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**TO AMEND THE NATIONAL SERVICE LIFE INSURANCE ACT
AND
WAR INJURY AND DEATH BENEFITS FOR CIVILIANS**

HEARING

BEFORE A

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

SEVENTY-EIGHTH CONGRESS

FIRST SESSION

ON

S. 263, S. 450, S. 475, S. 740

S. 964, and S. 1024

**BILLS TO AMEND THE NATIONAL SERVICE LIFE
INSURANCE ACT AND WAR INJURY AND
DEATH BENEFITS FOR CIVILIANS**

JUNE 7, 1943

Printed for the use of the Committee on Finance



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CONTENTS

Statement of—	Page
Bradley, Kenneth C., national service officer, Disabled American Veterans.....	39
Breining, Harold W., Assistant Administrator, Veterans' Administration.....	8
Hines, Brig. Gen. Frank T., Administrator of Veterans' Affairs.....	1
Ijams, Col. George E., Assistant Administrator, Veterans' Administration.....	2
Kehoe, Thomas J., assistant national service director, Disabled American Veterans.....	39
Ketchum, Omar B., national legislative representative, Veterans of Foreign Wars.....	16
Kyle, Jack, national commander, Regular Veterans Association.....	37
Landis, James M., Director, Office of Civilian Defense.....	33
Merrick, Richard L., attorney, Legislative Section, Legal Branch, Purchases Division, Army Service Forces, War Department.....	36
Taft, Charles P., Assistant Director, Office of Defense Health and Welfare Service, Federal Security Agency.....	27

104

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35

TO AMEND THE NATIONAL SERVICE LIFE INSURANCE ACT, AND WAR INJURY AND DEATH BENEFITS FOR CIVILIANS

MONDAY, JUNE 7, 1943

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

The subcommittee met, pursuant to call, at 10:30 a. m. in room 312 Senate Office Building, Senator Bennett Champ Clark (chairman), presiding.

Present: Senators Clark (chairman) and Millikin.

Senator CLARK. The committee will come to order.

General Hines, will you come up, please, sir?

STATEMENT OF BRIG. GEN. FRANK T. HINES, ADMINISTRATOR OF VETERANS AFFAIRS

Senator CLARK. General, we have several bills here. I understand you prefer not to report on the big insurance bill, so-called, until you have had some chance to make some further investigation.

General HINES. I prefer at the time I testify on that bill, to be able to give you an indication of the stand of the Bureau of the Budget on the bill, and get some data. It is a very expensive bill and requires considerable time.

Senator CLARK. I understand that.

S. 964

Senator CLARK. Now, General, we have Senate bill 964 here, a bill to provide for furnishing transportation in Government-owned automotive vehicles for employees of the Veterans' Administration at field stations in the absence of adequate public or private transportation.

(S. 964 is as follows:)

[S. 964, 78th Cong., 1st sess.]

A BILL To provide for furnishing transportation in Government-owned automotive vehicles for employees of the Veterans' Administration at field stations in the absence of adequate public or private transportation

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That during the present war and not exceeding six months after the termination of the war, the Administrator of Veterans' Affairs, whenever he finds such action to be necessary for the efficient conduct of the affairs of his Administration, and under such regulations as he may prescribe, is authorized to utilize automotive equipment of the Veterans' Administration to transport its employees between field stations and nearest adequate public

transportation at such reasonable rates of fare for the service furnished as he may establish. All moneys collected as fares from such employees shall be accounted for and shall be deposited in the Treasury of the United States to the credit of miscellaneous receipts. The authority herein granted the Administrator of Veterans' Affairs shall be exercised with respect to any station only after determination by the Office of Defense Transportation that existing private and other facilities are not and cannot be rendered adequate by other means, and that its exercise will result in the most efficient method of supplying transportation to the personnel concerned and a utilization of transportation facilities consistent with the plans, policies, and purposes of the Office of Defense Transportation.

General HINES. We are finding it more difficult, Mr. Chairman, to get our employees to these facilities or to these hospitals.

The curtailment of gasoline has resulted in many of them being unable to get there on time, and sometimes it is inconvenient to get there at all.

We have automobile transportation and trucks that pick up mail, and what we are proposing in this bill is to have the authority, which would require legislation, so we could utilize these vehicles to bring employees from such points as would be convenient on the basis of a small charge.

Undoubtedly the charge would cover any additional expenses to the Government, and it would add greatly to the convenience of the employees.

I have Colonel Ijams here, whom I would like to have testify to the details in regard to that bill.

STATEMENT OF COL. GEORGE E. IJAMS, ASSISTANT ADMINISTRATOR, VETERANS' ADMINISTRATION

Senator CLARK. Colonel, will you identify yourself for the record?

Colonel IJAMS. George E. Ijams, Assistant Administrator, Veterans' Administration.

I think the general has outlined our predicament, Senator.

As you know, our facilities are principally in outlying districts, they are not in the cities, and consequently transportation is a major item.

I have a list here of a number of our facilities where there is now no transportation available at all, and if you would like I will read those into the record.

Senator CLARK. I would be very glad to have you do so. I know of some myself that I would not know how to get to except by walking.

Colonel IJAMS. Amarillo, Tex.; Biloxi, Miss.; Boise, Idaho; Canandaigua, N. Y.; Castlepoint, N. Y.; Cheyenne, Wyo.; Fayetteville, Ark.; Fort Harrison, Mont.; Huntington, W. Va.; Livermore, Calif.; Lyons, N. J.; Mendota, Wis.; Mountain Home, Tenn.; Northampton, Mass.; North Little Rock, Ark.; Perry Point, Md.; Portland, Oreg.; Roseburg, Oreg.; San Fernando, Calif.; Sheridan, Wyo.; Tuskegee, Ala.; Waco, Tex.; Walla Walla, Wash.; White River Junction, Vt.

Then there is another smaller list where the transportation facilities are entirely inadequate. I mean by that they have so reduced the bus and other public transportation that we are finding it almost impossible for our employees to get to work by means of public transportation.

This list includes American Lake, Wash.; Bedford, Mass.; Brecksville, Ohio; Chillicothe, Ohio; Fort Bayard, N. Mex.; Fort Custer, Mich.; Fort Howard, Md.; Knoxville, Iowa; Legion, Tex.; Lexington, Ky.; and St. Cloud, Minn.

As you know, Senator, the situation with regard to the availability of recap tires and new tires keeps changing. Sometimes these tires are available, but for many months none have been available, and we do not know what the future may hold in store in that respect.

I may say in the event this bill becomes law and we find the transportation facilities become better, we would, of course, use public transportation, rather than use our own transportation, as contemplated in this bill.

However, I would like to call your attention to the fact that our transportation—that is, the Federal transportation, has to be used to go to town to pick up incoming mail early in the morning, and it is our thought that that transportation might be used to also bring some employees to the facility.

This would cost practically nothing to the Federal Government.

Senator CLARK. They would not make any extra trips?

Colonel IJAMS. No extra trips at all, sir.

The same thing is true in the afternoon. We have a large quantity of mail going into town and they might as well take some employees along with them.

Senator CLARK. Are there any questions, Senator?

Senator MILLIKIN. No.

Senator CLARK. Thank you, Colonel.

S. 1024

Senator CLARK. We will take up next Senate bill 1024, a bill to provide additional life insurance protection for members of the land and naval forces of the United States.

(S. 1024 is as follows:)

[S. 1024, 78th Cong., 1st sess.]

A BILL To provide additional life-insurance protection for members of the land and naval forces of the United States

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 602 (d) of the National Service Life Insurance Act of 1940, as amended, is amended by adding at the end thereof a new subsection (7) to read as follows:

“(7) Any person in the active service on or after the date of enactment of this subsection (7) shall be deemed to have applied for and to have been granted, as of the date of enactment of this subsection (7) or the date of entry into active service, whichever is later, insurance in an amount which will bring the aggregate amount of such person's insurance in force on such date under the War Risk Insurance Act, as amended, the World War Veterans' Act, 1924, as amended, and this Act to a total amount of \$10,000; except that if, prior to the expiration of one hundred and twenty days after such date of enactment or entry into active service (whichever is later), such person states in writing that the benefits of national service life insurance and his rights with respect thereto have been explained to him and that he does not desire any of the insurance to which he is entitled under this subsection (7) or desires only a part of such insurance, none of such insurance or only such part thereof as he indicates that he desires, as the case may be, shall be deemed to have been applied for and granted. Until the end of such one-hundred-and-twenty-day period or until such statement in writing has been made, whichever is earlier, the disbursing officer handling the pay account of such person shall withhold from such person's pay an amount sufficient to pay the premiums on the insurance to which such person is entitled under this subsection (7). Thereafter, the amounts so withheld, or so much thereof as is necessary to pay the accrued premiums on the insurance retained by such person, shall be paid to the Veterans' Administration as premiums on such insurance, and subsequent premiums on such insurance shall be deducted from such person's

pay and paid to the Veterans' Administration. Such person may at any time, by his written request, cancel all or any part of such insurance. Within the limits of the permitted class of beneficiaries under this Act, such person may designate the beneficiary of such insurance and may change the designation of such beneficiary at any time. In the absence of such designation by such person, such insurance shall be payable to the same beneficiaries and in the same proportion as in the case of such person's other United States Government life insurance and national service life insurance, if any, if such beneficiaries are in the permitted class under this Act, and otherwise shall be payable in accordance with the provisions of section 602 (h)."

SEC. 2. Section 602 (d) (2) of the National Service Life Insurance Act of 1940, as amended, is amended by striking out the words "before the expiration of one hundred and twenty days after the date of enactment of this amendatory Act" and inserting in lieu thereof the words "before the date of enactment of subsection (7) of section 602 (d) of this Act."

Senator CLARK. General, do you want to report on this bill?

General HINES. Senator, we have made a report on that bill, and I ask that it be introduced into the record at this time.

Senator CLARK. It may be introduced.

(The report of the Veterans' Administration on S. 1024 is as follows:)

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

MY DEAR SENATOR GEORGE: Further reference is made to your letter dated April 23, 1943, requesting a report on S. 1024, Seventy-eighth Congress, a bill to provide additional life-insurance protection for members of the land and naval forces of the United States.

The two main purposes of the bill are as follows: First, to add a new subsection (7) to section 602 (d) of the National Service Life Insurance Act of 1940 to provide that each person in active military or naval service on or after the date of enactment of the bill shall be deemed to have applied for and to have been granted any amount of insurance or additional insurance necessary to aggregate an amount of \$10,000 insurance, unless prior to the expiration of 120 days after the date of such enactment or entry into active service (whichever is later), such person states in writing that the benefits of national service life insurance and his rights with respect thereto have been explained to him and that he does not desire any of the insurance to which he is entitled under subsection (7) or desires only a part of such insurance. It is provided that the disbursing officer handling the pay account of each person shall withhold from each person's pay an amount sufficient to pay the premiums on the insurance provided by subsection (7) and that thereafter the amount so withheld, or so much thereof as is necessary to pay the accrued premiums on the insurance retained by such person, shall be paid to the Veterans' Administration as premiums on such insurance, and that subsequent premiums shall be deducted from the person's pay and paid to the Veterans' Administration. The insured may designate a beneficiary, or may change a designation of beneficiary of such insurance to any person within the permitted class of beneficiaries for national service life insurance at any time. If no beneficiary is designated, the insurance will be payable to the same beneficiary and in the same proportion as in the case of such insured's other United States Government life insurance or national service life insurance, if any, if within the permitted class of beneficiaries for national service life insurance or otherwise in accordance with the provisions of section 602 (h) of the National Service Life Insurance Act of 1940, as amended.

Second, to amend section 602 (d) (2) of the National Service Life Insurance Act of 1940, as amended, by striking the words "before the expiration of one hundred and twenty days after the date of enactment of this amendatory Act" and inserting in lieu thereof the words "before the date of enactment of subsection (7) of section 602 (d) of this Act." The effect of section 2 would be to grant gratuitous insurance of \$5,000 or in an amount sufficient to aggregate \$5,000 insurance when added to any United States Government life insurance or national service life insurance in force at the time of death to every person who died while in active service on or after April 20, 1942, and prior to the date of enactment of the bill. This would extend the provisions of the present law which, except as to persons captured or isolated by the enemy, affords such gratuitous protection only to

April 20, 1942, i. e., the expiration of 120 days after Public Law 360, Seventy-seventh Congress, approved December 20, 1941.

Said Public Law 360 granted an additional period of 120 days within which application might be made for national service life insurance; Public Law 36, Seventy-eighth Congress, approved April 12, 1943, again granted a further period of 120 days, or until August 10, 1943, within which application may be made for national service life insurance without medical examination. Those in active service have had, or will have, ample opportunity to apply for national service life insurance, and representatives of the War Department have stated that under the extension of time provided by Public Law 36, adequate opportunity will be afforded persons in active service to apply for such amount of national service life insurance as such person may desire. It would appear, therefore, that the further extension proposed by the bill is unnecessary, and is not in accord with the intent expressed in subsection 4 of section 602 (d) of the National Service Life Insurance Act of 1940 as amended by section 10 of said Public Law 360.

The bill, if enacted, would present many complications and would be difficult to administer. It is not clear whether the provisions of the bill would be applicable to those otherwise granted gratuitous insurance under the provisions of subsection (3) (A) or (B) of section 602 (d), as amended by Public Law 667, Seventy-seventh Congress, approved July 11, 1942, and whether protection under subsection (3) which is extended only to a widow, child, or dependent parent, would bar the grant of insurance protection under subsection (7) which would be extended to a wife, child, parent (whether dependent or not), brother or sister. As to persons captured or isolated by the enemy, or otherwise missing, complications may arise also with respect to allotments under Public Law 490, Seventy-seventh Congress, as amended.

It is uncertain under the provisions of the bill whether the War or Navy Department would be required to pay premiums on the insurance provided by subsection (7) during the time which protection thereunder attaches or whether such Departments would be required to pay only the premiums on the insurance which the insured allowed to remain in force after 120 days. Likewise, it is not certain whether the War or Navy Department must refund any premiums withheld in the event the insured states in writing that he does not desire any or desires only part of the insurance provided by subsection (7).

In view of the fact that insurance protection for 120 days attaches in favor of each person in active service under subsection (7) unless insured and until such person indicates in writing that he does not desire such insurance, it is obvious that the Veterans' Administration should receive premiums in proportion to protection enjoyed either from deductions made by the War or Navy Department or from the person insured.

Many persons in active service either pay premiums on United States Government life insurance or national service life insurance direct to the Veterans' Administration or have such payments made by a third party in their behalf. Under such circumstances it would be difficult, if not impossible, for disbursing officers to determine the amount of insurance protection, if any, which would be extended to any individual in the service under subsection (7) and the amount of premiums which should be withheld from active service pay to meet such protection.

If further consideration is given the bill, it is suggested that it be amended to obviate the difficulties above suggested.

In view of the foregoing, the Veterans' Administration is unable to recommend favorable consideration of the bill, either in its present form or if amended as above suggested.

Very truly yours,

FRANK T. HINES, *Administrator.*

Senator CLARK. Will you give us your views on this bill, General?

General HINES. The bill itself has two main purposes. First, it would add a new subsection (7) to section 602 (d) of the National Service Life Insurance Act of 1940, to provide that each person in active military or naval service on or after the date of the enactment of the bill shall be deemed to have applied for and to have been granted an amount of insurance or additional insurance necessary to aggregate an amount of \$10,000 unless prior to the expiration of 120 days after the date of such enactment or entry into active service, whichever is the later, such person states in writing that the benefits

of national life insurance and his rights with respect thereto have been explained to him, and he does not desire any of the insurance which he is entitled to under subsection (7).

We feel, Senator, that the extension of time which this committee just granted for applications of insurance, which became law, Public, No. 36, Seventy-eighth Congress, approved April 12, 1943, and that the campaign going on on the part of the War Department and Navy Department has, from the beginning, seemed to have been more successful in having all servicemen covered, that really the necessity for this bill has disappeared.

However, to attempt to undertake the purposes of S. 1024 would bring about many complications.

Senator CLARK. What kind of complications, General?

General HINES. Well, it would require an immense amount of work on the part of the Army and Navy, in contacting these men and getting their statement in writing that they do not wish it.

Some, of course, will not take insurance, and for reasons of their own, the single men, I think, are not inclined to take it entirely, and the coverage is such now that I feel there is no necessity for the legislation, and the administrative expense of carrying the bill out, the delays that may come up as the result of not knowing whether the man has signed such a statement, are bound to bring some complications.

We do not feel there is a real necessity that would justify all that work; we feel that the coverage now is materially increasing. There is a large amount of insurance on the books.

Senator CLARK. What has been the result of this new program put on by the War Department, General?

Have there been any noticeable results yet?

General HINES. The only indication we have, Mr. Chairman, is the fact that the total insurance has gone up immensely. We do not know to what extent they have covered those that they felt were not covered, but the total number covered certainly indicates whether it is their campaign or the desire on the part of the men to be covered, that they are getting results.

In some of the commands it is very high, much higher than we ever anticipated.

Mr. Breining is here and he can give you further details on that, but that, generally, is my feeling. At the time Senator Walsh introduced it, he had very much in mind the feeling that the War Department expressed to you at that time.

S. 475

Senator CLARK. We will next take up S. 475, a bill to amend the National Service Life Insurance Act of 1940, as amended, so as to make insurance under such act available to merchant seamen.

(S. 475 is as follows:)

[S. 475, 78th Cong., 1st sess.]

A BILL To amend the National Service Life Insurance Act of 1940, as amended, so as to make insurance under such Act available to merchant seamen

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That paragraph (a) of section 601 of the National Service Life Insurance Act of 1940, as amended, is amended by adding at the end thereof the following: "and (6) masters, officers, and members of the crews of

seagoing American vessels engaged in service to foreign ports or in the coastwise trade;”.

SEC. 2. Paragraph (c) of such section is amended by adding at the end thereof the following: “and the term ‘active service’ also includes service as a master, officer, or member of the crew of a seagoing American vessel engaged in service to foreign ports or in the coastwise trade;”.

Senator CLARK. General, have you any comments that you care to make on Senate bill 475 that is to make insurance under the act available to merchant seamen?

General HINES. Yes, Mr. Chairman. We have followed our usual practice in making an adverse report on that type of bill for two very good reasons.

Senator CLARK. Those are the truest words you ever spoke, General.

General HINES. I mean in bringing in civilian people under national service insurance.

The insurance is written for those in the military service, and we feel a departure in any one instance covering a civilian group will be followed by the demands on the Congress to cover other civilian groups.

The merchant seamen have insurance of their own up to \$5,000.

Senator CLARK. Their insurance only covers death, does it not, General?

General HINES. Under existing law, they have certain benefits in case of disability. Our report, I think, covers that in detail, Mr. Chairman.

Under existing law insurance and other benefits are already provided for men of the merchant marine. For illness and injury in service, they are entitled to receive wages, maintenance, and care and treatment at the United States Marine Hospital.

A seaman privately employed is entitled to indemnity for injury sustained by reason of the unseaworthiness of the ship, or defect in appliances or equipment.

In addition to these peacetime benefits, benefits for war conditions are now provided to all seamen, whether private or Government employees.

The operator of the vessel is obliged to obtain insurance against loss of life and bodily injury to masters, officers, and crews of vessels, both domestic and foreign, engaged in our trade and war transport.

The amount payable for loss of life is \$5,000, and in the case of specific injuries, such as loss of hands, feet, or eyes a stated percentage of the capital sum is payable.

If total disability results, the benefit is 2 percent of the principal sum per month during the continuance of such disability or until a total of \$5,000 has been paid.

This insurance covers death or injury resulting from or in connection with capture, seizure, destruction by men-of-war, or other warlike operations.

Mr. Chairman, you know of your own knowledge that demands have been made to bring in civilian groups under the national service life insurance.

Congress adopted that insurance to cover men and women in active military services. The seamen could obtain this insurance if they went into the naval service or into the Army Transport Service if they are enlisted and in the active service.

So that we feel that the line is drawn at the correct place—those in the active military service.

If you depart from it, you will have to take in a civilian group, which I feel is undesirable under the principles for which we have set up that insurance.

S. 740

Senator CLARK. That same observation applies to S. 740?

General HINES. That is the war correspondents bill?

Senator CLARK. That is the war correspondents bill.

General HINES. I testified on that, Mr. Chairman.

Senator CLARK. I know you did.

General HINES. My thought was these men should not be given national service life insurance.

Senator CLARK. This subcommittee reported that bill favorably to the full committee and it was recommitted to the full committee. It does seem to me that those correspondents should have some consideration. They go right along with soldiers.

General HINES. I agree with that and I so stated in my previous statement, but I feel as soon as we make any departure, we open the gates.

I hope the War Department and Navy Department might find some way of getting—of giving them a military status, but I presume the correspondents themselves do not wish that primarily.

Senator MILLIKIN. May I ask a question?

Senator CLARK. Yes.

Senator MILLIKIN. General Hines, since the last time you testified on S. 740, have there been any insurance developments, private insurance developments, so far as correspondents are concerned?

General HINES. Yes; there have been some.

Mr. Breining has been in touch with it.

STATEMENT OF HAROLD W. BREINING, ASSISTANT ADMINISTRATOR, VETERANS' ADMINISTRATION

Mr. BREINING. Private insurance is available to these correspondents, at least, I am so advised by the ranking officials of the larger insurance companies. Of course an additional premium is charged and that varies according to the place they are going to serve.

I think the highest rate they charge for waiver of the so-called war clause is about \$90 per \$1,000 and that is limited generally to \$10,000.

Some of it runs as low as \$10 per \$1,000, and it varies according to the place they are going and the conditions under which they serve.

I am advised by the officials of at least two of the larger insurance companies that insurance is available to war correspondents if they can meet the other requirements usual to obtaining ordinary life insurance and that they will waive the war clause on the payment of an extra premium according to the scale that I have just mentioned.

Senator MILLIKIN. Have there been any concerted movements, so far as you know, to get those men insured privately?

Mr. BREINING. I asked the actuaries of both of these companies to which I refer whether or not there had been any application that they turned down on war correspondents, and they said they knew of no applications that had ever been presented to them, and that it was the definite policy of the companies to go as far as they could, consistent with sound insurance principles, in writing insurance for correspondents.

Senator CLARK. It was testified here by the head of one of the leading news services that it was impossible in many cases for these men to obtain insurance, and if so, the rates were so high that it would be prohibitive.

Mr. BREINING. I cannot say how the truth may be, I can only tell the tale as 'twas told to me.

Senator CLARK. I make the statement because it appears to be in variance with your information.

Mr. BREINING. I made that inquiry after that statement had been made, and I received the reply just stated.

I would be very happy to put the representatives of the news correspondents in touch with the proper officials of these companies, if they so wish.

As a matter of fact, if I understood them correctly, they fixed \$90 per \$1,000, \$900 a year additional to the regular premium on a \$10,000 policy as the maximum they would charge. Many of them would be much less than that, depending upon where they were to serve.

Of course, as you know, these war correspondents are reputed to get very high salaries, very much greater than the pay of even the high ranking officers of the Army and Navy.

Senator MILLIKIN. Mr. Chairman, have we any testimony on advances in the usual pay to newspaper men, or war correspondents?

Senator CLARK. No; there has been no testimony in this record on that.

Senator MILLIKIN. Do you know whether the employers as an organization, or in any other way, have shown any special interest in them?

Mr. BREINING. That I cannot say, sir.

Senator MILLIKIN. I think we should have some testimony on that.

General HINES. I think Senator, generally, those men that take those extra risks have some kind of bonus voted to them or awarded to them.

I do not know just what it is.

But I would not consider, under the circumstances, that \$90 per \$1,000 would be an excessive rate exactly.

Mr. BREINING. I could not absolutely say, but I have heard that many of them get very much more than even General Eisenhower who commands the American forces.

That is just hearsay and is not knowledge, as far as I am concerned.

Senator CLARK. Are there any further questions, Senator Millikin?

Senator MILLIKIN. No.

S. 263

Senator CLARK. We will next take S. 263, a bill to provide for the issuance of insurance policies under section 300 of the World War Veterans Act as amended.

To prohibit the issuance of insurance policies under the National Service Life Insurance Act; and for other purposes.

(S. 263 is as follows:)

[S. 263, 78th Cong., 1st sess.]

A BILL To provide for the issuance of insurance policies under section 300 of the World War Veterans Act, as amended; to prohibit the issuance of insurance policies under the National Service Life Insurance Act; and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 611 of the National Service Life Insurance Act of 1940 is hereby repealed.

SEC. 2. No national service life insurance shall be granted hereafter to any person under the provisions of such Act: *Provided*, That this section shall not be construed to prohibit the issue of national service life insurance policies in cases in which acceptable applications accompanied by proper and valid remittances or

authorizations for the payment of premiums have, prior to the date of enactment of this Act, been (1) received by the Veterans' Administration, or (2) placed in the mails properly directed to said Veterans' Administration, or (3) delivered to an authorized representative of the War Department, the Navy Department, or the Coast Guard, and are forwarded to the Veterans' Administration not later than one hundred and twenty days subsequent to such date.

SEC. 3. (a) Any person to whom a national service life insurance policy has been heretofore or may hereafter be issued shall have the option of retaining such policy or receiving in lieu thereof, at any time within the five-year term period thereof and while such policy is in full force and effect, a United States Government life insurance policy for the same amount on any plan of insurance upon which policies were being issued under section 300 of the World War Veterans' Act, 1924, as amended, immediately prior to the date of enactment of the National Service Life Insurance Act.

(b) The Administrator of Veterans' Affairs is authorized and directed to give notice by registered mail to every such person of the fact that he has such option. Such notice shall be given (1) in the case of any person to whom a national service life insurance policy has heretofore been issued, within thirty days after the date of enactment of this Act, and (2) in the case of any person to whom such a policy is hereafter issued, within thirty days after the date of issuance of such policy. Any person to whom notice is so given who elects to receive in lieu of his national service life insurance policy a policy to be issued under such section 300 shall, if his national service life insurance policy is in full force and effect, be issued a policy for the same amount, on such plan of insurance as he may specify, under such section 300; and his national service life insurance policy shall thereupon be canceled. Any person to whom notice is so given who does not, within one hundred and twenty days after the date of enactment of this Act or one hundred and twenty days after the date of issuance of his national service life insurance policy, whichever may be the later, exercise his option of retaining his national service life insurance policy shall be deemed to have elected to receive in lieu thereof a five-year-level-premium term policy for the same amount to be issued under section 300 of the World War Veterans' Act, 1924, as amended; and the Administrator of Veterans' Affairs shall proceed to issue to him such a policy and to cancel his national service life insurance policy. Nothing in this section shall be deemed to preclude any person who elects to retain his national service life insurance policy from later electing to receive in lieu thereof a policy to be issued under such section 300.

(c) The Administrator of Veterans' Affairs is authorized—

(1) to make such adjustments in premium charges and to require the payment, or to make refund from the United States Government life insurance fund, of such differences in reserves, as may be necessary to enable him to carry out the provisions of this section;

(2) to transfer from the national service life insurance fund to the United States Government life insurance fund sums equal to the reserves upon national service life insurance policies canceled under the provisions of this section.

SEC. 4. The second sentence of section 300 of the World War Veterans' Act, 1924, as amended, is amended by inserting before the first colon therein the following; "or within one hundred and twenty days after the date of enactment of the Government Life Insurance Act of 1941, whichever may be the later."

SEC. 5. In the administration of section 300 of the World War Veterans' Act, 1924, as amended, the Administrator of Veterans' Affairs, in determining the maximum amount of insurance which may be issued to any person, shall make such determination without regard to the fact that such person may previously have surrendered for its cash value any policy issued under such section.

SEC. 6. This Act may be cited as the "Government Life Insurance Act of 1941".

Senator CLARK. General, do you have anything on this bill?

General HINES. I will ask Mr. Breining to explain that bill.

Mr. BREINING. The very forceful reason against this proposal is that it would commingle the insurance of the men who served during World War I and those who served during this war.

As you know, during the World War, many of the men continued their insurance; some 600,000 of them still have policies in force.

These men have paid premiums over a period of years, some as high as 24 years. Those premiums have been converted into reserves and they are favorably invested. Sometimes during the twenties we bought Government bonds at less than par. Many of the Government obligations were purchased way below the present market price of such securities. To take the World War I group's savings and commingle them with the World War II group's investments would mean the World War I insureds would lose all the advantages in the investments they have made over the period of 24 years.

We have about 9,000,000 policies outstanding on national service life insurance as against 600,000 on Government life insurance. You can readily see that the one group would be overwhelmed by the other. It does not seem fair to the men who have contributed over a period of years to have the investments they have made through paying their money into a fund, have the reserve they have accumulated, commingled with another group's reserves.

Even if you did that, the benefits would be spread so thin among this new group, it would not be very advantageous to them, but very disadvantageous to the other group.

General HINES. Mr. Chairman, I would like to say a word on that, if I may.

We have always considered the United States Government insurance fund, as a trust fund, that we are trustees for the five-hundred-thousand-odd men that are holders of those policies who have converted from the old war-risk insurance to the standard form of insurance.

It would be manifestly unfair to upset that fund. When we recommended to the Congress the national service insurance in a separate fund we said that that should stand on its own feet and we should not in any way jeopardize the other trust fund by any extra risk that may result from this war.

We have made a report on that, Mr. Chairman, and I ask that it be made part of the record.

Senator CLARK. Very well. That may be included in the record.

(The report on S. 263 referred to is as follows:)

FEBRUARY 25, 1943.

HON. WALTER F. GEORGE,

*Chairman, Committee on Finance,
United States Senate, Washington, D. C.*

MY DEAR SENATOR GEORGE: Further reference is made to your letter of January 12, 1943, requesting report on S. 263, Seventy-eighth Congress, "A bill to provide for the issuance of insurance policies under section 300 of the World War Veterans' Act, as amended; to prohibit the issuance of insurance policies under the National Service Life Insurance Act; and for other purposes."

S. 263, Seventy-eighth Congress, is identical with S. 1657, Seventy-seventh Congress, on which a report was furnished your committee under date of August 18, 1941.

Section 1 of the bill would repeal section 611 of the National Service Life Insurance Act of 1940, the effect of which would be to authorize the issuance of Government life insurance policies under section 300 of the World War Veterans' Act, 1924, as amended.

Section 2 prohibits the further issuance of National Service Life Insurance except in cases in which valid application and tender of premium have been made.

Section 3 (a) gives to present holders of National Service Life Insurance policies the option of continuing such insurance, or of exchanging the same for a Government life insurance policy for the same amount on any plan of insurance issued under section 300 of the World War Veterans' Act, 1924, as amended; the exchange

being authorized at any time within the 5-year term period and while such insurance is in force.

(b) Notice by registered mail to such policyholders of the option must be given within 30 days after enactment of this act, or within 30 days after date of issuance of such policy where the issuance is thereafter made. Where option is not exercised within 120 days after notice is given, the policyholders shall be deemed to have elected to receive insurance under section 300 of the World War Veterans' Act, 1924, as amended.

(c) (1) authorizes premium adjustments and refunds from the United States Government life insurance fund.

(c) (2) transfer from the national service life insurance fund of such sums as are applicable by virtue of policies canceled under this provision.

Section 4 amends that part of section 300 of the World War Veterans' Act, 1924, as amended, reading as follows:

"Such insurance must be applied for within one hundred twenty days after enlistment or after entrance into or employment in the active service and before discharge or resignation"

by adding the following:

"or within one hundred twenty days after the date of enactment of the Government Life Insurance Act of 1941, whichever may be the latter." (Taken from H. R. 1657, 77th Congress.) Perhaps "Act of 1943" is intended.

Section 5 authorizes the issuance of the maximum amount of insurance without regard to the fact that the individual may have previously surrendered insurance which had been issued under section 300 for its cash value.

Section 6 states that the act may be cited as the "Government Life Insurance Act of 1941." (Perhaps "Act of 1943" is intended.)

The purpose of this bill is the nullification of the National Service Life Insurance Act of 1940. The provisions of the bill are effectively designed to accomplish its purpose.

It is, therefore, pertinent to discuss the purposes of and the necessity for the National Service Life Insurance Act.

The purpose of the amendment to the War Risk Insurance Act of October 6, 1917, was not primarily to adopt insurance as a method under which gratuities should be distributed, although it was of course recognized that premiums based upon peacetime mortality rates would be insufficient to pay benefits which would become due because of war losses. The cost of the insurance protection was also greatly increased by the inclusion of insurance against total permanent disability as well as death. No additional premium was charged for the disability insurance, premium rates being based upon the American Experience Table of Mortality and 3½ percent interest. This table fixes death rates only and is based upon insurance experience during peacetime conditions.

As stated by Judge Julian W. Mack in Bulletin No. 3, Treasury Department, Bureau of War Risk Insurance (p. 32):

"The thought underlying the insurance article was this, that after the loss of the ordinary income that is compensated for by the family allowance, and the risk of loss of life and limb in the service that is compensated for by the disability and death provisions, which we have just considered, comes the loss of present insurability. Men ought to insure themselves against the inevitable; whether they do or not is, of course, a matter of their own concern. But in ordinary peacetime every man who is fit to be in the Army, or at least to enter the Army, can go out and buy insurance. The result of entering or being in the service is that he cannot buy insurance. I say cannot; I mean, practically speaking; literally you can, but at a prohibitive rate. * * * The only feasible way for the Government of the United States to restore the insurability of you men is to sell you the insurance that you could have gotten in private insurance companies, and therefore that is the plan that was adopted."

The yearly renewable term insurance which was issued under the War Risk Insurance Act proved to be largely gratuitous, since the premiums defrayed only approximately one-fifth of the ultimate cost of benefits. The premiums collected on such yearly renewable (as distinguished from Government converted) insurance policies amounted as of December 31, 1942, to \$454,064,704.72 and the gross liability as of the same date, to \$2,275,136,563.83. Gross liability includes payments made (\$2,185,301,615.32) plus future payments on matured policies actuarially calculated at \$89,834,948.51.

At the time the United States entered the World War many commercial insurers issued, in connection with life insurance policies and upon payment of additional premiums, supplementary contracts providing for the payment of benefits in the event of the total permanent disability of the insured. Premiums which commercial insurers charged for this type of protection were low, and later proved inadequate to pay for this protection. In order to make available to persons in the active service the types of insurance which persons outside of the service could normally procure, the yearly renewable term insurance provided coverage against both total permanent disability and death. This protection was continued in all United States Government (converted) life-insurance policies.

The experience of insurers generally with total permanent disability coverage since the period of the World War has been so unfavorable that most of the commercial insurers now regard such coverage as impracticable and have for several years discontinued the further issuance of such contracts. Because of the numerous and varying factors entering into this type of protection it was found impossible to place it upon a basis whereunder premium rates could be definitely adjusted to the risks assumed.

The only disability feature now generally available from commercial insurers is a waiver of premiums similar to that authorized by the National Service Life Insurance Act. Although commercial insurers charge an extra premium for this waiver, it is included in all national service life insurance policies without any extra premium.

It will be observed that insurance protection against total permanent disability is not generally available at this time from commercial insurers. Insurability as it now exists, therefore, does not include the ability to procure protection against total permanent disability. Consequently, the normal insurability of persons in the service at this time will be preserved by providing for insurance against death only, without including protection against total permanent disability.

The proposed nullification of the National Service Life Insurance Act and the consequent granting to a very large new group of persons of insurance policies containing provision for the payment of benefits in the event of total permanent disability are consequently distinct departures in principle and theory from the purposes underlying the War Risk Insurance Act and the provisions for United States Government life insurance. The purpose of the latter laws was to preserve and protect insurability as it then existed. Due to changed conditions insurability today does not include protection against total permanent disability. Instead of protecting and preserving insurability this proposal would grant to persons in the service the right to enjoy a form of insurance protection which most commercial insurers will not issue to persons either in or outside of the service.

It may further be remarked that the total permanent disability coverage contained in United States Government life insurance policies has not, from the standpoint of protection to the beneficiary, proved itself to be an unmixed blessing. Installments of insurance paid to the insured because of his total permanent disability are deducted from the face of these policies, thereby reducing or in some cases entirely consuming, the amount otherwise payable under the contract in the event of the insured's death. National service life insurance is fully conserved for the beneficiaries. The waiver of premiums provision not only permits the insurance protection to remain intact but also under the permanent policies the reserve values increase during the period covered by the waiver. Frequently disabilities which are not of an essentially permanent character continue for many months. Premiums are waived under national service life insurance policies after 6 months of continuous total disability; under the regular coverage contained in all United States Government life insurance contracts premiums are not waived until due proof of total permanent disability is made, and of course no waiver is provided on account of temporary disabilities, even though of considerable duration. While section 306 of the World War Veterans' Act, 1924, as amended, provides for waiver under certain conditions therein specified, the premiums waived become a lien on the policy and bear interest at the rate of 5 percent per annum compounded annually from the due date of each waived premium. In this respect the waiver of premium provision in policies of national service life insurance is more liberal than the provision therefor made in the Government life contracts.

For the reasons hereinafter presented the proposed nullification of the National Service Life Insurance Act and the consequent addition of national service life insurance policyholders to the present group of United States Government life insurance policyholders will be detrimental to the interests of the existing group

of United States Government life insurance policyholders, and will produce most inequitable results.

Shortly after hostilities in the World War ceased, the privilege of converting the yearly renewable term insurance issued during the war period into permanent policies of United States Government life insurance was extended to persons whose term insurance was in force or might be reinstated. The act approved December 24, 1919, established the United States Government life insurance fund, a separate trust fund in which all premiums on United States Government (converted) life insurance policies are deposited. Authority was given by this law for the investment and reinvestment of the moneys of the fund. Disbursements therefrom are limited to insurance payments authorized by law. The fund is not liable for the expense of administering the system of insurance; this is provided by appropriation.

In order that United States Government life insurance might be conducted in the manner most equitable to the policyholders, it has always been operated upon the mutual plan. Under insurance operated upon the mutual principle each policyholder has a financial interest in the business, since, when experience permits, the cost of his protection is periodically adjusted by the payment to him of dividends. Such dividends are a return to the policyholders of that portion of the premiums which has proven to be in excess of the amount required to carry the risks and to provide for future liabilities.

The laws governing premium rates, policy values, etc., in connection with yearly renewable term insurance and United States Government (converted) life insurance required that they be based upon the American Experience Table of Mortality and interest at the rate of 3½ percent. This basis for life insurance premiums was then generally employed by commercial insurers. However, the law did not provide for the collection of an extra premium to cover the added cost of total permanent disability benefits; consequently these, as well as death benefits, were given in return for premiums based only upon the incidence of death during peacetime conditions.

For the purpose of affording permanent insurance protection to those who lost their insurability during service, conversion of yearly renewable term insurance into permanent policies was permitted without medical examination. However, in order that the extra cost of insurance protection to impaired risks might not fall upon the other policyholders, the law provided that the United States should assume the additional cost of benefits arising on account of total permanent disability or death which was traceable to the extra hazard of military or naval service. This provision now appears in section 302 of the World War Veterans' Act, as amended.

After the termination of World War hostilities the purpose of United States Government life insurance became that of assisting veterans of the World War to conserve and continue during times of peace the insurance which had protected their insurability during their period of war service. Insurance continued to be available to persons who entered the regular branches of the service subsequent to the termination of hostilities. But United States Government (converted) life insurance was not initiated until hostilities had ceased and was designed as permanent protection under peacetime conditions rather than for emergency protection during a war.

Even though the protection contained in policies of United States Government life insurance was most generous in return for the low premiums which were charged, it may not safely be concluded that these laws contemplated the provision of permanent peacetime insurance upon the basis of premium charges which would be insufficient to provide the benefits under these policies. Some savings in mortality were to be anticipated because the American experience table fixed a somewhat higher rate of mortality for the younger entrants than actual experience of insurers currently reflected. The World War veterans' group was then composed largely of young men. Also, the reserve rate of 3½ percent was then well below the interest return for Government securities, many of which carried rates of 4½ percent and in some instances 4¾ percent. It could reasonably be expected that since the Government defrayed the entire cost of administering the system of insurance and assumed the further cost of benefits payable because of total permanent disability or death traceable to the extra hazard of service, the premiums collected would defray, at least in substantial measure, the cost of those peacetime benefits, taking into consideration probable future mortality savings and interest earnings in excess of the reserve rate. While it is probable that the future cost of insurance against total permanent disability may have been underestimated, there were reasonably to be expected substantial future sources

of income over and above amounts necessary to defray peacetime death losses, to be applied toward the cost of the total permanent disability protection.

The experience of the United States Government life-insurance fund has so far been in accordance with such expectations insofar as can now be ascertained. At this time the fund is, in the opinion of our actuaries, in a sound and solvent condition insofar as its financial ability to discharge its liabilities to the present group of policyholders is concerned. This condition exists because in the past it has been possible to establish special reserves from portions of the gains and savings, which could in the past be invested and reinvested at advantageous interest rates well above the reserve rate of 3½ percent fixed by law.

It must be borne in mind that a very large percentage of the present group of United States Government life-insurance policyholders converted their yearly renewable term insurance many years ago. Over a long period of time they have paid the premiums which then could be advantageously invested. Their money has built up the reserves which cause the fund to be in a solvent condition at this time.

In recent years it has not been possible to invest funds so as to return a satisfactory rate of interest. Instead of a return well in excess of 3½ percent such as was possible for many years following the time when United States Government life insurance was first issued, current returns fall far below such rate. Under such conditions it will not be possible to accumulate the reserves needed to defray the cost of benefits under contracts of United States Government life insurance issued in the future. Consequently, premiums collected on account of policies now proposed by this bill to be issued will under present investment conditions be insufficient to defray the cost of the benefits for which the fund will be liable under such contracts.

The proposal to issue United States Government life insurance in lieu of national service life insurance to all persons who have entered or who hereafter may enter the active service after October 8, 1940, affects a very large number of policyholders. As of January 22, 1943, approximately 6,500,000 applications for national service life insurance had been received amounting to more than \$40,000,000,000 of insurance.

There were in force as of December 31, 1942, 589,409 contracts of United States Government life insurance in the total amount of \$2,491,146,485. Should the proposals contained in this bill become law the United States Government life-insurance fund will be required to assume tremendous additional liabilities without authority to collect sufficient premiums to meet them. The United States Government life insurance fund will in these circumstances become insolvent.

And these proposals, should they become law, will inflict a most serious inequity upon the present holders of United States Government life-insurance policies. As has been pointed out above, the sources of dividends are gains and savings which will not be required to meet future liabilities. Policies which have accumulated sufficient reserves to provide for their future liabilities now share in the gains and savings of the fund, and the cost of the insurance protection of the holders thereof is thereby reduced. But before dividends can be declared, full provision must be made for all of the future liabilities of the fund.

Should a large number of new United States Government life-insurance policies be issued, as this bill proposes, at premium rates insufficient to provide the benefits thereunder, all of the moneys in the fund would be required to meet these future liabilities and no dividends could thereafter be paid. The effect of this step would be to require policyholders who have paid over a period of years premiums which have created this fund to share their investment by contributing future equities to a new group which not only had no part in building up the present fund but also would not be required to make sufficient contributions in the form of premiums to pay for the benefits under these new contracts.

For the reason that investments at this time will not earn a high interest rate, the reserve rate on national service life insurance has been fixed at 3 percent. This is above the reserve rate embodied in most commercial insurance policies now being sold, and is generous, when the return upon securities now available for investment is considered. The American experience table of mortality, which is in general use by commercial insurers, is the basis for premiums under both national service life insurance and United States Government life insurance. Because of the lower reserve rate, premium rates upon national service life insurance policies are slightly higher than those upon United States Government life-insurance policies.

As described above, the experience in connection with yearly renewable term insurance during a war period showed that total benefits awarded on account of

wartime losses exceeded the total premiums collected on the basis of peacetime mortality, in the ratio of about 4 to 1. These benefits were, therefore, largely gratuitous in character, although distributed under legally enforceable insurance contracts.

In view of the fact that in a war emergency most of the cost of the benefits falls upon the Government, it was considered proper when the act of October 6, 1917, was passed to restrict the objects of the Government's bounty to persons having some semblance of a moral right to gratuitous payments from the Government. For that reason, the policyholders were permitted to designate as beneficiaries only persons within a restricted class composed of specified relatives.

In view of the present emergency it was considered reasonable to embody a similar restriction in the National Service Life Insurance Act of 1940.

For similar reasons, and in order that the benefits might be paid in a manner which would provide the recipient with a regular income and protect against loss of capital through unwise investment, the act of October 6, 1917, provided for the payment of benefits in monthly installments.

And for such reasons it was considered reasonable, and in the interest of beneficiaries, to make national service life insurance payable in monthly installments.

The proposals contained in this bill constitute a pronounced departure from the principles and theories upon which the Government's past life-insurance program for servicemen has been predicated.

Instead of protecting the present insurability of persons while in service, as has been the purpose of previous laws, the bill proposes that the Government not only shall protect present insurability but shall add thereto a type of protection, viz, insurance against total permanent disability, which could with but few exceptions now be procured only from the United States Government as insurer.

Instead of adhering to a policy whereunder the insured would be charged a premium sufficient to pay the normal or peacetime net cost of the benefits, as was the intent of Congress in enacting the National Service Life Insurance Act of 1940, the bill would provide permanent and total disability benefits without any additional charge for premiums, despite the fact that war conditions have made the present premium rate grossly inadequate to meet the liabilities already assumed.

If the purpose of the bill is primarily to use insurance as the means of distributing gratuities to veterans, may it be remarked that gratuities can more equitably and economically be distributed by grants of compensation or pension. If there are added to insurance contracts gratuitous benefits greatly in excess of those which the premiums paid by the policyholders would provide, those whose financial circumstances permit the carrying of large or maximum amounts of insurance would receive more benefits of a gratuitous character than would those whose poverty precludes the payment of premiums on any substantial amount of insurance. Such a provision discriminates against the poor, who are in the greatest need of gratuitous assistance.

And finally, the effect of this bill would be to impair the value of contracts of United States Government life insurance now in force by confiscating equities of the present group of policyholders under these contracts.

In view of the foregoing, the Veterans' Administration cannot recommend the proposed measure for favorable consideration by your committee.

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

Very truly yours,

FRANK T. HINES, *Administrator.*

Senator CLARK. Mr. Ketchum, is there anything you want to say about any of these bills?

STATEMENT OF OMAR B. KETCHUM, NATIONAL LEGISLATIVE REPRESENTATIVE, VETERANS OF FOREIGN WARS

Mr. KETCHUM. I came a little late. As a matter of fact, I was not notified of this meeting until 10 minutes before it took place.

I understand that there has been some consideration given to S. 1024 introduced by Senator Walsh for himself and for Senator Clark.

Senator CLARK. Yes.

General Hines made some observations about that bill, as to the necessity for it, and in his opinion, it had been obviated by the extension heretofore granted of time for filing an application.

Mr. KETCHUM. Well, perhaps the general knows whereof he speaks but from our experience in the past, of the large number of these men who have not had this coverage until the Congress so generously extended the privilege to take out the insurance without the necessity of another physical examination, we know up until that time that there were many thousands of them who had not been covered.

Of course, if they are all covered and all of the new ones who are coming in are being sold this insurance, undoubtedly the need for S. 1024 does not exist.

Senator CLARK. The whole purpose of it is to see that everybody is covered until he has had an opportunity of indicating that he does not wish to be covered.

Mr. KETCHUM. We would like to put ourselves on record in favor of this bill. We certainly feel any man who enters the armed service should be encouraged to the fullest extent to take this insurance, and unless he makes a definite commitment there, one way or the other, it should be assumed he has taken the maximum amount of this insurance.

We believe this bill would accomplish that particular purpose. However, if those who are handling the insurance fund say it is not necessary, and they are all being covered there is no need for it.

Just the same, based on previous experience, it seems to me a bill of this nature would protect those men and give them the opportunity of having this insurance where they have failed to signify their intention. That is all I have to say on S. 1024.

With reference to S. 475 our organization is inclined to agree with General Hines of the Veterans' Administration about the extension of this insurance privilege to merchant seamen.

It seems to me that if a departure is made in granting these insurance rights to others outside of the armed forces, that undoubtedly Congress will be asked to take similar action in behalf of other groups.

I know that from time to time we have received letters from men who are serving in bases as civilian employees, and those bases have been under bombing attacks. They are working under extra-hazardous conditions, and many of those who are civilians feel that they should be eligible to take this national service life insurance. Once you let the bars down and bring in groups such as the merchant seamen or the war correspondents, I do not know just at what point the Congress can stop in determining what groups should have a little more right than others under this.

Senator CLARK. Certainly you will have demands from the Red Cross, Y. M. C. A., Salvation Army, Knights of Columbus, and these various volunteer ambulance organizations; in other words, all the volunteer services that are connected with the war effort.

Mr. KETCHUM. I know the war correspondents put up a very good case and one has a lot of sympathy with the hazardous conditions that they encounter, but we must also bear in mind that that is a commercial enterprise. Those men are voluntarily seeking that service, they are being well paid for it, and are furnishing news service to their own newspapers and magazines who, in turn, are building

their circulation of some of their papers on the basis of the stories which the war correspondents furnish.

It is a commercial proposition and even though they are engaged in a hazardous undertaking, it seems to me quite apart from necessary and essential military or naval services.

That is another case of where, no matter how sympathetic we may feel to the hazards which they encounter, if it should be broken down to give them the protection under the national service life insurance, the Red Cross and the seamen also have a good case, and where are you going to stop?

That is my reaction to S. 475.

Senator CLARK. The last bill General Hines reported on was Senate bill 263, a bill of Senator McNary's for the purpose of commingling the World War Veterans Act with the National Service Life Insurance Act.

That is objected to by the Veterans' Bureau for the reason that the two funds are entirely separate and ought not to be commingled and would be an injustice to the holders of policies under the World War Veterans Act, to include these other much more numerous policy-holders with them.

Mr. KETCHUM. I have not made a detailed study of that bill, but I am wondering if Senator McNary's purpose and idea in introducing such a bill was to try and give a more liberal handling of life insurance policies in the present war under the interpretation of the old war-risk insurance than under the present national service life insurance.

I would have to make a further detailed study of the bill to determine that, but it seems to me what the Senator maybe is striking at is there were a lot more liberal features in the old war-risk insurance than there are in the present national service life insurance, and maybe he was attempting to liberalize the present insurance features for the men in the service today.

I know the old war-risk insurance contained certain features on disability that you do not have in this national service life insurance.

As a matter of fact, many of the men who represent our organization, representing claimants under the national service life insurance, said it would be a good thing if they throw it completely out the window and go back to the old war-risk insurance which is much better insurance from the standpoint of the men than the national service life insurance.

Not being an insurance expert, I could not qualify as an expert witness on that, but it does seem there are advantages under the war-risk insurance that do not apply under the national service life insurance.

That may be something that Senator McNary was attempting to do.

Senator CLARK. Are there any questions, Senator?

Senator MILLIKIN. No.

Senator CLARK. Thank you.

Mr. KETCHUM. Did you consider any other bills?

Senator CLARK. We will take up S. 450.

Mr. KETCHUM. I want to say something on that when you get to it.

S. 450

Senator CLARK. We will next take up S. 450, a bill to provide benefits for the injury, disability, death, or enemy detention of civilians, and for the prevention and relief of civilian distress arising out of the present war, and for other purposes.

(S. 450 is as follows:)

[S. 450, 78th Congress, 1st sess.]

A BILL To provide benefits for the injury, disability, death, or enemy detention of civilians, and for the prevention and relief of civilian distress arising out of the present war, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Civilian War Benefits and War Relief Act of 1942."

FINDINGS OF FACT AND DECLARATION OF POLICY

SEC. 2. The Congress hereby finds that under the conditions of total war in which we are currently engaged, and particularly as a result of the hazard of attack by bombings and other methods upon civilians and populated areas, the safety of life and limb and the livelihood of civilians may be endangered; that many civilians will be required to engage in war work, in industry and elsewhere, in areas and under conditions which may expose them to imminent danger from enemy attack; that civilian distress due to injury, disability, death, and other inevitable consequences of the war may seriously impair the fullest war participation of all civilians, which is vital to the carrying on of a total war. It is therefore declared to be the policy of the Congress to promote the national war effort and to enhance the morale of civilians and of members of the armed forces, through the provision of funds and services to prevent and relieve such distress, and to provide some protection to civilians suffering from the hazards of war, the cost to be deemed a national responsibility and a part of the expense of the prosecution of the war.

TITLE I—BENEFITS FOR THE INJURY, DISABILITY, DEATH, OR ENEMY DETENTION OF CIVILIANS

APPROPRIATION

SEC. 101. In order to provide benefits by way of compensation and medical benefits with respect to the injury, disability, death, or enemy detention of civilians, arising out of the present war, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1942, and for each fiscal year thereafter, a sum sufficient to carry out the purposes of this title.

BENEFITS

SEC. 102. (a) Benefits under this title shall be provided with respect to civilians who sustain a war injury (as defined in section 106), or who die as a proximate result of such injury, or who are detained by the enemy, if such detention commences after December 6, 1941.

(b) Such benefits shall consist of—

- (1) medical benefits with respect to such injuries;
- (2) compensation payable to civilians sustaining disability as a proximate result of a war injury where such disability is (A) total, or (B) both permanent and in excess of one-third total; and where an attendant is necessary in the case of any such disability, an allowance for an attendant at a monthly rate not to exceed \$50;
- (3) compensation payable to any dependent of a civilian (as defined in section 106) dying as a proximate result of a war injury;
- (4) compensation payable to any dependent of a civilian detained by the enemy; and
- (5) reimbursement in such classes of cases and to the extent provided by regulations prescribed by the Administrator, payable to persons equitably entitled thereto for funeral expenses paid with respect to civilians dying as a proximate result of a war injury.

(c) Medical benefits (including doctors' and nurses' services, drugs and other medicines, prosthetic and other appliances, hospitalization, and other reasonable services for treatment and care) shall be provided to the extent prescribed in regulations of the Administrator. The actual cost of such benefits may be paid directly or by way of reimbursement to any person entitled to such benefits or may be paid to the person furnishing such benefits. The Administrator may, under such regulations as he may prescribe, use any private facilities, or such Government facilities as may be available, for the treatment and care of any person entitled to such benefits. Medical benefits outside the United States and in Puerto Rico and the Virgin Islands may be limited to treatment in such established Government facilities as are available to civilians.

(d) Benefits may be conditioned upon the filing of application therefor, submission to medical examination from time to time, and such other reasonable conditions relating to application for and proof of entitlement to benefits, as may be prescribed in regulations of the Administrator. No compensation shall be payable with respect to a disability of a civilian for any period prior to his attainment of the age of sixteen. No compensation shall be payable with respect to a disability of a civilian for any period during which such civilian is detained by the enemy.

(e) Benefits shall be provided under this title with respect to any war injury, death, or detention occurring inside the United States; but with respect to any such war injury, death, or detention occurring outside the United States, such benefits shall be provided only where the civilian sustaining such injury, death, or detention (1) is a citizen of, or owes allegiance to the United States, (2) was, at the time of his detention, injury, or death, a seaman under contract for service on a vessel documented or numbered under the laws of the United States, or (3) was a resident of the United States temporarily outside the United States.

(f) Benefits shall be provided under this title to individuals residing inside the United States; but, with respect to individuals residing outside the United States, such benefits shall be provided only as the President may by Executive order prescribe for classes of cases where (1) the persons to whom benefits are provided, or the persons with respect to whose death or enemy detention benefits are provided, are citizens of the United States or persons owing allegiance to the United States, or (2) the person to whom benefits are provided is a seaman who sustained a war injury while under a contract of employment as a seaman on a vessel documented or numbered under the laws of the United States, or is a dependent (within the classes specified in section 106 (b)) of a seaman whose death proximately resulted from such an injury or whose detention by the enemy occurred while under such a contract.

(g) No benefit shall be provided with respect to the injury or death of an individual, if it is proximately caused by his intoxication or by his willful misconduct.

(h) No benefit shall be provided with respect to a war injury (as defined in section 106 (a) (2)) sustained on or after July 1, 1942, by a civilian defense worker who is a member of the United States Citizens' Defense Corps, or with respect to his death proximately resulting therefrom, unless such worker is a member in good standing of such defense corps in accordance with regulations prescribed by the Director of the Office of Civilian Defense.

RATES OF BENEFITS AND BENEFIT PERIODS

SEC. 103. (a) Except as provided in subsection (c) of this section, the minimum monthly rates of compensation payable to individuals residing in the United States shall be—

(1) with respect to a disabled civilian, \$30 for total disability, and \$10 for partial disability;

(2) with respect to the dependents of a civilian who dies or is detained by the enemy—

\$30 to the wife or widow, husband or widower, and \$10 additional for each child;

\$20 to the child (if no wife or widow or husband or widower is entitled to compensation); or, in case there is more than one child, for all the children \$20, increased by \$10 for each child in excess of one; and

\$20 to the parent; or, in case there is more than one parent, \$15 to each parent.

(b). (1) The minimum rates prescribed in subsection (a) of this section shall not be increased unless the individual with respect to whose disability, death, or detention compensation is payable, is found to have had a monthly earnings rate exceeding \$45 in the case of compensation for disability, and exceeding \$100 in the case of compensation for death or detention.

(2) In the case of compensation payable for disability to an individual whose monthly earnings rate exceeded \$45, the monthly rate of compensation payable shall not exceed two-thirds of such monthly earnings rate of \$85, whichever is less.

(3) In the case of compensation payable for death or detention, the total of monthly rates of compensation payable with respect to an individual whose monthly earnings rate was \$100 or less shall not exceed \$66.67; and the total of monthly rates of compensation payable with respect to an individual whose monthly earnings rate exceeded \$100 shall not exceed two-thirds of such monthly earnings rate or \$85, whichever is less.

(4) An individual shall be deemed to have a monthly earnings rate only if he has had earned income as an employee or a self-employed person within such period prior to his war injury, or detention as the Administrator shall prescribe in regulations, and, in determining such monthly earnings rate, account shall be taken of all such income within such period.

(5) In the case of compensation payable for death or detention, the monthly rate of compensation payable to any dependent shall in no case exceed the applicable minimum rate specified in subsection (a) of this section by more than 50 per centum thereof.

(c) The Administrator shall by regulations prescribe the periods with respect to which benefits shall be provided and subject to the foregoing provisions of this section, the rates of compensation. Benefits provided under this title to individuals outside the United States and in Puerto Rico and the Virgin Islands may be fixed at rates and for periods less than, but not greater than, those for benefits prescribed for other individuals.

(d) In no case shall the rate of compensation payable to parents of a deceased or detained individual exceed the difference, if any, between the total of the monthly rates which may be paid with respect to such individual and the total of the monthly rates payable to the children, and the wife or widow, or the husband or widower, of such individual.

(e) If an individual would otherwise be entitled for any period to compensation by reason of the death or detention of more than one person, or by reason of his own disability and the death or detention of another person, he shall be entitled to receive compensation for such period only by reason of his own disability or with respect to the death or detention of one person.

(f) The monthly rate of compensation for partial disability shall be fixed in accordance with the degree of disability and the rate of compensation which would be payable for total disability.

(g) No compensation shall be paid under this title with respect to the detention or death of any civilian who is authorized to make an allotment of his pay under the Act of March 7, 1942 (Public Law Numbered 490, Seventy-seventh Congress), for any period for which such an allotment was or could have been so made. Nor shall any compensation be paid under this title with respect to the disability, death, or detention of an individual if benefits are payable with respect to such individual's disability, death, or detention under title I of the Act entitled "An Act to provide benefits for the injury, disability, death, or enemy detention of employees of contractors with the United States, and for other purposes", approved 1942, or under the Act entitled "An Act to provide compensation for disability or death resulting from injury to persons employed at military, air, and naval bases acquired by the United States from foreign countries, and on lands occupied or used by the United States for military or naval purposes outside the continental limits of the United States, including Alaska, Guantanamo, and the Philippine Islands, but excluding the Canal Zone, and for other purposes", approved August 16, 1941 (Public Law Numbered 208, Seventy-seventh Congress), as amended.

(h) All monthly rates of compensation shall be computed in accordance with the provisions of this section prior to any reduction specified in section 104 (a).

REDUCTION ON ACCOUNT OF OTHER BENEFITS AND REIMBURSEMENT WITH RESPECT
TO WORKMEN'S COMPENSATION

Reduction

SEC. 104. (a) Compensation payable under this title to any person for any month, with respect to the disability, death, or detention of any individual, shall be reduced by the amount of any noncontributory Government benefit, or by one-half of the amount of any contributory Government benefit, received by such person for such month; and if such noncontributory benefit, or one-half of such contributory benefit, equals or exceeds the compensation for such month otherwise payable under this title, no such compensation shall be paid. As used in this section, the term "Government benefit" means a cash benefit, allowance, annuity, or compensation (including payments under any workmen's compensation law but excluding payments under any unemployment compensation law) payable by reason of the past employment or services of any individual, under any law or plan of the United States, any State, Territory, possession, or the District of Columbia, or any political subdivision or any wholly owned instrumentality of any of the foregoing, creating a system of cash payments to individuals (including payments made under any such law or plan by private insurance carriers); but shall not include any payment of war-risk insurance, United States life insurance, or national service life insurance. Such benefit shall be deemed to be "noncontributory" with respect to any person if the Administrator finds that with respect to him the benefit system is supported without direct and substantial contributions by wage earners, and shall be deemed to be "contributory" if the Administrator finds that with respect to him the system is supported substantially by direct contributions by wage earners and substantially from other sources. Reductions of compensation under this section shall not be affected by deductions from, or adjustments, reductions, or other temporary modifications of, or delay in, the payment of any such benefit received under any such benefit system. In the event that a lump sum or commuted payment of any such benefit is made, equitable adjustment of the compensation payable under this title shall be made in accordance with regulations prescribed by the Administrator. In the event that any compensation payable under this title with respect to disability, death, or detention is not reduced by the amount provided for in this subsection, the Administrator shall have a lien and a right of recovery (to the extent of such amount) against any Government benefit on account of the same disability, death, or detention; and any amounts recovered under this subsection shall be covered into the Treasury as miscellaneous receipts.

Reimbursement

(b) Under regulations prescribed by the Administrator, any employer or insurance carrier or compensation fund insuring workmen's compensation liability (other than the United States Government and the Employee Compensation Fund established under the Act entitled "An Act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended), which pays workmen's compensation benefits to any person or fund with respect to a war injury, or death proximately arising from such injury, under any law of the United States or of any State, Territory, or possession of the United States, or of the District of Columbia, shall be reimbursed for the benefits so paid, including funeral and burial expenses, medical, hospital, or other similar costs for treatment and care, and reasonable and necessary claims expense in connection therewith.

Limitation on Reimbursement

(c) No such reimbursement shall be made under subsection (b) in any case (1) in which the Administrator finds that the benefits paid were on account of injury or death which arose from a war-risk hazard for which a premium (which included an additional charge or loading for such hazard) was charged, or (2) with respect to which reimbursement may be made under title I of the Act entitled "An Act to provide benefits for the injury, disability, death, or enemy detention of employees of contractors with the United States, and for other purposes", approved _____, 1942.

TIME FOR FILING CLAIMS

Sec. 105. No benefits shall be provided under this title with respect to any war injury, or death proximately resulting from such injury, unless a claim for benefits with respect thereto is filed within one year after the occurrence causing such injury, or, if such injury was sustained during enemy detention, within one year after the termination of such detention; except that benefits shall be provided with respect to death if a claim for such benefits is filed within one year after such death, and if immediately prior to such death (or in such other period as may be fixed for special circumstances in regulations prescribed by the Administrator) the deceased individual was entitled to benefits under this title and had filed a claim therefor. No compensation shall be provided under this title with respect to the detention of an individual unless a claim for benefits with respect thereto is filed within one year after the beginning of his detention or, if such detention is not officially established, within one year after he has disappeared under circumstances such as to make his detention appear probable. A claim for benefits with respect to the detention of an individual, if found by the Administrator to have been filed in good faith within the period prescribed in the preceding sentence, shall be a sufficient claim for benefits with respect to the death of such individual occurring at any time. In the case of a war injury sustained by an individual who has not attained the age of sixteen, the filing of a notice of such injury by such individual or any person on his behalf, within one year after the occurrence causing such injury, shall be a sufficient claim for benefits with respect to such injury for the purpose of the period of limitation prescribed in this section. The Administrator, in his discretion, may waive the period of limitation prescribed in this section whenever he finds that, because of circumstances beyond the control of an individual otherwise entitled to benefits under this title, compliance therewith could not be accomplished.

DEFINITIONS

Sec. 106. As used in this title—

(a) The term "war injury" means—

(1) a personal injury sustained after December 6, 1941, proximately resulting from a war-risk hazard (as defined in title III), and includes any disease proximately resulting from such personal injury;

(2) in the case of a civilian defense worker, it also includes a personal injury sustained by such worker after December 6, 1941, while in the performance of his duty as such worker, or disease incurred by him which was proximately caused by his performance of such duty after such date; and

(3) in the case of a civilian detained by the enemy whose detention commenced after December 6, 1941, it also includes a personal injury or disease proximately resulting from such detention.

(b) The term "dependent of a civilian" means such civilian's wife or widow, husband or widower, child, or parent (as defined in regulations of the Administrator), who (1) within such period prior to such civilian's death or detention as may be prescribed in regulations of the Administrator, was receiving his or her chief support from income earned by such civilian, and (2) except in the case of a wife or widow, or a child who has not attained the age of eighteen, is incapable of self-support because of age or mental or physical disability.

(c) The term "civilian defense worker" means any civilian (except a person who is paid by the United States, or any department, agency, or instrumentality thereof, for services as a civilian defense worker) who is engaged in the Aircraft Warning Service, or is a member of the Civil Air Patrol, or is a member of the United States Citizens Defense Corps in the protective services engaged in civilian defense, as such protective services are established from time to time by regulation or order of the Director of the Office of Civilian Defense, or is registered for a course of training prescribed and approved by said Director for such protective services.

EXPIRATION DATE

Sec. 107. Except as may otherwise be provided by Congress, no payment shall be made, except as provided in section 104 (b), with respect to any individual under the provisions of this title for any period after the sixtieth month following the month during which the present wars end; nor shall any other benefit, assistance or service of any nature under this Act be provided after such sixtieth month. Not later than the beginning of a regular session of Congress, beginning at least

six months before such sixtieth month, the Administrator shall transmit a report to Congress which shall include a full statement of the cost of payments and services under this title and his recommendation as to whether or not such payments and services should be continued, and, if so, whether any modifications thereof are desirable.

TITLE II—RELIEF OF WARTIME CIVILIAN DISTRESS

APPROPRIATION

SEC. 201. (a) The Federal Security Administrator and the Director of the Office of Civilian Defense shall prepare a plan or plans to meet any emergency which may arise in the United States resulting from enemy attack, or from action to meet such attack, setting forth in detail the functions of the State and local defense councils and of the various Federal departments in dealing with such emergency. The Director of the Office of Civilian Defense shall coordinate the work of the Federal departments relating to civilian defense, and promote the development of State and local defense councils. In order to provide assistance and services for the temporary relief of civilian distress resulting from enemy attack or the danger thereof or from action to meet such attack or danger for a reasonable period of time after such attack or danger or action to meet it, including money payments, loans (with or without interest or security) and assistance in kind and medical or other services necessary for the protection of health, safety, or welfare, such assistance and services to be available under such circumstances and to such extent as the Administrator shall prescribe to civilians who are injured, and to the survivors of civilians who are killed, and to civilians who have suffered loss of, or damage to, clothing, tools, living quarters, furniture, or real or personal property of other kinds necessary for employment or habitation, and to civilians who are in war-stricken areas, or who are being or have been evacuated from any area under the direction of civil or military authority; there is hereby authorized to be appropriated for the fiscal year ending June 30, 1942, and for each fiscal year thereafter, a sum sufficient to carry out the purposes of this title.

(b) Assistance and services under this title shall not be provided outside of the United States, unless, and only to the extent that the President, shall direct.

(c) Assistance and services under this title shall be designed to restore normal civilian activities as rapidly as possible, but not to provide any permanent rebuilding or rehabilitation. In no case shall such assistance with respect to damaged living quarters or other real property exceed the cost of making such property temporarily serviceable.

(d) In providing assistance and services under this title the Administrator shall, wherever he deems it practicable, take into consideration the resources of the persons receiving such assistance and services, including any pensions or other benefits to which they are entitled.

ADMINISTRATION

SEC. 202. (a) The Administrator shall have the power and duty of administering the provisions of this Act, and shall issue such regulations and instructions, and establish such procedures, and perform such other functions as he finds may be necessary to carry out its purposes; but nothing contained herein shall affect any jurisdiction of any military or naval authority with respect to the control or disposition of civilians.

(b) In carrying out the purposes of this Act and in accordance with the plan or plans prepared pursuant to section 201 (a), the Administrator shall, through agreements or cooperative working arrangements with appropriate agencies of the United States or of any State (including the District of Columbia, Hawaii, Alaska, Puerto Rico, and the Virgin Islands) or political subdivision thereof, and with other appropriate public agencies and private persons, agencies, or institutions, utilize their services and facilities wherever possible. He may delegate to any officer or employee, or to any agency, of the United States, of any State, or of the District of Columbia, or of any political subdivision thereof, or Territory or possession of the United States, such of his powers and duties as he finds necessary for carrying out the purposes of this Act, and may make grants to any such agency of the estimated cost of services or facilities utilized by him in carrying out the purposes of this Act; and in administering this title may transfer funds or make grants to any such agency for the making of payments and loans or the provision of services authorized under this title. Any money so granted or transferred which is not so used by any such agency for such purpose shall be returned

and credited to the current appropriation available for such purpose, in accordance with such regulations as the Administrator shall prescribe.

(c) The Secretary of the Treasury shall, through the Division of Disbursement of the Treasury Department and prior to audit or settlement by the General Accounting Office, make payments authorized under this Act to such payees in such amounts as the Administrator may from time to time certify. Notwithstanding the provisions of section 3648 of the Revised Statutes, the Secretary of the Treasury shall arrange for advances to duly authorized agents of the Administrator to make possible immediate payments in currency where the Administrator finds that such payments are necessary to carry out the purposes of this title. Payments in currency out of such advance shall be accounted for in accordance with regulations of the Administrator, which may provide that a certification of such agent as to the details of the expenditure shall be a sufficient voucher in cases where it is impracticable to furnish the payee's receipt. In situations in which the Administrator finds that the procurement of supplies, services, and materials, on an emergency basis, is necessary to carry out the purposes of this title, such procurement shall be made in accordance with regulations prescribed by him, without regard to section 3709 of the Revised Statutes.

(d) Decisions by the Administrator with respect to entitlement to benefits or reimbursement under this Act shall be reviewable by such administrative procedures as the Administrator shall prescribe. The Administrator may, at any time, reconsider or modify his decisions, and may waive recovery of money erroneously paid whenever he finds that such recovery would be against equity and good conscience or would be impracticable.

(e) The Administrator may provide for certification for joint payment to two or more individuals of the same family of the total amounts payable to such individuals.

(f) The Administrator is directed to make findings of fact, and decisions as to the rights of any individual applying for any benefit under title I. He is authorized to hold such hearings and to conduct such investigations and other proceedings as he may deem necessary or proper for the administration of this title or title I. In the course of any hearing, investigation, or other proceedings, he may administer oaths and affirmations, examine witnesses, and receive evidence. Evidence may be received at any such hearing even though inadmissible under rules of evidence applicable to court procedure.

(g) In administering this Act, the Administrator shall, insofar as they are applicable, have all the powers and duties conferred upon the Social Security Board by subsections (a), (d), (j), and (k) of section 205 of the Social Security Act, as amended; and the provisions of subsections (e) and (f) of such section shall be applicable to this Act in the same manner and to the same extent as they are applicable to title II of the Social Security Act, as amended.

(h) The Administrator shall make quarterly reports to the President and to the Congress with respect to assistance and services provided under this title, and agreements and cooperative working arrangements entered into in connection therewith, except to the extent that the information might be of value to the enemy. Such reports shall include information as to areas where and the causes why such assistance and services are provided, the kinds and extent, and probable duration of such assistance and services in such areas, and the agencies participating in their administration. The first of such reports shall be for the period ending with the third full calendar month after the enactment date of this Act, and subsequent reports shall be made thereafter for each period of three calendar months.

TITLE III—MISCELLANEOUS PROVISIONS

DEFINITIONS

SEC. 301. When used in this Act—

(a) The term "United States" when used in a geographical sense means the several States, the District of Columbia, Hawaii, Alaska, Puerto Rico, and the Virgin Islands, and shall include all bays, harbors, sounds, inlets, and similar bodies of water therein, but shall not include any other portion of the Atlantic or Pacific Oceans or the Gulf of Mexico.

(b) The term "Administrator" means the Federal Security Administrator.

(c) The term "war-risk hazard" means any hazard arising after December 6, 1941, and prior to the end of the present war, from—

(1) the discharge of any missile (including liquids and gas) or the use of any weapon, explosive, or other noxious thing by an enemy or in combating an attack or an imagined attack by an enemy; or

(2) action of the enemy, including rebellion or insurrection against the United States or any of its allies; or

(3) the discharge or explosion of munitions intended for use in connection with the national war effort (except with respect to any employee of a manufacturer or processor of munitions during the manufacture, or processing thereof, or while stored on the premises of the manufacturer or processor); or

(4) the collision of vessels in convoy or the operation of vessels or aircraft without running lights or without other customary peacetime aids to navigation; or

(5) the operation of vessels or aircraft in a zone of hostilities or engaged in war activities.

DISQUALIFICATION FROM BENEFITS

SEC. 302. (a) No person convicted in a court of competent jurisdiction of any subversive act against the United States or any of its allies, committed after the declaration by the President on May 27, 1941, of the national emergency, shall be entitled to compensation or other benefits under title I, nor shall any compensation be payable with respect to his death or detention under such title, and upon indictment or the filing of an information charging the commission of any such subversive act, all such compensation or other benefits shall be suspended and remain suspended until acquittal or withdrawal of such charge, but upon conviction thereof or upon death occurring prior to a final disposition thereof, all such payments and all benefits under such title shall be forfeited and terminated. If the charge is withdrawn, or there is an acquittal, all such compensation withheld shall be paid to the person or persons entitled thereto.

(b) The Administrator may by regulations prescribe such disqualifications from benefits provided in this Act as he may deem proper with respect to enemy aliens, and such other disqualifications from such benefits as he may deem necessary or proper to protect the public interest or to carry out the purposes of such titles.

FRAUD

SEC. 303. Whoever, for the purpose of causing an increase in any payment authorized to be made under this Act, or for the purpose of causing any payment to be made where no payment is authorized hereunder, shall knowingly make or cause to be made, or aid or abet in the making of any false statement or representation of a material fact in any application for any payment under this Act, or knowingly make or cause to be made, or aid or abet in the making of any false statement, representation, affidavit, or document in connection with such an application, or claim, shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than \$1,000 or imprisoned for not more than one year, or both.

LEGAL SERVICES

SEC. 304. No claim for legal services or for any other services rendered in respect of a claim or award for compensation under this Act to or on account of any person shall be valid unless approved by the Administrator; and any claim so approved shall, in the manner and to the extent fixed by the Administrator, be paid out of the compensation payable to the claimant; and any person who receives any fee, other consideration, or any gratuity on account of services so rendered, unless such consideration or gratuity is so approved, or who solicits employment for another person or for himself in respect of any claim or award for compensation under this Act, shall be guilty of a misdemeanor and upon conviction thereof shall, for each offense, be fined not more than \$1,000 or imprisoned not more than one year, or both.

FINALITY OF DECISIONS

SEC. 305. The action of the Administrator in allowing or denying any payment under this Act shall be final and conclusive on all questions of law and fact and not subject to review by any other official of the United States or by any court by mandamus or otherwise, and the Comptroller General is authorized and directed to allow credit in the accounts of any certifying or disbursing officer for payments in accordance with such action.

DETERMINATION OF DEATH OR DETENTION

SEC. 306. A determination that an individual is dead or a determination that he has been detained by the enemy may be made on the basis of evidence that he has disappeared under circumstances such as to make such death or detention appear probable.

ASSIGNMENTS, AND SO FORTH

SEC. 307. The right of any person to any benefit under this Act shall not be transferable or assignable at law or in equity except to the United States, and none of the moneys paid or payable (except money paid hereunder as reimbursement for funeral expenses or as reimbursement with respect to payments of workmen's compensation or in the nature of workmen's compensation benefits), or rights existing under such titles, shall be subject to execution, levy, attachment, garnishment, or other legal process or to the operation of any bankruptcy or insolvency law.

Senator CLARK. Mr. Taft, will you come up, please, sir?

STATEMENT OF CHARLES P. TAFT, ASSISTANT DIRECTOR, OFFICE OF DEFENSE HEALTH AND WELFARE SERVICE, FEDERAL SECURITY AGENCY

Senator CLARK. Mr. Taft, we will take up our old friend, Senate bill 450.

You prepared some amendments at the request of the committee, did you?

Mr. TAFT. Yes, sir.

Senator CLARK. We will be glad to have you explain them, Mr. Taft.

Mr. TAFT. I might say, in the first place, that they can be related to S. 450 as now printed and include most of the amendments which were made in the committee print of July 8, 1942, on S. 2620.

Quite a number of them are textual, coming from the old committee print, and I do not think need any particular comment.

I will try to pick those to which the committee's attention should be directed.

I might say, in the first place, that the amendments are presented, growing out of the suggestions of the subcommittee at the hearing in March, discussions with the chairman of the subcommittee and some experience of the Federal Security Agency in administering similar programs under the temporary allocation, and suggestions that have grown out of the conferences with the other interested agencies on the suggestions made by the committee.

They represent, I think, an agreement by all those concerned, with the possible exception of those on the Canal Zone, and Mr. Merrick is here from the War Department and perhaps is ready to make an analysis, so he can express himself on those.

I think perhaps the first one to take is on page 1, of the paper I handed you, the long item referring to page 5, line 3.

This follows the suggestions of the committee and telescopes somewhat the rather lengthy and detailed language which is in the present draft, with the intention of making it simpler. That applies to (e) and (f).

Do you want me to read it?

Senator CLARK. I think that would be well.

Mr. TAFT. It will be changed to read as follows, beginning on page 5, line 3:

(e) Benefits shall be provided under this title with respect to any war injury, death, or detention occurring inside the United States. To the extent and under circumstances prescribed by regulation of the Administrator benefits to persons not otherwise protected shall also be provided with respect to war injuries, deaths, and detentions occurring outside the United States when suffered by citizens of, or persons owing allegiance to the United States who either were in possessions of the United States or on American vessels at the outbreak of the war or whose exposure to war-risk hazards was undertaken in the interest of the United States.

Then under (f):

Payment of benefits under this title shall not be made to any individual who is outside of the United States at the time of such payment nor shall any payment be made for any month occurring while a person is outside the United States unless such month is one of the 3 months immediately preceding a month in which he came into the United States.

Page 6, lines 8 to 15 which is subsection (h), the amendment suggested is as follows—

Senator CLARK (interposing). That is, strike out all of subsection (h) as it now appears?

Mr. TAFT. That is right; yes.

Senator CLARK. And insert in lieu thereof the language you will read?

Mr. TAFT. That is right; yes. [Reading:]

No benefit shall be provided with respect to an injury or death described in section 301 (d) (2)—

that is the definition of war injury as it relates to civilian defense workers and you will find it at the top of page 7 of this document that I have just given you—

sustained after June 30, 1942, by a member of the United States Citizens Defense Corps unless sustained while he was performing services as a member thereof in accordance with, and during a period prescribed by, regulations of the Director of the Office of Civilian Defense.

I might say "war injury" refers only to physical injury under the amendment as now suggested.

A provision in reference to Civil Air Patrol, which is the next one; page 8, line 9—this is the suggestion made by the committee print, adding the following exception:

; except that any individual sustaining a war injury, death or detention while in the performance of his duties as a member of the Civil Air Patrol shall be deemed to have a monthly earning rate of \$150.

Senator CLARK. Let me ask you, Mr. Johnson, does that meet the suggestion you made?

Mr. JOHNSON. Yes, sir.

Mr. TAFT. Page 8, line 23, to page 9, line 3, is amended to read as follows:

(d) In no case shall the compensation payable for any month to parents of a deceased or detained individual exceed the difference, if any, between the maximum which may be paid with respect to such individual under subsection (b) (3) of this section and the total of the compensation paid for such month under this title to the children, and the wife or widow, or the husband or widower, of such individual.

That is simply a clarification of what you have already.

Line 4, page 3, of my document, page 10, line 13, is amended by inserting before the period the suggested language in my statement.

Those, I think, are purely textual on that page.

Now, beginning at the top of page 4 is a rather lengthy suggested change applying to page 17 of the bill. You will notice that it takes out the provision for the plans prepared by the administrator and director, so it would read as follows:

Section 201. (a) In order to provide assistance and services for the temporary relief of civilian distress resulting from enemy attack or the danger thereof or from action to meet such attack or danger, to the end that normal civilian activities may be restored as rapidly as possible, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1944, and for each fiscal year thereafter, a sum sufficient to carry out the purposes of this title.

We have not prepared detailed estimates for it, but the amount we have requested for the continuance of the allocation is approximately \$2,000,000 if the committee wish to insert that for the fiscal year ending June 30, 1944.

Then following that:

(b) Assistance and services under this title shall be available, under such circumstances and to such extent as the Administrator shall prescribe, to or on behalf of—

(1) Civilians in war-stricken areas;

(2) Civilians who are being or have been evacuated from any area within the United States under the direction or with the approval of military authority, if the evacuation is carried out in accordance with a plan approved by the Administrator and involves the removal of groups of the population;

(3) Civilians who, at the direction or request of civil or military authority, have moved from any territory or possession of the United States to any other part of the United States;

(4) Civilians who, being citizens or former residents of the United States, return to the United States from enemy countries or from countries occupied or endangered by the enemy;

(5) Civilians who are removed from land acquired for war purposes by the Federal Government or by contractors with the Federal Government;

Senator CLARK. Let me ask you a question, Mr. Taft, on (4).

Mr. TAFT. Yes.

Senator CLARK. You say:

Civilians who, being citizens or former residents of the United States, return to the United States from enemy countries, or from countries occupied or endangered by the enemy.

Why should we make provision, where is the Government under any obligation to make provision for a man who is not a citizen of the United States simply because he may have been a former resident?

I recognize the Government obligation as to a citizen.

Mr. TAFT. I might have some questions about it myself.

Senator CLARK. I do not know why we should have any obligation to a man who has lived here for 6 months and who establishes an eleemosynary relationship with the Government by mere temporary residence.

Mr. TAFT. I have a question about it myself. I think it can well be omitted.

At the top of page 5:

(6) Merchant seamen who are shipwrecked;

(7) Civilians who as a proximate result of war-risk hazards (as defined in sec. 301), suffer loss of, or damage to, clothing, tools, living quarters, furniture, or real or personal property of other kinds necessary for employment or habitation; but assistance with respect to damaged living quarters or other real property shall not exceed the cost of making such property temporarily serviceable;

That is the same.

(8) Civilians who sustain war injuries (as defined in sec. 301); and

(9) Dependents of the foregoing persons (including dependents who survive them) and of seamen who are missing and of civilians who are detained by the enemy.

No person shall be entitled to assistance or services by virtue of this section with respect to any war injury, death or detention after any payment of compensation under title I has been made with respect thereto.

(c) Such assistance and services may include money payments, loans (with or without interest or security), and assistance in kind and medical or other services necessary for the protection of health, safety, or welfare.

(d) Appropriations under this title shall be available for the development of necessary plans in preparation for meeting possible emergencies within the scope of the title.

(e) Assistance and services under this title shall not be provided outside of the United States, unless, and only to the extent that, the President shall direct.

That is a suggestion solely for the committee's consideration.

Senator MILLIKIN. What is contemplated by that, Mr. Taft?

Mr. TAFT. I do not know that any specific eventuality was contemplated by that.

Senator CLARK. This provision requires that there be a personal direction of the President of the United States to report any relief outside of the United States.

Mr. TAFT. That is right, Senator.

(f) In providing assistance and services under this title the Administrator, wherever he deems it practicable, shall take into consideration the resources of the persons receiving such assistance and services, including any pensions or other benefits to which they are entitled.

Now, I think the next page, down to the bottom is purely textual, except for the inclusion of the Canal Zone on page 23, line 14, of the bill.

Page 24, line 16, of the bill, the definitions are amplified by the following language:

(d) The term "war injury" means—

(1) a physical injury sustained after December 6, 1941, proximately resulting from a war risk hazard, and includes any disease proximately resulting from such physical injury but does not include an injury incurred by an employee of a manufacturer or processor of munition, if such injury arose out of or in the course of his employment for such manufacturer or processor;

(2) A physical injury, not a war injury as defined in clauses (1) and (3), sustained by a civilian defense worker after December 6, 1941, outside his home and while in the performance of his duty as such worker, and includes any diseases proximately resulting from such physical injury; and

(3) A physical injury or disease proximately resulting from detention of a civilian by the enemy if such detention commenced after December 6, 1941.

Then (e):

(e) The term "civilian defense worker" means any civilian (except a person who is paid by the United States, or any Department, agency, or instrumentality thereof, for services as a civilian defense worker) who (1) is engaged in the Aircraft Warning Service, or (2) is a member of the Civil Air Patrol, or (3) is a member of the Forest Fire Fighters Service, or (4) is a member of the United States Citizens Defense Corps in the protective services engaged in civilian defense, as such protective services are established from time to time by regulation or order of the Director of the Office of Civilian Defense or is registered for a course of training prescribed and approved by said Director for such protective services, or (5) is a member of any other protective service under the jurisdiction of any Federal Department, agency, or instrumentality, when such service is approved by the Administrator for the purposes of this act.

Senator MILLIKIN. Would that apply to the normal police and fire departments?

Mr. TAFT. Volunteers are the only ones intended to be covered. It may be that in the middle of the page where it excepts a person paid by the United States, you would also have to include those paid by the States or other subdivisions thereof in order to exclude what you are suggesting. The administrative sections are revised considerably.

Section 302. (a) The Administrator shall have the power and duty of administering the provisions of this Act, and shall issue such regulations and instructions, and establish such procedures, and perform such other functions as he finds may be necessary to carry out its purposes; but nothing contained herein shall effect any jurisdiction of any military or naval authority with respect to the control or disposition of civilians.

Senator MILLIKIN: Mr. Taft, may we back up just a moment?

Mr. TAFT. Yes.

Senator MILLIKIN. Would it be acceptable to exclude also the jurisdiction of local authorities with respect to control or disposition of civilians?

Mr. TAFT. You are talking now about page 7?

Senator MILLIKIN. Section 302 (a), page 8, of your document, lines 5 and 6.

Mr. TAFT. Well, I do not know that we thought of that. That is inserted here at the request of the War Department. That was their criticism at one point where it was omitted.

We will be glad to look into it and report on its effects.

That would mean to exclude the authority of States or subdivisions thereof.

(b) In carrying out the purposes of this act and in accordance with the plan or plans prepared pursuant to section 201 (a), the Administrator shall, through agreements or cooperative working arrangements with appropriate agencies of the United States or of any State (including the District of Columbia, Hawaii, Alaska, Puerto Rico, Canal Zone, and the Virgin Islands) or political subdivisions thereof, and with other appropriate public agencies and private persons, agencies, or institutions, utilize their services and facilities wherever possible. He may delegate to any officer or employee, or to any agency, of the United States, of any State, or of the District of Columbia, or of any political subdivision thereof, or Territory or possession of the United States, such of his powers and duties as he finds necessary for carrying out the purposes of this act, and may make grants to any such agency of the estimated cost of services or facilities utilized by him in carrying out the purposes of this act; and in administering title II may transfer funds or make grants to any such agency for the making of payments and loans or the provision of services authorized under title II.

Any money so granted or transferred which is not so used by any such agency for such purpose shall be returned and credited to the current appropriation available for such purpose, in accordance with such regulations as the Administrator shall prescribe.

Senator MILLIKIN. What is contemplated by that, Mr. Taft?

Mr. TAFT. What is contemplated is using assistance in accordance with the manual for civilian war security services that has been worked out by the Social Security Board with the grants that are now being made under the President's allocation, rather than through the employment of Federal persons.

This made it unnecessary to employ any additional people up to date in handling the matter.

(c) The Secretary of the Treasury shall, through the Division of Disbursement of the Treasury Department, and prior to audit or settlement by the General Accounting Office, make payments authorized under this Act to such payees in such amounts as the Administrator may from time to time certify.

Notwithstanding the provisions of section 3048 of the Revised Statutes, the Secretary of the Treasury shall arrange for advances to duly authorized agents of the Administrator to make possible immediate payments in currency where the Administrator finds that such payments are necessary to carry out the purposes of title II.

Payments in currency out of such advance shall be accounted for in accordance with regulations of the Administrator, which may provide that a certification of such agent as to details of the expenditure shall be a sufficient voucher in cases where it is impracticable to furnish the payee's receipt. In situations in which the Administrator finds that the procurement of supplies, services, and materials, on an emergency basis, is necessary to carry out the purposes of title II, such procurement shall be made in accordance with regulations prescribed by him without regard to section 3709 of the Revised Statutes.

(d) Decisions by the Administrator with respect to entitlement to benefits or reimbursement under this act shall be reviewable by such administrative procedures as the Administrator shall prescribe. The Administrator may, at any time, reconsider or modify his decisions, and may waive recovery of money erroneously paid whenever he finds that such recovery would be against equity and good conscience or would be impracticable.

(e) The Administrator may provide for certification for joint payment to two or more individuals of the same family of the total amounts payable to such individuals.

(f) The Administrator is directed to make findings of fact, and decisions as to the rights of any individual applying for any benefit under title I. In the case of any claim for benefits with respect to injuries described in section 301 (d) (2) except as may otherwise be prescribed by regulations of the Administrator, the Federal agency under whose jurisdiction the alleged duties were being performed at the time of the alleged injury, shall make conclusive certification (1) as to whether the person alleged to have sustained an injury was a civilian defense worker, (2) whether at the time and place alleged he was performing his duties as such worker, and (3) whether at such time and place alleged he sustained any injury while in the performance of such duties. Such Federal agency shall also make conclusive certification as to any other facts, including those required to be shown by 102 (h) as the Administrator may by regulation prescribe. The Administrator is authorized to hold such hearings and to conduct such investigations and other proceedings as he may deem necessary or proper for the administration of this act.

In the course of any hearing, investigation or other proceedings, he may administer oaths and affirmations, examine witnesses and receive evidence. Evidence may be received at any such hearing even though inadmissible under rules of evidence applicable to court procedure.

(g) In administering this act, the Administrator shall, insofar as they are applicable, have all the powers and duties conferred upon the Social Security Board by subsections (a), (d), (j), and (k) of section 205 of the Social Security Act, as amended; and the provisions of subsections (e) and (f) of such section shall be applicable to this act in the same manner and to the same extent as they are applicable to title II of the Social Security Act, as amended.

Senator MILLIKIN. Under (3), Mr. Taft, the complete picture would require a statement of what injuries he sustained?

Mr. TAFT. That comes, I think, by medical examination, rather than by a certificate of the agency that has supervision of the person.

That is the reason for stating it that way, because it is only the principal physical injuries that are involved.

The balance of the amendments I think are purely textual.

Senator MILLIKIN. Mr. Chairman, I am going to have to leave perhaps before the conclusion of the hearing. Before I leave, I would like to ask you, Mr. Taft, in what respect do these amendments extend the authority of the Director over the local O. C. D. organizations other than under the authority now existing?

Mr. TAFT. I understand they do not extend the authority at all.

They apply only to compensation for injuries that may be incurred in performing civilian defense activities. It is true, he is given the jurisdiction to certify as to whether they are engaged in those activ-

ities at the time. I think theoretically that might give him some additional control by reason of having that jurisdiction, but if he exercises it in the way I am sure he would, I do not think that it would extend his jurisdiction at all.

Perhaps Dean Landis would like to comment on that.

Senator MILLIKIN. Would the powers of regulation that are mentioned give a sort of power to creep into authorities and controls that are now exercised locally?

Mr. TAFT. The only one I see you could refer to is the one that permits the Director of Civilian Defense to define the necessary courses of training and the activities of the protective services, but I think Dean Landis had better testify to the effect of that.

Senator MILLIKIN. Could I have a word from the dean on that before I leave?

I have got to leave a little early.

STATEMENT OF JAMES M. LANDIS, DIRECTOR, OFFICE OF CIVILIAN DEFENSE

Mr. LANDIS. These amendments do not change the situation as it existed under the original bill. Under the original bill such authority as is given to the Director of the Office of Civilian Defense is an authority to designate the group of persons who would be entitled to compensation under the provisions of this bill.

Somebody has got to make that designation. Now that designation is made by the definition of the United States Citizens Defense Corps which calls for, under the existing regulations, a roster of the people who constitute that corps, a minimal requirement of training, and, thirdly an oath to support the Constitution of the United States and not to engage in subversive activities.

That is the limit of the authority that is conferred, I think, upon the Director of Civilian Defense.

Senator MILLIKIN. You do not construe the act in any particular as going beyond that under administrative practice?

Mr. LANDIS. No; I do not.

In other words, I do not see that this act gives the Director of the Office of Civilian Defense authority to command State directors or local directors with regard to their functions.

Senator MILLIKIN. Thank you.

Mr. TAFT. I think that covers our amendment, Senator.

I think we have covered everything that was discussed.

The inclusion of the Canal Zone as part of the United States, which is done by one of these amendments, would make everything applicable to those who live in the Canal Zone that is applicable to anybody in the United States.

The question was raised by Mr. Merrick, of the War Department as to what would happen with the United States citizens who work in the Canal Zone and lives in the Republic of Panama, or an alien who works in the Canal Zone and lives in the Republic of Panama.

Our general counsel informs me that the provision at the bottom of the first page, providing the payment of benefits under this title, shall not be made to any individual who is outside of the United States at the time of such payment, but has the effect of permitting a pay-

ment to a citizen who lives in Panama but works in the Canal Zone, and I take it to an alien, if otherwise they qualify.

Now that is in accordance with the original request, or at least the original comment of the War Department on this. I am not sure that they still take the same position, and I am not sure what the position of the Canal Zone is on that.

We expect to discuss that this afternoon at a meeting with all of them, but it is possible they may wish to express themselves this morning on that.

Senator CLARK. In what cases would aliens come into the provisions of the act?

Mr. TAFT. If they are working for the Panama Canal, or for the Army, or contractor for the Army in the Canal Zone and are injured there.

Senator CLARK. You mean injured in the Canal Zone?

Mr. TAFT. I would say so; yes. During the period of enemy attack.

Senator CLARK. What I was getting at, it does not seem to me we can make ourselves insurers for all of the employees of the Panama Canal Zone, except during the time they are working themselves, actually in the Canal Zone working.

I mean some might live some distance from there and be injured.

Mr. TAFT. We drafted it with the idea of raising that question.

It is not one we have any particular opinion about. We want the committee to understand what the problem is, and to decide it on the basis of testimony from the Canal Zone and the War Department.

Senator MILLIKIN. Mr. Taft, how are civilians in the construction camps in Ireland, working on port facilities and that sort of thing in Europe—how are they covered, if at all?

Mr. TAFT. They are covered by the other bill, which was in this act originally and was then taken out and passed in December.

Senator CLARK. Are there any other observations, Mr. Taft, that you would desire to give to the committee?

Mr. TAFT. I do not think so.

Senator CLARK. I will have these suggested amendments printed and then the committee will meet in executive session.

Mr. Landis, do you have anything that you would like to add?

Mr. LANDIS. I will try to point up a few matters that concern us. The amendment, for example, on page 6, lines 6 to 15, which supplants subsection (h) makes it clear that the injury to a member of the Citizens Defense Corps must be incurred in line of duty.

That seems to me a wise provision.

I am a little disturbed by the suggested amendment to section 201 (a) subsection (b) paragraph (2), which provides:

Assistance and services under this title shall be available under such circumstances and to such extent as the Administrator shall prescribe, to or on behalf of civilians who are being or have been evacuated from any area within the United States under the direction, or with the approval of military authority, if the evacuation is carried out in accordance with a plan approved by the administrator and involves the removal of groups of the population;

My own suggestion would be to delete the last clause, because I can conceive of evacuations which might be carried out under military authority and yet might not be carried out according to a plan approved by the Administrator, because no such plan might be in being.

I would not suggest that there should be a condition precedent to the rendition of help to evacuees under those circumstances.

Senator CLARK. You mean that there might be an evacuation by orders of the military authorities that has never been submitted to the Administrator but in which case you think relief would be necessary and desirable?

Mr. LANDIS. Yes; I think so. I wonder if it is the desire to make that a condition precedent to the rendition of help.

The amendment suggested to page 24, line 16 is the only other thing I want to comment on.

That is paragraph (e), the expansion of the term "civilian defense worker" to include members of the Forest Fire Fighter Service.

I think that is a highly desirable inclusion, because those men are likely to be subjected to considerable danger in their work. They are volunteers and they seem to me to be engaged in the national war effort, in the protection of our forests.

That inclusion seems to me a very wise inclusion, as also paragraph (5) in that same subsection, which permits the introduction of a member of some other protective service within the provisions of its bill when that service is approved by the Administrator for the purposes of this act.

There are a few odd services in this country which it may be desirable to include, and there may be some which may come into existence as the result of the exigencies of the war.

I think of one odd service in that connection and that is the Coast Guard Auxiliary.

I do not believe the Coast Guard Auxiliary is covered by any provision at all, and it could be included within paragraph (5) of this bill. Some flexible provision of that type seems to me highly desirable. Other than that I have no comment to make.

Senator CLARK. Thank you.

Mr. TAFT. I might say, Mr. Chairman, we checked with the Navy and Coast Guard and we found the services we thought were volunteer services are paid services in their regular service and are covered by the existing provision.

I think the general provision for any service which is any other Federal agency would take care of any ones that are not included specifically here.

Mr. LANDIS. I think the Coast Guard Auxiliary is a little different from the Coast Guard Volunteer control. One is within the Coast Guard and the other is a purely volunteer service.

Mr. TAFT. That may be.

I think this act covers that.

May I comment, Mr. Chairman, on Dean Landis' suggestion about the evacuation item?

This is on page 4 of our draft here. I point out, in the first place, that item B. (1) covering civilians in war-stricken areas would cover those who are moved across the street, or within the same city, within the same town. The provision as to evacuation contemplates a plan approved by the present method of joint operation between our office and that of the Office of Civilian Defense, which is through the Joint Committee on Evacuation, and our feeling is that the expenditures ought to be made only when the evacuation is carried out in accordance with the plan approved in the manner worked out between the two agencies.

Senator CLARK. As I understood it, Dean Landis' point was the military authorities might come along, feel there is an emergency existing and evacuate a group of people or perhaps a large number of people without any consultation with any civilian agencies because they regard it as a military matter, and at the same time, those people might be in desperate need of assistance without the Administrator or the civilian authorities ever having had a chance to pass on it at all.

Mr. TAFT. Of course, it is conceivable, except the Joint Committee on Evacuation is working—in the field certainly—under the direction and with the full cooperation of the military authorities.

Their plans have been laid out in accordance with their instructions to have plans developed on the advice and with the cooperation of the service commands of the various areas.

I suppose it is quite conceivable, however, that they might do it in a hurry and not have a plan.

Senator CLARK. I can see the force of what Dean Landis said, because a military commander in the field would issue the orders without taking the time to consult anybody, and would not be very blameworthy if he did not consult anybody.

Is Mr. Merrick here?

Mr. MERRICK. Yes, Mr. Chairman.

Senator CLARK. Come up, Mr. Merrick.

STATEMENT OF RICHARD L. MERRICK, ATTORNEY, LEGISLATIVE SECTION, LEGAL BRANCH, PURCHASES DIVISION, ARMY SERVICE FORCES, WAR DEPARTMENT

Senator CLARK. Identify yourself for the record, please, sir.

Mr. MERRICK. My name is Richard L. Merrick. I am an attorney in the Legal Branch of the Purchases Division, Army Service Forces.

I am interested in this legislation because it arose in connection with our legislation which was passed in the last Congress. The War Department is in accord with this legislation.

I think the amendment which Mr. Taft has discussed covers all of the points raised by the War Department in our letter to Senator George dated February 11, 1943.

The Panama Canal has made some suggestions with respect to enlarging the legislation to cover certain citizens and aliens in the Canal Zone and residing in the Republic of Panama.

I am not going to discuss those suggestions but leave that to a representative of the Panama Canal, except to say that the War Department, I mean, that part of the War Department which I represent, is in accord with extending the benefits of this proposed legislation as far as possible, not only to citizens working in the Panama Canal, but to aliens employed there, either by the Canal government, the Army, the Navy, or the Panama Railroad.

I believe that the contractor's employees working in the Canal Zone are already covered by Public Law 784, which was the bill passed last Congress.

I am in accord with Dean Landis' suggestion with respect to striking out a part of the provision relating to the evacuation of the civilians under a plan worked out by the Administrator of the Federal Security Agency.

As he pointed out, occasions may arise when the military authorities would have to make evacuations and no plans had been submitted or worked out, the evacuation being an emergency.

I think that is all I have to say, Mr. Chairman, at the present time.

A representative of the Panama Canal would probably like to discuss the point that they may be interested in.

Senator CLARK. Is the representative of the Canal Zone here?

Mr. MERRICK. Mr. Burdick was supposed to be here, Mr. Chairman. I am not authorized to speak for the Panama Canal, but I will say their letter, which was submitted to the committee raises certain points.

Mr. Taft gave me credit for making the suggestions with respect to the effect of the proposed extension on citizens and aliens working on the Panama Canal and residing in the Republic of Panama.

The Canal Zone has pointed out in its memorandum that due to housing conditions in the Panama Canal, many of the employees, not only of the Government itself, but of the Panama Railroad and of the contractors in the Panama Canal, reside outside of the Canal Zone.

They work in the daytime on the works in the Canal Zone and then go home to their residence in Colon and Panama City, and other places outside of the Canal Zone.

The Canal Zone authorities have raised the point that those citizens, by necessity, are not residing in territory over which the jurisdiction of the United States extends, and that they are entitled to 24-hour protection as much as the citizens who, by virtue of favorable circumstances work and reside inside the Canal Zone.

We are inclined to agree with that view, but I raise the point that there might be some difficulty in attempting to give extraterritorial effect to this type of legislation; in other words, to extend the benefit beyond the jurisdiction of the United States.

Senator CLARK. It seems to me there would be very great difficulty.

Mr. MERRICK. It seems to be an attempt to provide benefits for a man residing, we will say, in a foreign country. That was one of the difficulties that we hoped to discuss this afternoon at our conference.

We will be glad, Mr. Chairman, to submit to you whatever conclusions may be reached there.

Senator CLARK. I would be very glad, indeed, if you would hold your conference this afternoon and advise the committee as to the results of it.

Mr. MERRICK. That is all I have to say, thank you.

I have nothing further.

Senator CLARK. Mr. Kyle, did you want to be heard on any of these bills that we developed this morning?

STATEMENT OF JACK KYLE, NATIONAL COMMANDER, REGULAR VETERANS ASSOCIATION

Mr. KYLE. Mr. Chairman, last year I appeared on this bill. The hearings were printed. I do not think that we want to reverse our stand.

There is one bill, Mr. Chairman, I was notified to appear on that you have not called up. I wonder if it was in error.

That is S. 229.

Senator CLARK. All right, come up, Mr. Kyle.

We can take that up while we are at it.

Mr. KYLE. Mr. Chairman, Senate bill 229 is to extend the war rates of compensation to the date of the Selective Service and Training Act. I believe, Mr. Chairman, you introduced that bill.

Senator CLARK. Yes.

Mr. KYLE. That would take in all the disabled selectees that were brought in and give them the benefit of war rates of compensation until the date of the war when war rates went into effect.

We wholeheartedly approve the bill, and being the only organization that represents the Regular Establishment exclusively, I think that we are qualified somewhat to make some observations.

I checked this morning and the best figures I could get showed that there were about 1,000,000 men inducted prior to Pearl Harbor. Of course, they were taken away from good jobs, and some were disabled through disease or injury and went out on disability and receive 25 percent less than the war veterans.

I remember during the Seventy-seventh Congress, that a very distinguished member of this committee made an observation that the first man he saw killed during World War I had been run over by a truck.

He is just as dead as anybody else.

Senator CLARK. That was an ammunition wagon.

Mr. KYLE. An ammunition wagon.

Senator CLARK. A four-mule team.

Mr. KYLE. The same thing must hold true now. I would like to see this bill passed.

In this connection there are 42,000 veterans of the Regular Establishment on the rolls disabled and they get 25 percent less than war veterans.

Unless we are going to take off a part of the Regular Establishment, I would like to see all of them included.

That is, of course, a proposition that we have been fighting for for a long time.

Mr. KYLE. While I am here, Mr. Chairman, I would like to endorse General Hines' proposal to furnish Government transportation to the veterans' facilities.

It will help the Department as well as veterans.

Senator CLARK. What amendment to this S. 229 do you suggest, Mr. Kyle?

Mr. KYLE. I do not have the bill before me, Senator, but I would say just cut out the October 8, 1940 provision and that would get everybody. There would be no question about it.

It would make it include the 40,000 that are now on the rolls.

Senator CLARK. You mean make it applicable for period?

Mr. KYLE. That is right.

In this connection, Mr. Chairman, the Senate Pensions Committee, last Congress, reported a bill for the Regular Establishment advancing the rates to 90 percent of war rates, and that bill was passed by the Senate.

I think all you have to do is knock out October 8, 1940.

Senator CLARK. Is there anything further, Mr. Kyle?

Mr. KYLE. I want to say a word about this insurance bill.

It seems that these maritime men, civilian construction workers, social workers, and war correspondents have a good case.

I agree with the Veterans' Administration and the other organizations. It probably is not a good idea to bring them in under the national service life insurance, but I wonder if we might not work out a special insurance act for them under another branch of the Government, preferably the Social Security Agency?

It occurs to me the premium rates on these policies are very, very high, and the main reason for these people wanting to be brought in under national service life insurance is to get the benefit of the lower rates.

The Congress might work out some other bill so that some of the departments might set up a separate insurance system that would take these people in.

The observation was made about the newspaper reporters getting a lot of money, and all those things and about being volunteer workers.

Well, so are construction workers, and so are the Red Cross workers and the Y. M. C. A. All of them are voluntary workers.

Being a newspaperman—I think maybe I am—I feel that very keenly. If we are going to have an efficient press we have to have correspondents on the front line. Probably a separate bill would do the job, or we might be able to amend Mr. Taft's bill to include those people.

That is just a thought, Mr. Chairman. I haven't given it much study.

The CHAIRMAN. All right, thank you, Mr. Kyle.

Are there any representatives of the Disabled American Veterans here that desire to be heard this morning?

STATEMENTS OF THOMAS J. KEHOE, ASSISTANT NATIONAL SERVICE DIRECTOR, AND CAPT. KENNETH C. BRADLEY, NATIONAL SERVICE OFFICER, DISABLED AMERICAN VETERANS

Mr. KEHOE. We have for consideration Senate bill 964, and I would like to add the thoughts of the Disabled American Veterans to those which have been expressed here this morning, in the hope that some relief will be given to the Veterans' Administration, so that they can secure sufficient gasoline from the Office of Defense Transportation to use the automobiles and cars that they may have at their facilities, to take care of the disabled veterans that need hospitalization, and to use the transportation also for transporting the employees of the Administration.

Our attention has been called to many cases, particularly around San Francisco, St. Louis, Detroit, Cincinnati, and New York where the Army has men ready to be hospitalized in the Veterans' Administration facility. And they are called upon to meet them at different places.

Take in Newark, they come into New York, and they do not know how to get to the facility, so, the Veterans' Administration has to send down someone to guide them out to their facility. It will facilitate the work of the Army as well as the Navy if this bill can be passed.

Captain Bradley will talk on the insurance features that are before you this morning.

Captain BRADLEY. Senator, I haven't a great deal to add to what has already been said, except that we, as an organization, are about of the same opinion on S. 1024 that Mr. Ketchum was, as to the probable intent of this bill.

We have not studied it. As a matter of fact, until this morning, I did not know that any such proposition was up, but as to the presumption that the various individuals—call it a presumption—had taken out the \$10,000, I think there are a great number of individuals who, by reason of improper approaches on the insurance while in service, were not properly approached, or were not approached at all, even though a great attempt was made by the services to get them to take out the amount of insurance that would adequately cover and protect their dependents.

Senator CLARK. Well, as a matter of fact, not very considerable portion of the military organizations is going to take insurance unless the regimental commander keeps after the captains and the captains keep after the sergeants and call it to their attention.

Captain BRADLEY. That is right.

There is another feature, too, that I believe this bill would correct.

Number of cases have come to us indicating that an individual signed the application for the insurance effective as of the first of the month following the date on which he made out this application.

A great number of men I talked to said, "Well, we thought we were insured the minute we signed the application."

Senator CLARK. We found a number of cases in the committee where the men were killed before the insurance became effective.

Captain BRADLEY. Yes; where they were killed before the 1st of the month on which this insurance became effective.

As a result, no protection is afforded to the beneficiary, or to the dependents whatever, because there is the man's written statement, "I make it effective as of the 1st of the following month."

I think personally that the primary reason for that occurrence is that the pay period is so arranged as to make it administratively convenient to deduct from the next pay, because he has already gotten his pay in the month in which he makes out the application, and, in the intervening time, there is no protection afforded for the man who happens to be killed.

Some of those actually are pitiful cases in that nothing has been afforded in the insurance line—no protection at all, because there is no way in which the Veterans' Administration could assume that man expected to be insured prior to the date on which his application reached the Veterans' Bureau.

Senator CLARK. That case is particularly prevalent among air cadets.

That has already been covered by the law. The same situation should apply to all servicemen.

Captain BRADLEY. That was true, up to and including the date of April 18, 1942.

Senator CLARK. That has since been corrected, but it seems to me the same correction ought to be made to all the armed forces.

Captain BRADLEY. That is true. I believe S. 1024 has in mind cases of that nature, and other cases, since it does provide if a man really does not want it, he merely makes a statement to that effect.

Senator CLARK. If he does not want it, it covers him while he is making up his mind.

Captain BRADLEY. There are other cases of individuals. We have letters written to proposed beneficiaries by the soldier stating, "I am taking out \$12,000, \$5,000" or a certain amount of insurance, and then the records, on the death of the individual, are investigated and there is no indication that that was done.

The intent of the veteran is there, nevertheless. Now, what happened between the time he wrote the letter to the dependent and the time of his death nobody is able to tell, but it does indicate very plainly the man intended at least to take out this insurance.

Now, on S. 263, I have not seen that bill, but I think I pretty well know what that is driving at.

That is the question of mixing the war risk insurance with the national service insurance fund.

I quite agree with Mr. Breining that that is not such a good method, mixing the funds, but I also agree with Mr. Ketchum that probably the intent of that bill was to liberalize the rates, so far as national service life insurance was concerned.

There is a bill, a copy of which I have here, S. 1053, that was the one which General Hines likes the time on, is it?

Senator CLARK. That will be taken up later.

Captain BRADLEY. Until that time I do not believe we will have any further comment on it, either.

Beyond that, I believe that is all I have, Senator.

Senator CLARK. The committee will take a recess, subject to call. (Whereupon, at 12 noon, the committee recessed, subject to the call of the Chair.)

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