER. I do not know of any now. Thank you very much.

#### STATEMENT OF NATIONAL COMMANDER F. W. GALBRAITH, Jr., AMERICAN LEGION.

Senator McCUMBER. The committee, Colonel, would be very glad to hear from you.

Mr. GALBRAITH. The members of the committee, it seems to me, must go back a little and consider these men and women who were in the service of their country at the time of the war. Approximately 4,800,000 served in the armed forces. Those 4,800,000 have come back and have found that they were placed, because of their service, at an economic disadvantage; and this bill is an attempt to, in a partial measure, right that disadvantage.

They find themselves to some other disadvantages, which is not fair and which this bill will indirectly right. On the question of employment, when they came back from the service they found that their mates alongside of them at the bench had been able by good work on their part, good service, good attention to their particular job, to establish themselves in the organization which they had left. It is just a natural disadvantage, the advantage of the man who was there constantly and the disadvantage of the man who was absent. When they came back they found in many, many instances that they were not put back at the same rate of pay, because their employer found that they were not as well qualified, having been away from the job, and that their service, gentlemen, had somewhat unfitted them. It is true. It took a great many of these a year to get back

into the normal life. That was to be expected. Their life had been upset at a time when they were at an age when they took on the things around them; it being disturbed, it was hard for them to get back. So they could not earn as much as the other men who had been regularly at the job.

In a great many instances the preference which we hoped the employers would give to the ex-service people was not given. Many men have been dismissed from their positions in times of slackness, indirectly due to their service. A man who runs a factory takes the position that he must get the work out; that is what he runs the factory for. And he found that the men were not stabilized very readily.

So that that was an indirect disadvantage to the people in the service. Now they come back. We unanimously believe that this is a contingent liability; that it is a just claim; that it should be made productive both for the men and for the Nation. We believe that more than 80 per cent of them, from the experience we have had, will take the more productive options.

The \$15,000,000 debt, or more, or less, as it may be, is going to be paid not by this generation which is passing out, but is going to be shouldered very largely by these 4,800,000. In other words, they will take up their proportion of the national debt and of the payment of the national debt. As Senator McCumber intimated and, perhaps, as Mr. Bettman said, having assumed that proportion and having a justifiable claim against the Government for adjusted compensation, is it not an obligation which should be made as productive as is possible and as generous as is possible to fit them to assume the obligations of the repayment of the national debt—their share of it?

We believe that it will make these men and women better citizens, and we feel confident that the great majority of them being men and women who think and who can figure, that they will take the things which, as was so clearly pointed out by Senator McCumber, are the best options for them.

We have tried it out with a number of small groups.

Mr. BETTMAN. About 95 per cent. A very much larger test was made that made it 85 per cent that were in favor, and only 15 per cent of them said they wanted the cash.

Senator SUTHERLAND. You think it is pretty safe to say that about 20 per cent, not to exceed 20 per cent, would take the cash?

Mr. GALBRAITH. Yes, sir.

Senator SUTHERLAND. What maximum insurance would that ex-soldier get who took that form of insurance, say, at the end of 20 years?

Senator WALSH. And assuming he had served 400 days?

Senator SUTHERLAND. And assume he had served 400 days; and would that be in the form of a paid-up policy? Suppose he was alive at that time and wanted to continue the insurance?

Mr. GALBRAITH. No; he would receive under this bill, if he served overseas 400 days, \$500 service certificate.

Senator McCUMBER. Remember, that under the bill no one can receive, under the plan, to exceed \$500; nor under the plan, both at home and abroad, more than \$625 as the basis.

**Mr. GALBRAITH.** But would receive his service certificate for \$560, which at 4½ per cent interest at the end of 20 years amounts to \$1,125, which is the amount that he receives at the end of 20 years. But at the end of 20 years there is no conversion under this bill.

**Mr. TAYLOR.** Oh, no; just an endowment policy paid at the end of 20 years.

**Senator WALSH.** Assume that after three years the man that served 400 days overseas and had \$560 coming to him if he took the cash bonus, what would he receive in insurance?

**Mr. GALBRAITH.** If he took the cash?

**Senator WALSH.** No; lets the cash stand. Assume he had served 400 days, he could have drawn \$560 afterwards. He receives the full amount of certificate?

**Mr. GALBRAITH.** Yes, sir.

**Senator WALSH.** Plus 4½ per cent interest to date of his death?

**Mr. GALBRAITH.** Yes.

**Senator WALSH.** In other words, he makes nothing by dying for his beneficiaries?

**Mr. GALBRAITH.** It is like any other kind of policy, and you have got to live to beat it out. Personally I am of the opinion that this extension of time of the option would be a very desirable thing to add to the bill.

**Senator SUTHERLAND.** You suggest as long an extension as five years?

**Mr. GALBRAITH.** Five years would be very desirable. A good many of these men will not be settled before that. You take the man who was 18 years old when he went in—and some went in much younger than that—it brings them around 27, 28, or 30, if the 5-year extension was granted, and I believe, with Mr. Bettman, it would strengthen the bill very materially; that many men would take one option now, would feel, "I don't need it, and I will not take it." The time that is now stated, January 1, 1922, is hardly fair; it is not physically possible to reach these men within that time.

**Senator SUTHERLAND.** I think you are right about it; I think it ought to be extended.

**Mr. GALBRAITH.** It is a lack of understanding as to the adjusted compensation. We feel that the common name "bonus" is not fair.

**Senator SUTHERLAND.** I doubt if we can ever change the name as it will be known to the public.

**Mr. GALBRAITH.** We have been able to do it in the Legion to a very marked degree. We do not use the word "bonus"; we object to the use of it, and it is not descriptive.

**Senator McCUMBER.** It is certainly most improper.

**Mr. GALBRAITH.** The title of the bill is descriptive. Recently on a trip in the South I spoke to a meeting of business men. I talked at their request. They had me to dinner and wanted me to discuss this question. They were very bitter. I said, "Do you know anything about the provisions of the bill?" "Well, we know it is a bonus bill, which proposes to give, without regard to who they are, a sum of money."

I explained the bill to them, and these gentlemen, who were so bitterly opposed to it, said, "Mr. Commander, if that is a fact and you

have given us the terms of the bill there is not a single thing we have to object to about it."

Senator SUTHERLAND. Was that a legion meeting?

Mr. GALBRAITH. No, sir; this was a meeting of some business men. They asked me to dinner for the privilege of explaining privately to them.

Senator McCUMBER. Colonel, I would like to make one suggestion to you about this extension of time. Of course, in drafting this bill I followed the same bill that passed the House. Have you considered in the matter of extension the thought that perhaps governed the House committee in fixing the time limit to make the application? Under the pension system they always have the pensions become due quarterly, and those receiving a certain amount of pensions have certificates all made out, and it is all ready to send out the checks quarterly, and if we had to pay the soldiers' pensions each one being made out from the time he made his application, or at any particular time, and then paid quarterly until it was paid up—suppose he demands cash, have you considered the complexity of that system and the enormous number of additional clerks it would take in the departments in order to make those payments from the time of application and not from any regular stated period?

The idea, I am certain, is this: To get the obligation fixed as early as possible to have all these insurance claims begin at a certain period absolutely—the 1st of January or the 1st of July, whatever it was; but to begin at a certain fixed time, to make all your computations from that time; and those will be some of the things that will have to be considered. Suppose a man waits six years, and then he makes his application and says he will take cash. How much cash is he going to get? He would get no interest at all under the terms of the bill. He would simply have to take what he takes six years before, unless he takes the insurance plan; and then we have to make some provision either that he should have the insurance from a date six years from the time that he selects or that his insurance would begin at that time or at some future time.

Senator SUTHERLAND. Then the insurance risk on that man would not be the same as it was priorly?

Senator McCUMBER. Yes. There are so many of those things that would naturally arise in one's mind, that, it would be far better if it were possible to fix a date, and I think require them, if possible, to elect up to a certain date, and then the few possibly that might not make up their minds at that time could be taken care of in some future legislation. But I want to go over that matter with the actuary and with Mr. Walker and will do so before we present it to the full committee.

Senator SUTHERLAND. Some plan might be adopted by which these subsequent applications might be as of a certain fixed date—six-months periods, for instance. If it went over from the 1st of January, then his application and all applications would be as of the 1st of July.

Mr. GALBRAITH. It would have to be quarterly payments.

Senator SUTHERLAND. Quarterly or semiannually?

Mr. GALBRAITH. Yes, sir. But here is one thing, if the time is extended you won't need the flood coming in all at one time. There

will be some that will remain over. Those men will be the men who will say—and there is a large element among the service who are proud people——

Senator SUTHERLAND (interposing). Many of them are very well fixed.

Senator McCUMBER. Just like in pensions, a great many soldiers of the Civil War never would accept a pension until they got so old and helpless that they absolutely required it; and that probably will be the case among many of these?

Mr. GALBRAITH. Yes, sir; and if we do extend the time to a reasonable period it would be very helpful.

Senator McCUMBER. May I put in a question right there?

Mr. GALBRAITH. Yes, sir.

Senator McCUMBER. You say "a reasonable time." That would raise another question: Should it be "reasonable time," or should it be indefinite; and, what would be called "a reasonable time"? Would you say one year from the time the bill becomes a law?

Mr. GALBRAITH. No, sir. I think that if that one year is not put in as the very shortest minimum there will be a great many men who are entitled to it and who will want to make application for it who will not have been advised. We have had the same experience.

Senator McCUMBER. Would you suggest one year or would you suggest no limitation at all upon the time of making the application?

Mr. GALBRAITH. Senator, without the most careful consideration of the effect upon the country, purely from the standpoint of the ex-service man, I would say no limit: that he might make application at any time. I am not sure that that would be thoroughly fair to the Government and sound, but I should say that a minimum of two years is the shortest time in which he might apply; that it should not be less than two years in fairness to the Government and to the men.

Senator McCUMBER. If we fix a minimum at all.

Mr. GALBRAITH. Yes, sir.

Mr. TAYLOR. As we have it, it is January, 1922.

Senator SUTHERLAND. If the bill is enacted, that time will probably be very short.

Mr. GALBRAITH. We have had that experience in the Bureau of War Risk Insurance. Many of these men are not even now advised. Many are proud; they will not take a thing, even hospitalization. They say, "I am going to keep on working; I do not want to take anything from my Government." It is wonderful how many men will not take it; it is going to surprise the country.

Mr. TAYLOR. I think five years is a reasonable limit, Mr. Chairman.

Senator McCUMBER. If we put it five years, I see no reason why it should not be indefinite.

Mr. GALBRAITH. I am inclined to that belief.

Mr. TAYLOR. I can answer that, because it would continue the organization necessary to carry it out too long a period of time.

Senator WALSH. Why not make the cash proposition indefinite and the others limited?

Senator McCUMBER. I think we will have to whip it into shape along that line, to see that there is nothing that conflicts.

**Senator SUTHERLAND.** As to the number of employees, Mr. Chairman, if that extension were made five years it would, as Mr. Galbraith suggests, take fewer employees now and immediately after the passage of the bill than it would require if they were all required to accept an option within six months. It would be a fewer number of employees spread out over a greater length of time.

**Mr. GALBRAITH.** If you do that within the time fixed in the bill, or within a year, you will find it will break down of its own weight; and the longer it can be set over, in fairness to the plan and in fairness to the ability of the Government to figure how it can be best handled and the total cost. I think that the total liability should be figured, as if everybody took the one which is the most expensive. That is your total liability; anything else than that is out.

There is just one more thing I want to add as an opinion: I think that the change in the land-settlement feature is an extremely good one. It gives the man the right of preference. It does not limit him at all; it provides that the Secretary of the Treasury, upon certification, may make the payment, provide him with the money used to make the payment for that specific purpose, limiting it to that only; that it does not set up this bureau which the other bill provided, and it looks to me that it gives the man, without complicated machinery, a right of entry on anything now or in the future as a very desirable thing. We have had thousands upon thousands of men seeking information as to their ability to settle.

**Senator McCUMBER.** I think you realize how difficult it is to establish a new reclamation project, and how uncertain it is as to the time in which it would be completed.

**Senator WALSH.** Or the success of it?

**Senator McCUMBER.** Or the success of it. I know there are a number of projects which are not successful; some are failures.

**Mr. GALBRAITH.** A man ought to be able to determine for himself and not be put upon a soldier project.

**Senator McCUMBER.** He should be put in a position where he can look it over and give him the preference.

**Mr. GALBRAITH.** The bill, as a whole, seems to me to be very sound and very helpful, very constructive, both from the point of view of the ex-service man and the Government, and I hope that it will pass.

**Mr. BETTMAN.** Just one additional thought: I am going to be able, in fact, to make another suggestion. It is not with regard to the bill. There is going to be a consolidation of the bureaus dealing with the service; I do not know whether under the Sweet bill or under what bill. But the agencies which have to do with the service men are going to be consolidated. The Government has its mind made up on that, and the American Legion has done what it could to help the Government to see the need of the consolidation of the War Risk, Vocational Training Board, and the Public Health Service.

If a bill such as this adjusted compensation bill passes, there will be some new services of the Government to the service man—I mean the home aid and the preference and the vocational training and the payment of the cash, etc.—and it seems to me it would tend toward governmental economy for whatever bureau is created, whether it be

a department of the Government or bureau, or "veterans' bureau," as it has been called, or whatever it is, that the services which this new adjustment of compensation bill required to be performed could be performed by that veterans' bureau; that is, if it could all be launched in one place ultimately.

**Senator McCUMBER.** Whenever a change is made or suggested it is very easy to pass the necessary law to conform the bill to the new change of administration.

**Mr. BETTMAN.** I was just dropping the suggestions into the minds of the committee, thinking that if in the future such a bureau is created, then it could administer this law as well, unless it might all be done under one roof and save the Government funds.

**Mr. TAYLOR.** We thank the committee for its consideration.

**Senator McCUMBER.** The subcommittee will now stand adjourned subject to call.

(Thereupon, at 12.15 o'clock p. m., the subcommittee adjourned to meet at the call of its chairman.)

