

TO AMEND THE WORLD WAR VETERANS' ACT, 1924

HEARING

BEFORE THE

COMMITTEE ON FINANCE

UNITED STATES SENATE

SEVENTY-FIRST CONGRESS

SECOND SESSION

ON

H. R. 13174

AN ACT TO AMEND THE WORLD WAR
VETERANS' ACT, 1924

JUNE 27, 1930

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TO AMEND THE WORLD WAR VETERANS' ACT, 1924

FRIDAY, JUNE 27, 1930

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

The committee met at 3 o'clock and 15 minutes p. m., in the room of the Senate Military Affairs Committee, Senator James E. Watson presiding.

Present: Senators Watson (acting chairman), Reed, Deneen, La Follette, George, Walsh of Massachusetts, Barkley and Connally.

Present also: Senators Steiwer, Cutting, and Robsion.

Present also: Gen. Frank T. Hines, Director and Mr. J. O'C. Roberts, Assistant General Counsel of the United States Veterans' Bureau.

Mr. WALSH of Massachusetts. Mr. Chairman, General Hines, at my request, will now give the committee some new estimates of the cost to the Government of the plan of pensioning based upon the payments authorized in the Spanish-American War veterans' act of June 2, 1930.

General HINES. Under these new conditions the total permanent cases, modified by the exclusion of the 90-day requirement as to service and modified by the requirement that the enlistment begin prior to November 11, 1918, based on the range of rates, \$20 to \$60, or an average of \$35.

Senator WALSH of Massachusetts. And excluding disabilities of less than 25 per cent.

General HINES. The cost there would be for 156,000 men, in 1931, \$49,157,640. The first table I have here is from 10 per cent to 100 per cent disability.

Permanent cases only (excluding less than 90-day men, at rate provided for Spanish War veterans by act of June 2, 1930)

	Disabled veterans	Estimated annual cost (monthly rate, \$31.50)	Veterans entitled to age pension	Estimated annual cost for age pension
1931	304,201	\$86,240,984	8,529	\$2,524,584
1932	563,885	188,608,392	10,206	3,895,965
1933	638,080	231,182,813	12,116	4,679,632
1934	682,598	253,815,063	14,274	5,534,464
1935	741,954	271,846,470	17,272	6,709,634

Gentlemen, let me state the basis of the estimate on the Johnson bill, which I gave the committee this morning, ranges from \$25,281,000 for 1931, to \$80,570,000 for 1935, commencing with 156,056 men and

increasing in 1935 to 380,622 men. That estimate is based upon a 25 per cent degree of disability or more, in rates ranging from \$12 to \$40, the average used being taken at \$18, because the bill itself provides that for 50 per cent disability the rate will be \$18. On the basis of the Spanish War rates, from \$20 to \$60, using \$40 as the average—that average rate really should be \$35, in order to be comparable with this last bill—

Senator WALSH of Massachusetts. The estimated rate you gave me was \$31.50.

General HINES. That did not take into account the new 90-day provision or the limitation of November 11. We did not have that at that time.

Senator WALSH of Massachusetts. The number of cases would be the same, of course, 156,056 to 380,622, during a period of five years. The only question would be the difference in the amount each year.

General HINES. There would be a difference in the amount.

Senator WALSH of Massachusetts. What is that difference?

General HINES. The first year, 1931, using the average of \$40, as I have explained—

Senator LA FOLLETTE. I thought you said that was not the right average.

General HINES. That is true. I will give you the figures for the \$35 rate. Using \$35 instead of \$40, the first year would be \$49,157,640 for the same number of men, 156,056. The next year would be \$107,506,875. The third year would be \$133,484,190. The fourth year we will have to work out for you as we go along. That is at the new rate.

Senator WALSH of Massachusetts. The fifth year would be about \$25,000,000 more.

General HINES. Not quite that much. It would be \$144,674,670.

Senator WALSH of Massachusetts. You say the average is \$31.50?

General HINES. We had not taken into account the limitation of November 11 as to the number of men. It would be from 10 per cent up, Senator, instead of 25 per cent.

Senator WALSH of Massachusetts. I should think, if you took it on the basis of 10 per cent up, it would be more rather than less, on the average.

Mr. ROBERTS. From 10 per cent to 100 per cent, Senator, with rates from \$12 to \$30, would give you an average of \$18.

Senator WALSH of Massachusetts. It would bring in more cases. The number of cases was 304,201, when the disability was to begin at 10 per cent.

Mr. ROBERTS. Yes, sir.

Senator BARKLEY. Taking the basis of 25 per cent disability as a minimum, going up to 50 per cent, 75 per cent, and on to 100, what proportion of the number of men coming within those ranges would be between 25 and 50 per cent, if you know?

General HINES. I do not know; we could work it out.

Senator BARKLEY. The smaller the disability the larger the proportion.

General HINES. The larger the group, yes.

Senator WALSH of Massachusetts. In view of his fixing the average rate at \$35, it would indicate that the average was 50 per cent.

General HINES. I took that on the basis of the Spanish War figures. Before they used to have rates from \$20 to \$40. I do not know that we can get each group, unless we take our experience from the compensation rates.

Senator LA FOLLETTE. Please speak a little louder. It is impossible to hear at this end of the table.

Senator BARKLEY. You stated this morning the number that the number of men between 10 and 25 per cent disability was 46 per cent of the total.

General HINES. That is in connection with our compensation rates.

Senator BARKLEY. Assuming that that would be a fair average for those included in this bill, we could expect that probably 30 or 40 per cent of those coming under this provision would be between 25 and 50 per cent disability.

General HINES. I think that would be fair, yes.

Senator LA FOLLETTE. General, how much do you estimate it will cost the bureau to administer this disability pension?

General HINES. We have included in the total cost of the bill \$2,000,000 for the first two years with a decrease after that.

Senator LA FOLLETTE. Do you think you could administer it for \$2,000,000?

General HINES. I think so. At least I am willing to try it.

Senator CONNALLY. Annually, of course.

General HINES. Annually. I would not say it would continue after we get over the peak, and as I say a decrease is estimated after the first two years.

Senator BARKLEY. Does that include the medical examination of all these men to determine their disability?

General HINES. Yes; everything. In addition to what personnel we have now, I figure that the added cost would be about \$2,000,000, the first two years.

Senator BARKLEY. How far, on the average, would each man have to travel in order to get to an examining board?

General HINES. That would be a difficult thing for me to say, on the average. We have a pretty broad distribution of facilities throughout the country. There are facilities in every state, at every regional office, and every hospital.

Senator BARKLEY. Take my state. There is one regional office at Louisville, and one at Lexington.

General HINES. There is a suboffice at Lexington.

Senator BARKLEY. Under the present condition many of these men have to go a hundred miles to be examined.

General HINES. Of course, in the large centers where the great majority of these men are the distances would be small, as our regional offices are there.

Senator BARKLEY. I was wondering whether it would be possible to work out a plan by which the local boards already in existence in the counties serving the pension bureau could examine these nonservice-connected men so as to eliminate a large amount of railroad expense.

General HINES. I was going to suggest to this committee, when you are through with me, that this new provision in this bill only emphasizes a little more strongly the necessity of all these activities being brought together in one place, and I was going to ask the

committee to give some consideration to reporting out that bill (H. R. 10360) which does that. Regardless of that, however, your suggestion is a good one, and the bureau will certainly ask the Pension Bureau to cooperate with us in the examination.

Senator BARKLEY. Where there is no technicality involved in tracing a man's disability back to service, it is much more simple. The only question is a medical question, as to how much he is really disabled.

General HINES. Under this bill it is necessary to look at the man as he stands to-day, with his disability, measured in terms of how able he is to carry on, and convert it simply into one of these percentages.

Senator BARKLEY. It occurred to me that it might save a lot of money if you could have them examined locally.

General HINES. I think it would.

Senator WALSH of Massachusetts. Do you not want uniformity of examination?

Senator BARKLEY. Yes.

Senator WALSH of Massachusetts. You do not want to have it easier to get a disability rating in one place than in another place.

General HINES. Of course, we have two problems if this bill becomes a law. We know, or rather feel, under the disability system that we have for the service-connected cases, that there will be a large number of claims filed. Whether they are all allowed or not, they will all have to be examined. The second feature is the new disability feature, which will be simple in administration, but undoubtedly will involve the filing of a large number of claims. We have calculated that only about 41 per cent of them will come in the first year, but that does not mean that they will all necessarily stop filing. The greater percentage may file claims. I think the Pension Bureau's experience is that our estimate of 41 per cent coming in the first year is high. I think they calculate a smaller percentage which, of course, would make their first year estimates lower. But with all the agitation, and the way the country is advised that something of this kind is going to go in, I have a feeling that many men will file immediately upon the passage of the bill.

Senator GEORGE. Is it not true, especially, General, when you consider that some four hundred and eighty thousand and odd, or four hundred and sixty thousand and odd, or whatever the number is, have already made application for compensation?

General HINES. The bureau would feel that without any action on part of the men except to fill out a formal application, which would be simple we should immediately review the claims that have been filed in each regional office and see how many of those come in without any motion on the part of the men.

Senator GEORGE. That might bring in a pretty high number.

General HINES. It would. That caused us to move up the percentage used by the Pension Bureau to 41 per cent, and increase the first year estimate accordingly. I feel that \$2,000,000 is a fair estimate for the increased cost of administration for the first year, Senator.

Senator BARKLEY. Does that include these extra examinations?

General HINES. Yes. Of course, we have a large personnel that could conduct examinations both in hospitals and regional offices, and we have fee base doctors now all over the country.

Senator BARKLEY. Would that include the expense of the veteran traveling from his home to the place of examination?

General HINES. It would include transportation, yes, sir but no per diem allowance, as there is in service-connected cases; meals, lodging, and transportation.

Senator WATSON. Are there any further questions of General Hines?

Senator SHORTRIDGE. I would like to ask the General one or two questions. General, as I understood you to state, under the law neither you nor the Attorney General has the power to compromise cases once begun.

General HINES. You mean to compromise suits?

Senator SHORTRIDGE. Actions at law brought in the court or causes of action growing out of insurance policies.

General HINES. That is correct; yes, sir.

Senator SHORTRIDGE. I understood you to say that you thought it would be wise to have the law so amended as to authorize you to compromise any such cases.

General HINES. I believe that would be very advisable, Senator, and very helpful.

Senator SHORTRIDGE. As I understand it, the Attorney General attends to the defense of the case when and after it is commenced.

General HINES. Yes; that is correct.

Senator SHORTRIDGE. And you cooperate with him in furnishing the evidence, and giving all proper assistance.

General HINES. Yes, sir.

Senator SHORTRIDGE. So that the authority should be given to him to compromise in a given case.

General HINES. I feel that if the authority is given to the Attorney General, he certainly will confer with the bureau before a compromise is made, and the desired results will be brought about.

Senator SHORTRIDGE. As to the extension of the statute of limitations, much has been said in regard to this question, and many of us have heretofore expressed our opinion that, for reasons given, the time as provided in the law now should be extended one year so that certain actions may be brought on and tried, or compromised, if the law is so amended, upon their merits. If the statute should be extended, approximately how many additional cases would that permit to be heard upon their merits, roughly speaking?

General HINES. I have a feeling that approximately 5,000 new cases would be filed against the Government.

Senator SHORTRIDGE. You have told us heretofore, I believe, that about 50 per cent of such cases are won by the Government.

General HINES. That is correct.

Senator SHORTRIDGE. If the power to compromise be given, on the assumption that, say, 5,000 should be brought, of course, we are not quite able to indicate how many would be compromised, are we?

General HINES. That would be rather difficult.

Senator SHORTRIDGE. True.

General HINES. There are two ways in which the claim would be settled out of court. One would be that the bureau, on its own motion, would allow the case upon review. Second, it would then compromise the case through the Attorney General, by the attorneys on both sides reaching some agreement before the court. I should say that in that event the cases won by the Government plus those

that would be settled by compromise, might be as much as between 70 and 75 per cent of the cases.

Senator SHORTRIDGE. That would be either won or compromised.

General HINES. Yes.

Senator SHORTRIDGE. Which would leave approximately 25 per cent.

General HINES. Approximately 25 per cent that would go to trial.

Senator SHORTRIDGE. That would go to trial, and be lost by the Government.

Senator WALSH of Massachusetts. Of course, all these cases, outside of those where legal technicalities are raised, are considered by the bureau to be without merit.

General HINES. They are considered by the bureau to be cases where we have gone as far as we can within our law.

Senator WALSH of Massachusetts. And cases in which you conclude that you would not be justified in making payment under the law as you interpret it.

Senator BARKLEY. To what extent do you have any authority now to compromise a claim prior to the institution of suit? You have to pay the whole thing or nothing, do you not?

General HINES. Yes, sir. I have no authority to compromise.

Senator BARKLEY. If you had authority to compromise a case after suit is brought, should it not include the power to compromise before suit?

General HINES. The case can be compromised before suit—in other words, by the bureau allowing it—but we would have to allow it in full.

Senator BARKLEY. That is no compromise. That is just payment of the whole amount of the claim.

Senator CONNALLY. He means by reducing the amount.

General HINES. I doubt the advisability of that, Senator. I think that the matter of compromising litigation should be centralized in one place.

Senator SHORTRIDGE. Mr. Chairman, I have asked the general here to prepare an amendment which would give to the Department of Justice and the Attorney General authority to compromise in particular cases, and also extending the statute. Finally, I would like to ask you if you can, in a few words, state when the statute of limitation commences to run against a given case.

General HINES. The statute commences to run when the contingency arises; that is, when the man believes that his permanent disability commenced. In most instances they attempt to prove that commencement date after date of discharge. It may be later than that. It may be the time when he allowed his insurance to lapse for nonpayment of premiums. That would then be the commencement date. He files his claim, claiming that he is permanently and totally disabled as of that time, and the bureau differs with him in that case. The statute would commence to run at that time, and would be stayed during the period that the bureau might have the claim under consideration. In other words, he would have six years from the date he alleges the right accrued forward, exclusive of the time the bureau was considering the matter.

Senator SHORTRIDGE. Can the law, then, be so stated as to make it clear, definite, and understandable?

General HINES. I think it can, Senator, by fixing a definite date when all suits growing out of the war-risk insurance would be barred. I refer to the old insurance, not the converted insurance that now exists on the books. That could be fixed at a definite date, and it would be definitely understood that no suit could be filed against the Government after that date. If Congress should once fix it and let it be understood that that is as far as you are going, we would not have these constant efforts to move the date forward all the time, which is confusing, and I think it would be in the interest of the veteran to fix a date and let it be well known in advance that that is the final date that the Government expects to permit itself to be sued on these old war-time insurance policies.

Senator SHORTRIDGE. There has been more or less confusion, has there not, General, as to that very point?

General HINES. Yes.

Senator SHORTRIDGE. As to when the statute commenced to run. I would like to have that cleared up if it can be cleared up.

Senator WALSH of Massachusetts. General, have you considered that giving to your bureau the power to compromise suits at this time, involving so much money, would be, judging by past experience, a temptation for fraud and deceit?

General HINES. I am not advocating that it be given to the bureau, but that it be given to the Attorney General. I feel that it should be given to him.

The only question that is going to arise, I think, on the whole matter, will probably arise between the Attorney General and the Comptroller General, who, I believe, feels that he has the final authority to compromise actions against the Government.

Senator WATSON. Are there any other questions of General Hines by any member of the committee?

Senator CONNALLY. That objection could be obviated by making the compromise approved by the court, could it not? The compromise could be approved by the court and entered as a judgment.

Senator SHORTRIDGE. I imagine it would be, of course, reported to the court.

Senator CONNALLY. If you provided that, and it becomes a judgment, the Comptroller General would have nothing to do with it.

Senator LA FOLLETTE. Mr. Chairman, I would like to ask the general to furnish for the record all the tables that he used in his testimony this morning.

General HINES. I will be glad to do that. I will be glad to furnish all the tables we have, Senator, on this subject, and we will correct that second table to make the average \$35 instead of \$49.

(The tables referred to will be found at the conclusion of General Hines's statement.)

Senator GEORGE. General, in giving your estimate of the cost of this bill this morning, beginning the first year at some \$25,000,000—

General HINES. That was not the total cost of the bill. That was the total cost of the section.

Senator GEORGE. What is the total cost of the bill exclusive of this section?

General HINES. Exclusive of the section?

Senator GEORGE. Yes, sir.

General HINES. The total bill is approximately—

Senator GEORGE. As it came from the House yesterday.

General HINES. Taking the estimate used by Royal Johnson, that 61 per cent of the men would come in—

Senator CONNALLY. Do not take that. Take your own estimate.

General HINES. \$31,555,050.

Senator GEORGE. That is the total bill?

General HINES. The total cost of the bill.

Senator GEORGE. Is that your estimate or Mr. Johnson's?

General HINES. No; that is our estimate. I will insert, item by item, a statement we have here on the cost, and where no cost is indicated—

Senator BARKLEY. Will you carry that on up to five years?

General HINES. Yes. We do not have those figures, but I will introduce them, item by item, in the testimony here.

The difference, in connection with this particular section, between Congressman Johnson's estimate of \$40,000,000 and the estimate I gave you is brought about by his estimate that 60 per cent would come in the first year, as against our 41 per cent.

Senator BARKLEY. He has figured on a different basis.

General HINES. Yes.

Senator CONNALLY. Under the existing Spanish War rates, according to your estimates, if we amend the bill by putting them in this bill, the whole bill would cost only \$55,000,000.

General HINES. I would like to check that, but I will put both of them in.

Senator CONNALLY. You said it would cost \$45,000,000, and on the other basis it would be \$49,000,000. That is \$24,000,000 more. So, if you add \$24,000,000 to \$31,000,000, you get \$55,000,000.

General HINES. That is about right. In order that there will be no misunderstanding, I will put in each item so that we will have it definitely.

Senator WATSON. Senator Cutting, do you want to ask General Hines any questions?

Senator CUTTING. I do not think so.

Senator STEIWER. You have just stated that the total cost of the bill would be \$31,000,000, as I understand you.

General HINES. Based on the 1920 Spanish War rates, with the exception that we added \$10 to the permanent total rate. Instead of \$30, we brought it up to \$40.

Senator STEIWER. The question is suggested by reason of the language employed on page 15. It is there stated that if the veteran is suffering from a disability of 25 per cent or more, permanent total disability as defined by the director, then follows an outline of certain rates.

General HINES. I have outlined to Senator George and to the committee here this morning the feeling that this disability allowance should not be on the basis of the compensation table, but should be rather on the average impairment of the man to carry on the vocation in which he is engaged and earn a living, which would make it a simple proposition, and not involve the factors of the pre-war occupation, as our present disability compensation does.

Senator STEIWER. Assuming that this bill is passed, you, as director, would define disability along that general line?

General HINES. Exactly.

Senator STEIWER. The estimate of the cost which you have made is based upon the assumption that that definition would be made.

General HINES. Yes.

Senator WALSH of Massachusetts. The same factors employed by the Pension Bureau in administering the Spanish-American War pension?

Senator GEORGE. Not exactly. That takes into consideration manual labor. This is based on manual labor in the occupation in which he is engaged.

General HINES. Yes. In other words, it is the handicap of the man to carry on in his line of endeavor.

Senator STEIWER. Later in the same paragraph I find that the application shall be in the form as the director may prescribe. If that is merely the outward form of the application, of course it is not very important. But did you have in mind, by the use of that language, that the substantial right of the veteran would be affected one way or the other by further rules made by the director?

General HINES. No; I did not. I want to make this as simple and direct as possible.

Senator STEIWER. The form of the application would neither add to nor detract from the disability as defined along the theory which you have explained just now?

General HINES. No; and it would not in any way jeopardize the intent of this bill to give the man all he is entitled to. In other words, I feel that the application should be in the simplest form that it is possible to make it, because you are dealing with men who probably are not able to understand everything in an application, and this will also carry with it the provision that where a man has once claimed benefits in the bureau, that application means for all benefits, not for one particular point.

Senator STEIWER. Do you contemplate the same organization of machinery that has been passing upon the compensation, to pass upon the disability allowances?

General HINES. There will have to be some modification of it in order to meet the ratings we have.

Senator STEIWER. For instance?

General HINES. There is no necessity of as much technical expert advice in these cases as there would be in the service-connected cases.

Senator STEIWER. But you will still have a rating board.

General HINES. We will have a rating board.

Senator STEIWER. A local rating board?

General HINES. Yes.

Senator STEIWER. Will you have a central board of appeals?

General HINES. I expect to maintain that, so that the man will have a right to appeal.

Senator STEIWER. Then, he can appeal direct from that to the organization here.

General HINES. He would appeal to the Council of Appeals and the director.

Senator STEIWER. He would not go through as many boards of appeal.

General HINES. I think it should be centralized, because there is practically only one question involved, and that is the degree of disability of the man.

Senator STEIWER. I am not sure that I apprehend all the provisions of this act. I have not studied it very fully. But there is nothing in the act that would limit you or place any mandatory requirement upon you with respect to these matters about which I am now asking you?

General HINES. Not at all. I feel that it is the desire of Congress in this matter that these benefits be direct, and as prompt as possible, and in the simplest form. We have not drawn up any plan, because we have not had an opportunity to know what was coming.

Senator STEIWER. From your practical experience in the bureau in the administration of these claims contemplated under this amendment on page 15, is it your opinion that the veteran would be more embroiled with the doctors of the bureau than he now is, or less?

General HINES. Less. The doctors would have only one thing to do, and that is to examine the man and tell us what is the matter with him.

Senator STEIWER. What do you expect to do with respect to this 25 per cent spread that exists between disabilities? For instance, in this paragraph I am alluding to, the minimum basis would be a 25 per cent disability. Then the same rate would apply, apparently, until the disability could be classed as 50 per cent. Is there any way by which you can make an allowance in favor of the man whose disability is 45 per cent, as against a man whose disability is 55 per cent?

General HINES. I think the rules the bureau now has, for giving him a little more rather than a little less, would still apply. If a man is nearer 50 per cent disability than 25, he certainly should have the 50 per cent rating. I would not want to split those ratings. This law would make the ratings definite, but if a man is 37½ per cent disabled, I should say he should get the higher rating.

Senator BARKLEY. If a man is actually only 37½ per cent disabled, how would you have any authority to rate him as 50 per cent disabled?

General HINES. I would not have any right to change it, but I have a feeling that the doctors would and should rate that man 50 per cent disabled.

Senator LA FOLLETTE. Would you have any objection to putting in a provision here that the veteran should have the nearest rating provided in the law?

General HINES. I would not object to it, but I think it is unnecessary. I think you will find that the veterans will get the higher rating.

Senator STEIWER. You have just assured me that the doctors will have nothing to do with it after the examination is made.

General HINES. That is the examination.

Senator STEIWER. I was hoping that you were right in that; but if the doctors are going to have a latitude between 25 and 50 per cent, a latitude that might be as much as 24 per cent, would they not still have almost complete domination over the allowances under this act?

General HINES. No, sir; because I feel that leaving the law as it is with respect to appeals, this man is granted the right to appeal, and it finally goes to the board, which is made up of doctors and

lawyers, and then he may appeal finally to the director of the bureau. I can not agree that the disposition of the doctors is to give him a 25 per cent rating if he is 37½ per cent disabled. I think the disposition of the doctors is to deal fairly with these men. I feel that if a man is 37½ per cent disabled, the doctor, or doctors, who examine him would give him a 50 per cent rating.

Senator BARKLEY. What right would they have under the law to do that?

General HINES. That is the nearest rating.

Senator BARKLEY. If you are going to administer it that way, why not limit the brackets and say that the minimum disability shall be 25 per cent, and that he will receive \$28, and then grade it on up?

General HINES. If we do that, we are going to be in the position of having another rating table in steps of one degree, which makes the cost of administration higher, and involves arguments over 1 or 2 per cent disability. I had hoped that we could avoid that. We would be right in the complicated system we have now on service-connected disabilities.

Senator STEIWER. Would you, as director, have any objection to a provision that if the rating were nearer 50 per cent than 25 per cent, the veteran should receive the next higher rating?

General HINES. I would have no objection, but I do feel that that is an administrative matter that really should be intrusted to the bureau. Of course, if you attempt to write in the law the regulations, and you do not cover all the points, then you have tied the hands of the bureau.

Senator STEIWER. I agree that we should not attempt to write into the law the regulations, but I have this thought. You have suggested to us that the doctors would give the man the next higher rating. In the illustration you gave, if it were 35 or 37½ per cent, the doctors would give him a rating of 50 per cent. By what right could the doctors do that?

General HINES. The doctor himself has to reach a conclusion on the degree of disability of the man. He does not reach the conclusion on paper that he is 37½ per cent disabled. He knows that he is more than 25 per cent disabled. He is nearer 50 per cent, and in reaching a conclusion in his mind on the degree to which that man is impaired in earning a living, he says "He is 50 per cent disabled," and that is what he would indicate on the report.

Senator STEIWER. You would expect, by regulations, to provide that the ratings should jump from 25 to 50 per cent?

General HINES. I would have to provide by regulations that the ratings to be given these men must be 25, 50, 75, or 100 per cent, because the law is so written.

Senator STEIWER. In other words, there would be no ratings made, for example, at 40 per cent.

General HINES. No.

Senator STEIWER. There would be no such ratings made in the reports of the doctors or the rating boards, with an allowance made to the veteran on the basis of 25 per cent merely because the rating was less than 50 per cent.

General HINES. No, sir.

Senator BINGHAM. In other words, if the doctor were permitted to make any rating that he pleased, and his figures added up to 19

per cent, you would expect the doctor to give the man a rating of 25 per cent.

General HINES. I should think so, although as to reaching the minimum of 25 per cent required by law it is a bit more difficult to say offhand.

Senator BINGHAM. If the figures added up to 39 per cent, you would expect him to give the man a rating of 50 per cent?

General HINES. I would. I think we can draw regulations that will cover that. But, Senator, I hope that in this bill we can get away from the proposition of having a man rated, say, at 92 per cent, brought about by the present rating table, with the vocational factor, which the law requires, and the factor which results when you take the disability and consider it in connection with his pre-war occupation. You go into the table, and you come out with 92 per cent. I hope we can avoid that in this larger group, because it is administratively almost impossible, I think, to judge as between a man who is 92 per cent disabled and a man who is 100 per cent disabled.

Senator STEIWER. I share your hope in that, but I also hope you can get away from the doctors to a certain extent.

Senator CONNALLY. How can you get away from the doctors? General, as a matter of fact, when we classify these men, or establish these ratings of 25, 50, 75 and 100 per cent, we are really making classes, are we not?

General HINES. We are.

Senator CONNALLY. Of course, when you say that a man must go in some class, he would naturally go into the class to which he is closest.

General HINES. He has to be put in one of the four classes.

Senator CONNALLY. If a man is 37½ per cent, 38 per cent, or 39 per cent disabled, he has to be classified either as 50 per cent or 25 per cent disabled. He certainly ought to go into the 50 per cent class, because he is nearer to that than to the 25 per cent class.

General HINES. That would be the natural thing for any sensible man to decide.

Senator CONNALLY. You have four holes here, and you have to put a peg in one of them. You have to put it in the one where it fits.

General HINES. I am frank to say that the Pension Bureau has had a lot of experience with this matter, not on the definite percentages fixed, because the new law is the first time they have had a definite rating, but I hope to take advantage of their experience, even though we are not all brought together in one agency. Because of their long experience in dealing with pension matters, too, I feel confident that the Congress can trust to the administration of the bureau that these men will be given a fair rating and will be put under some one of those four headings. As a guess as to what will happen in the future, I look to see rather an increased cost, due to the fact that many of them will hit the higher brackets, probably more than we estimated.

Senator GEORGE. Under this act as drawn, no pension allowance would commence earlier than the date of the application.

General Hines. That is true.

Senator GEORGE. With respect to the particular class that would be affected by the income tax, for example, can you estimate that number?

General HINES. No; but I think it is very small. I doubt that the number that would be affected would be very large.

Senator BINGHAM. The income-tax provision has sometimes been referred to as a "pauper" clause; but is it not true that the exemptions under the income tax law are now so large that it is not fair to refer to it as a pauper clause, because there are certain people with incomes of \$4,000 who would not have to pay any income tax.

General HINES. There is no desire in any way to ask for a pauper's certificate, or anything of that kind. It is the desire to spread that money over as large a group of needy veterans as possible.

Senator BINGHAM. And to prevent the man who is fortunate enough to get a large salary, or to have independent means, and who, at the same time, has a very considerable disability allowance, from drawing something which really somebody else ought to have.

General HINES. Yes; and which, in fact, he does not need. He in no way jeopardizes his right, at some later date, to claim if it he wishes.

Senator CONNALLY. There are very few of those cases. Have you made any estimate of how much that would involve?

General HINES. No, I have not; but at this time I know there are very few cases.

Senator CONNALLY. That is just a gesture. Why put it in. It is an affront to every soldier.

Senator BARKLEY. If there is going to be as big a deficit as the Secretary of the Treasury predicts, you may have to lower the exemption.

Senator SHORTRIDGE. Finally, as to the opportunity of the claimant for hearings, will you just state the steps in the procedure?

General HINES. The claimant would first have an opportunity for hearing before the doctor who examined him.

Senator SHORTRIDGE. Suppose that were in Portland, Oreg.?

General HINES. It would be in the regional office at Portland, Oreg. The next opportunity, if the claim is disallowed there, would be before the board of appeals in San Francisco. If that is turned down, the next would be before the council of appeals in the central office.

Senator SHORTRIDGE. Here in Washington?

General HINES. Here in Washington. And if he fails there it would be before the director.

Senator SHORTRIDGE. So that there are at least four hearings he might have; is that right?

General HINES. Yes.

Senator CUTTING. As to the allowance provided in this bill, it is, to all intents and purposes, a pension, is it not?

General HINES. Yes.

Senator CUTTING. Why don't you call it a pension?

General HINES. Simply because I feel that we, in the bureau had been dealing with disabilities, and I thought we ought to keep the language, and call it a disability allowance. To me the word "pension" is not objectionable, but I think this covers the field very well. The word "pension" may be objectionable to the American Legion.

Senator CUTTING. If it is a pension, why would it not be better to have it administered by the Pension Bureau, already established?

General HINES. Because the Veterans' Bureau was established to handle the claims and hospitalization of the World War veterans, and I believe it is their desire that their matters be handled that way. Personally, I strongly feel, as you know, that all these agencies should be put in one Federal agency dealing with all the problems of the veterans, because we are running together. This is the best illustration you have just mentioned. We are now reaching the time when the World War men have to be taken care of on another basis than the basis we started with, that of compensating them for service-connected disabilities under the law. We are dealing with all the veterans of all wars in the Veterans' Bureau, in the matter of hospitalization. These things are going to run together, through the soldiers' homes, the hospitalization, and the pension proposition, sooner or later. I feel that it would be good business to get it placed in one Federal agency, under one head. Whether it is administered through separate sections or not is not so material, but there should be one place in which all matters dealing with the veterans can be handled, under all appropriations.

Senator WALSH of Massachusetts. Is it not a fact that we have extensive records in your bureau now for practically all these claimants?

General HINES. Yes. To put this part of the act in the Pension Bureau for administration would rather complicate matters, because most of the records of the men who will apply, at least in the beginning, are now in the Veterans' Bureau.

Senator CUTTING. You would have to have an entirely different set-up, then, to handle these claims, of course.

General HINES. No. I do not feel that we will need a new department, or a new service. Of course, they will have to be tabulated and kept track of separately, but it will not be a new set-up. It will be an extension of what we have.

Senator CUTTING. There would be a saving if all pension cases were handled by the same department, would there not?

General HINES. I have felt that there would be economy, as always results when you bring Federal agencies together, eventually, by keeping all these agencies together. But I feel that it would cost more to administer it if this part of the law were put in the Pension Bureau and the rest of the compensation and hospitalization of World War veterans were left with the Veterans' Bureau.

Senator CUTTING. There is one other question that I would like to have answered, General. On what basis, as long as we are starting on a pension system for these World War veterans, do you justify their getting less than the Spanish War veterans of equal permanent total disability?

General HINES. I covered that this morning, Senator. I feel that we are beginning with men who are younger, and we are starting them, as we did the veterans of other wars, at lower rates. Probably we will be in a position later to increase the rates, but we certainly should not start at rates which we might have to subtract from rather than add to, due to the number of men involved in this matter. The Spanish War men started at lower rates than these, and wound up at lower rates than these, and I feel, in fairness, that the World War men that will come in under this law are being treated equally as well, or a little better than their comrades of previous wars.

Senator CUTTING. I can see that the fact that they are younger will mean that there will be, on the whole, a smaller percentage of permanent disability; but take the case of two men who have been, respectively, in the Spanish-American War and the World War, and who have the same percentage of disability. I can not quite see what their age or the fact that one was in one war and the other in another, has to do with it.

General HINES. I think that the younger man has a better chance than the older man.

Senator CUTTING. Even though he has the same percentage of disability?

General HINES. Even though he has the same amount of disability.

Senator BINGHAM. Senator Couzens brought out this morning, when you were not here, the fact that the chances of the man who is 35 or 40 per cent disabled, of getting a job, for instance, are very much greater if he is 10 years younger than the other man. After all, you have to take this thing on averages. That which we did for the Spanish-American veterans when they were 22 years out of the war would be a very fair thing to do for the World War veterans who are 11 or 12 years out of the war.

Senator COUZENS also brought out the fact that in 1920, when we did that for the Spanish-American War veterans, commodity prices were far higher, and the \$30 that we allowed them at that time did not go nearly as far as \$30 will go at the present time, so that actually we are giving the World War veterans a larger pension at the present time, 12 years after the war, than we gave the Spanish-American War veterans 22 years after the war.

Senator CONNALLY. Everybody knows, though, that you did not give the Spanish-American War veterans enough when you did that.

Senator WATSON. Are there any other questions of General Hines? If not, we are very much obliged to you.

(The tables referred to above are here printed in full, as follows:)

Estimated 5-year cost of H. R. 13174, as submitted by United States Veterans' Bureau

Section	Amendment	1931	1932	1933	1934	1935	Total
6	Relief of disbursing officers.....	\$218,000					\$218,000
9	Uniforms for personnel Arlington Building Washington, D. C.....	1,500	\$900	\$900	\$900	\$900	5,400
10	Assembling War Department records.....	3,000,000					3,000,000
11	Disability allowance for veterans suffering with permanent disabilities 25 per cent or more received subsequent to service—Range \$12-\$40; average monthly amount, \$18.....	25,281,000	55,289,000	68,649,000	74,404,000	80,570,000	304,193,000
	Estimated number of veterans on rolls.....	(150,056)	(289,273)	(327,335)	(350,173)	(380,622)	
12	Minimum allowance of \$20 for dependent mother and father.....	6,000	6,000	6,000	6,000	6,000	30,000
12	Flags to drape caskets.....	40,270	43,000	45,000	49,000	51,000	228,250

Estimated 5-year cost of H. R. 13174, as submitted by United States Veterans' Bureau—Continued

Section	Amendment	1931	1932	1933	1934	1935	Total
13	Extra \$25 allowance for persons suffering the loss of use of a creative organ or one or more feet or hands in active service. (Estimate on amputation cases only).	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$5,000,000
14	Minimum rating of 25 per cent for arrested tuberculosis.	8,000	8,000	8,000	8,000	8,000	40,000
	Administrative cost.....	2,000,000	2,000,000	1,500,000	1,000,000	500,000	7,000,000
	Total.....	31,555,050	58,346,900	71,208,900	70,467,900	82,135,900	319,711,650
	Saving: Discontinuance of compensation to disabled veterans and to the dependents of deceased veterans now being paid under the World War veterans' act by limiting benefits of the act to enlistments prior to Nov. 11, 1918.....		7,558,452	7,558,452	7,558,452	7,558,452	30,233,808
	Total.....	31,555,050	50,788,448	63,650,448	68,909,448	74,577,448	289,480,842

NOTE.—It must be remembered that the effect of the provision in sec. 210 will not reduce the annual cost of this bill. It only avoids necessity for making an additional appropriation of approximately \$25,000,000.

Estimated cost of pensions to World War veterans, based upon the estimated number adjudicated each year

Fiscal year	Temporary and permanent cases at present compensation rates (including less than 90-day men)	
	Disabled veterans	Estimated annual cost (monthly rate, \$14)
1931.....	448,013	\$177,413,148
1932.....	830,464	388,001,460
1933.....	939,734	481,755,912
1934.....	1,005,299	522,113,292
1935.....	1,092,716	565,415,004

Permanent cases only (excluding less than 90-day men) at rate provided for Spanish War veterans by act of June 2, 1930

[Payments start with 10 per cent]

	Disabled veterans	Estimated annual cost (monthly rate, \$31.50)	Veterans entitled to age pension	Estimated annual cost for age pension
1931.....	304,201	\$86,240,084	8,520	\$2,524,584
1932.....	563,885	188,608,392	10,206	3,895,965
1933.....	638,080	234,182,813	12,116	4,679,632
1934.....	682,598	253,815,093	14,274	5,534,464
1935.....	741,054	274,849,470	17,272	6,709,634

Permanent cases only (excluding less than 90-day men, at rate provided for Spanish War veterans by act of June 5, 1930

[Payments start with 10 per cent]

	Disabled veterans	Estimated annual cost (monthly rate, \$15)	Veterans entitled to age pension	Estimated annual cost for age pension
1931.....	304,201	\$41,067,135	8,529	\$1,057,586
1932.....	563,885	89,813,520	10,206	1,633,968
1933.....	638,080	111,515,025	12,116	1,967,384
1934.....	682,598	120,864,330	14,274	2,335,944
1935.....	711,954	130,880,700	17,272	2,811,870

Permanent cases, modified by exclusion of 90-day men and enlistments after November 11, 1918—Cases disabled to a 25 per cent degree or more

Fiscal year	Number of claims expected to be adjudicated each year	Estimated annual cost range, \$20-\$60, average, \$35
1931.....	156,056	\$19,157,640
1932.....	289,273	107,503,875
1933.....	327,335	133,484,190
1934.....	350,173	144,674,676
1935.....	380,622	156,664,095

Senator WATSON. Mr. John Thomas Taylor, will you take the stand, please?

STATEMENT OF JOHN THOMAS TAYLOR IN BEHALF OF THE AMERICAN LEGION

Senator WATSON. Mr. Taylor, do you desire to make a statement?

Mr. TAYLOR. I would like to make a statement. I would like to read a telegram from the national commander of the American Legion relative to this legislation. I received it this morning.

[Telegram]

INDIANAPOLIS, IND., June 27, 1930.

JOHN THOMAS TAYLOR,
Washington, D. C.

Press reports that the House has sustained presidential veto of H. R. 10381 by vote of 188 to 181, and that House has passed new bill for disabled men by vote of 365 to 4. Am informed that this new bill contains some 37 amendments which include practically all of those contained in the original House bill. Our request for the extension of time in which to bring suits on insurance claims is not met by the new bill nor is the comptroller taken out of the bureau as we requested. Request that you suggest to the Senate committee having charge of this legislation that these two changes be made.

The proposed amendment to section 200 is a departure from the established policy of the legion, and I am therefore in no position to comment thereupon. The legion presented and urged its proposed amendment to section 200 to the House committee and to the House itself and to the Senate Finance Committee, but after due consideration the House has selected this new method of disability compensation in preference to the legion proposal. The press has carried the news constantly that this was done with the approval of the President. Under these circumstances, it is fair to assume that this legislation has his indorsement and that he will sign the bill. Undoubtedly this legislation will benefit thousands of

disabled veterans whose disabilities have not been proved service-connected under existing law, but many of whom are entitled to the benefit of the doubt. Senate Finance Committee will doubtless hold immediate hearings on this bill. I request that you speak for me and assure them of our appreciation of their interest in this disabled legislation and urge them to report out immediately the bill with amendments suggested above, thus making possible the speedy enactment of this legislation into law. Am sure that veterans and the American people as a whole will be happy to see this immediate relief for our disabled. The legion is unselfish and sincere in its desire for speedy action. Regards.

O. L. BODENHAMER, *National Commander.*

I will start where General Hines was finishing, on the question of the immediate consideration of the bill, and its early passage. I think that is the thing that is of paramount importance, to get this legislation on the statute books. It is true that of the amendments suggested in the bill which was passed by the Senate, 77 of them are included in this bill. I shall confine myself to the suggestions of the commander unless the committee asks me some other questions.

First, as to the comptroller, the general has pointed out—

Senator BINGHAM. What section is that?

Mr. TAYLOR. The amendment I am suggesting is on page 2, line 6.

The general has pointed out that to a very great extent the manner in which this bill is treated by the bureau depends upon his liberal interpretation of it. I think that was brought out in response to Senator Steiwer's questions just a moment ago.

I was before this committee when the previous bill was being considered, and I urged then that the comptroller be taken out of the bureau. When I say "taken out of the bureau" I mean so far as medical decisions and legal decisions are concerned. We care nothing about his auditing function. But the very liberal treatment that the general apparently intends to give to this legislation can very easily be set aside by the comptroller. There is no question about that. It is up to the comptroller, in the final analysis, to pass upon the very things that the General states he is going to construe in such a very liberal manner.

In fact, going back to the question of lay evidence, it is up to the comptroller to pass upon the sufficiency, even, of that lay evidence. So, unless the comptroller is taken out of the bureau, we are going to continue to have the difficulties that we have with the present law, even on the submission of lay evidence. We are going to have the same difficulties as are encountered in the administration of the present law. In my judgment it will defeat the very purpose of the legislation.

Senator WALSH of Massachusetts. Has the comptroller authority over the interpretation of the Spanish-American pension law?

Mr. TAYLOR. I do not know whether he has or not.

Mr. RANDALL. Not at all.

Senator SHORTRIDGE. Has he now, under the present law?

Senator WALSH of Massachusetts. In connection with service-connected cases; yes.

Senator SHORTRIDGE. And he is given the power under the pending bill?

Senator WALSH of Massachusetts. Yes. There is no change in that.

Mr. TAYLOR. In our law? He is given that power in the World War veterans' act.

Senator SHORTRIDGE. Certainly; and he is given power under the bill now pending before us.

Mr. TAYLOR. Yes, sir.

Senator SHORTRIDGE. Your theory is that he should not have that power.

Mr. TAYLOR. That is right.

Senator BINGHAM. In other words, Colonel Taylor, one of the matters we were discussing a few minutes ago was the matter of what classification a man should be put in.

Mr. TAYLOR. That is just one of the points.

Senator BINGHAM. If the comptroller sent for the doctors and said, "Now, what disability rating did you give this man? What was his percentage?" And the doctors said 38 per cent, the comptroller might then rule that "That is not 50 per cent. You can not give him 50 per cent. You have to give him the next rating below."

Mr. TAYLOR. He might say to the doctor, "On what basis did you do that?"

Senator BINGHAM. If the man's rating was 19 per cent, and the bureau had given him 25 per cent, the comptroller could rule that since it was only 19 per cent he could not get 25 per cent.

Mr. TAYLOR. Absolutely. That is the attitude of the comptroller to-day on veterans' legislation.

Senator WATSON. Has he interfered?

Mr. TAYLOR. Has he?

Senator WATSON. I am asking you.

Mr. TAYLOR. Constantly.

Senator WATSON. I understand; but I want you to put that statement in the record.

Mr. TAYLOR. That is one of our great difficulties—the arbitrary rulings of the comptroller.

Senator WATSON. Can you give us specific instances, so that we will have them in the record for future reference?

Mr. TAYLOR. In our office in Washington we have literally hundreds of them, and we could give you any number of them.

Senator SHORTRIDGE. When you say "arbitrary," do I understand you to mean this, that after Director Hines, we will say, has made a ruling on a given case, the comptroller has claimed the power and exercised the power—

Mr. TAYLOR. To set aside the director's decision.

Senator SHORTRIDGE. I see.

Mr. TAYLOR. He does it right along.

Senator CONNALLY. He does that under the claim that the law makes him the judge as to the applicability of appropriations, and if the law did not authorize the appropriation to be applied to that purpose, and the director went contrary to the law, he vetoes him. That is the same authority he exercises over all the other departments and if we take him out of the Veterans' Bureau, will there not be a demand here by all the other departments to take him out?

Senator WALSH of Massachusetts. General Hines says you would have to take him out of the accounting act to get him out of the picture.

Mr. TAYLOR. I have suggested an amendment in the previous bill, on page 2, line 6, after the period which follows the word "herein" to insert the following words:

Notwithstanding the provisions of section 71, title 31, United States Code, the Comptroller General of the United States is hereby authorized and directed to allow credit in the United States Veterans' Bureau for all payments authorized by the director heretofore or hereafter made from moneys appropriated for carrying out the provisions of the World War veterans' act, as amended.

In other words, the final authority is placed in the Director of the Veterans' Bureau.

Senator LA FOLLETTE. That was not in the bill as it passed the Senate.

Mr. TAYLOR. In the bill as reported to the Senate, and as it passed the Senate?

Senator LA FOLLETTE. Yes.

Mr. TAYLOR. Yes.

Senator SHORTRIDGE. Is that provision in the bill which passed the Senate?

Senator LA FOLLETTE. I say, I do not think it was.

Mr. TAYLOR. No. That was stricken out. Now we are asking that it be put back again.

Mr. ROBERTS. That was in the House bill and was stricken out on the floor of the House.

Mr. TAYLOR. On Mr. Wood's request.

The second thing I wanted to speak about was what the Senator spoke about—Senator Shortridge—that is, the extension of the time for bringing suits on insurance. I think that the general himself has proven the case so far as that is concerned. The general says that if the time is extended for one year, there are 5,000 suits, probably, that will be filed at once, and that of those 5,000, 2,500 of them will prove their case against the Government. At the present time he is, you might say, making settlements, because he is allowing the cases to be adjudicated in favor of the claimant—not the suit, but the case upon which the suit is filed. I think that is the best argument for this insurance provision being extended for a year. I do not think it is fair to men who bought this insurance and paid for it to be denied the privilege of bringing suit by the statute of limitations.

From the questioning that went on, it seems that the gentlemen think they can bring suits now. That is true only in isolated cases. The statute expired, as was stated, May 29, 1929. This extension proposes one year from the date of the passage of this act. The director has stated that probably 98 per cent of the suits have already been filed. I repeat that these men bought this insurance and paid for it, and that they should not be denied the right of bringing suit. The act should be extended for one year from the date of passage.

With relation to the "willful misconduct" provision, which I discussed with this committee previously, there seems to be some misunderstanding about that also, because the questions seemed to indicate the idea that the men are going to hospitals now. The amendment, as it was put into the law, specifically limited this exclusion of willful misconduct from the act to those men who had incurred this disability prior to November 11, 1918.

Senator CONNALLY. You mean in the Senate bill?

Mr. TAYLOR. Yes. That was 12 years ago. There are very few of those men who are going to the hospital now. They are either insane, or they are dead, or their disease is to a certain extent cured. What we are thinking about is the opportunity for those men who have gone insane to be placed in hospitals. There are no places for them now. They should not only be placed in hospitals, but paid compensation for the care of their dependents. This question about the man who has contracted a venereal disease since the war is not a question that we are proposing at all in this legislation. That man can not secure any out-patient treatment from the hospitals of the Veteran's Bureau because it is forbidden by law. The only thing he can do is to wait until his disease has reached the stage, as was brought out, where he is suffering from paresis, blindness, or is bedridden. Then he can get compensation. But, mark you, that is not the man we are talking about in this bill. We are talking about the man who contracted this venereal disease prior to November 11, 1918, while in the service; and we feel that that man should be in a position to be hospitalized, and that compensation should be paid to him, and, more important, that his dependents should be taken care of, because we consider it just as much a war illness as any other illness.

Senator THOMAS of Idaho. On that point, Commander Bodenhamer, in his telegram indorsing the bill, did not mention that.

Mr. TAYLOR. He did not mention that amendment at all. He just mentioned those other two amendments.

Senator WALSH of Massachusetts. Would you be satisfied with having them included in the new provision of the House bill that gives a general pension?

Mr. TAYLOR. Senator, the disability under which those men were suffering was incurred in the service, just as much as any other disability.

Senator WALSH of Massachusetts. In other words, you want that group of veterans included in the service-connected cases.

Mr. TAYLOR. I think they should be; exactly so.

Senator CONNALLY. The language of the bill as it passed the Senate, in that connection, would be satisfactory, would it not?

Mr. TAYLOR. As it passed the Senate?

Senator CONNALLY. Yes.

Mr. TAYLOR. Yes; just striking out the question of willful misconduct.

Senator BARKLEY. Could you accomplish that by simply striking out the language in this bill referring to willful misconduct?

Senator CONNALLY. No.

Senator GEORGE. It goes beyond that.

Senator CONNALLY. "Willful misconduct" is broader than that.

Mr. TAYLOR. So far as the other amendments to the bill are concerned, we have nothing to say, because there are experts here from the Pension Bureau who, we feel, are thoroughly competent to discuss that phase of the matter with you.

Senator BARKLEY. What is your opinion as to the sufficiency of this, assuming that a pension is to be substituted for the compensation system, for service-connected disabilities?

Senator LA FOLLETTE. Nonservice connected disabilities, you mean?

Senator BARKLEY. No. I am assuming that we are going to add to the compensation laws for service-connected disabilities this pension

for nonservice-connected disabilities. What is your view as to the sufficiency of this allowance?

Mr. TAYLOR. I am in no position to express an opinion on that, Senator. It is a matter which has never come before the American Legion at any time, as to the amount.

Senator BARKLEY. You would not want to give your individual views, then?

Mr. TAYLOR. No; I would not. I would like to confine myself just to the bill as Commander Bodenhamer pointed out.

Senator CONNALLY. If you do that, you are approving \$40 as sufficient, because Commander Bodenhamer asks that the bill be passed as it is. Some of us do not think that \$40 for total disability is enough.

Mr. TAYLOR. That is right, Senator. Some do and some do not.

Senator CONNALLY. You want this bill as it is. Then you are in favor of the \$40 rate, are you not?

Mr. TAYLOR. No; I am not expressing any opinion about the sufficiency of those amounts.

Senator CONNALLY. How do you construe the telegram from the national commander?

Mr. TAYLOR. The national commander says that that particular section of the bill is one which Congress itself inserted in it, and it was one which was in lieu of our section, which we had presented; and that since Congress had done it, it was the responsibility and the obligation of Congress. On that I make no comment.

Senator BARKLEY. Would you be willing to express an opinion as to the feeling of the World War veterans on that subject, in view of recent legislation for the Spanish-American War veterans?

Mr. TAYLOR. As to amount?

Senator BARKLEY. Yes.

Mr. TAYLOR. No, sir; I would not. Of course, there is no question that that provision in the present bill, as it came over from the House, takes care of a great many more veterans than we proposed to take care of.

Senator BARKLEY. Yes; but it does not take care of them in the same way or to the same extent.

Mr. TAYLOR. No; because, in figuring up the amounts, I notice that the average is about \$18, and the average to-day for service-connected disabilities, is \$43.

Senator THOMAS of Idaho. The commander, in his telegram, approves the bill, and suggests two amendments.

Senator BINGHAM. May I read just those words? I have just been looking at the telegram:

I request that you speak for me and assure them—

Speaking of this committee—

of our appreciation of their interest in this disabled legislation and urge them to report out immediately the bill with amendments suggested above thus making possible the speedy enactment of this legislation into law."

Senator WATSON. Senator, as this is simply the beginning, we can be sure that each succeeding Congress will raise those rates.

Senator BARKLEY. If that is so, why let those who are going to die between now and then get a mere pittance?

Senator CONNALLY. I feel that with the weight of their influence in this matter, they are going to get \$40 instead of \$60.

Mr. TAYLOR. I do not think so.

Senator CONNALLY. That is what you are coming here and asking us for.

Senator WALSH of Massachusetts. Your feeling is that if this is the best you can get, you had better take it.

Mr. TAYLOR. At this time. This is legislation that there is some hope of getting through now.

Senator WALSH of Massachusetts. I have observed for the first time some sentiment among members of the Legion, not only against the original bill that was passed, but even against this House bill. Is that a substantial element in the organization?

Mr. TAYLOR. Against this bill as reported?

Senator WALSH of Massachusetts. Yes.

Mr. TAYLOR. Senator, I have not received any complaint against that House bill in our office at all.

Senator WALSH of Massachusetts. There are members of the legion, of course, who are against any further extension of benefits.

Mr. TAYLOR. Against any further extension of benefits?

Senator WALSH of Massachusetts. Against any further extension of benefits to disabled veterans.

Mr. TAYLOR. I did not know that. I thought they were all in favor of extension of benefits.

Senator WALSH of Massachusetts. I have received some telegrams from people claiming to represent organizations in my State, practically declaring themselves against any legislation. I think that the telegrams came from individuals who were members of the directorate of a post rather than the post itself. That is why I ask you. You say there is not any substantial proof of members of the American Legion that are opposed to legislation either along the lines of this House bill, or the bill that was passed.

Mr. TAYLOR. None that I know of; no, sir.

Senator BARKLEY. I received to-day a telegram from the commander of a post in Kentucky declaring against the substitution of this pension system for disabilities as compared with the bill which we passed and which was vetoed.

Mr. TAYLOR. Our section 200?

Senator BARKLEY. Your section 200. Is there any way to estimate, if this thing were submitted to the American Legion all over the United States, as to the institution of the pension system now, as compared to an extension of compensation along the lines indicated in this previous legislation, how they would stand on it?

Mr. TAYLOR. There is, after the expiration of a certain length of time, after informing them upon the two phases of the subject. I can assure you that the Boston convention of the American Legion will have this matter before it and take some very definite action on it.

Senator BARKLEY. At present there is not any way of estimating the sentiment?

Mr. TAYLOR. No; there is not.

Senator SHORTRIDGE. Why do we speak of this as a pension proposition?

Senator BARKLEY. Because that is what it is. We call it something else in order not to offend the sensibilities.

Senator SHORTRIDGE. A pension, as I understand it, would apply to all men, regardless of their physical or service condition.

Senator BARKLEY. That is not so of the Civil War or the Spanish-American War.

Senator SHORTRIDGE. I had that thought in my mind. The relief here is given, as I understand it, only to veterans of the war suffering some disability incurred during service, or since then.

Senator BARKLEY. That is true; but that is true also, of the Spanish-American War pension.

Senator SHORTRIDGE. I grant that. I do not term this a pension bill when it is granted upon the basis of disability incurred in war, or since.

Senator WALSH of Massachusetts. Relief for disabilities incurred out of war is justified only on the theory that the Government is grateful and does not want anyone who ever served it in time of war to become a pauper.

Senator SHORTRIDGE. I grant you that. My point was only in connection with the use of the word "pension." It is neither here nor there. The fact is well understood.

Senator WATSON. When the bonus bill was passed the American Legion assured us at that time that it would not, if it could prevent it, go to a pension system.

Mr. TAYLOR. We did. I stated that before this committee the last time.

Senator WATSON. The members of the legion, the rank and file everywhere, have been indoctrinated with that doctrine.

Mr. TAYLOR. Certainly.

Senator WATSON. Now, when you suddenly shift to a pension system, as a matter of course they do not favor it.

Senator SHORTRIDGE. With great respect, I do not think we are shifting to a pension system.

Senator WATSON. It is nothing but a pension. It is not a service pension. It is a disability pension. You can call it a disability allowance if you please, or a disability pension.

Senator SHORTRIDGE. The bonus, as I understand it, applied to all, did it not?

Mr. TAYLOR. Not all, but almost all.

Senator SHORTRIDGE. That was more or less in the nature of a pension, or gift, or bonus. But I do not term this a pension bill, using the word "pension" in the sense that I give it.

Senator WALSH of Massachusetts. Do you call it a disability bill?

Senator SHORTRIDGE. I do.

Senator BARKLEY. Call it a dividend.

Senator SHORTRIDGE. I call it a bill to help those suffering as a result of war service, or as a result of some mishap since then.

Mr. TAYLOR. I just wanted to concur in what General Hines said, and urge the early report of the Williamson bill, H. R. 10630, to consolidate these various bureaus so that they could function in better liaison with each other.

Senator WATSON. Who else was it who wanted to be heard?

Senator CONNALLY. There is a witness here from the Pension Bureau.

Senator WATSON. Senator Connally wanted to hear him.

**STATEMENT OF O. J. RANDALL, CHIEF OF FINANCE DIVISION,
BUREAU OF PENSIONS**

Senator WATSON. How long have you been connected with the Pension Bureau, Doctor?

Mr. RANDALL. About 40 years.

Senator WATSON. What is your present position?

Mr. RANDALL. I am now Chief of the Finance Division of the Bureau of Pensions, and the budget officer of that bureau.

Senator WATSON. Senator Connally, have you any questions to ask?

Senator CONNALLY. I wanted to interrogate him on his estimates about the cost of this present bill on a \$40 basis, and on a \$60 basis, in the light of the experience of the Pension Bureau. I understood his calculations and figures are lower than those of General Hines.

Mr. RANDALL. I might say, in answer to that, Senator, that we have not had this bill before us to figure. I saw this bill for the first time this morning.

Senator CONNALLY. The House only saw it this morning. They voted on it yesterday, and saw it this morning.

Mr. RANDALL. We have figured extensively on a similar bill, known as the Swick bill, which provided rates ranging from \$10 to \$50 per month, based upon one-tenth, one-fourth, one-half, three-fourths, and total disability. In approaching that problem, the only basis that we had at all that might be of value was our experience with the war with Spain survivors. So we took our experience covering the first five years subsequent to the passage of the act of June 5, 1920, and found what percentage of the then surviving war with Spain men were allowed a pension, and at what rate.

We found that at the end of 5 years approximately 25 per cent of the war with Spain men were on the roll drawing pensions. Incidentally, I might say that 43 per cent of those who filed were rejected. The 25 per cent on the roll represented 57 per cent of those who claimed pensions. I have not heard to-day any suggestion as to how many might claim and be rejected. The assumption has been that they would all be allowed, apparently.

Senator BARKLEY. Up to that time there had been no Spanish War pension.

Mr. RANDALL. Not a service pension.

Senator BARKLEY. And you did not have to deduct from those who subsequently applied so large a proportion as would be true in the case of the World War veterans, because of so many being already on the rolls for service connection.

Mr. RANDALL. We had 16,000 on the roll at that time for service-connected disabilities, under what we call the old general law pension.

Senator WALSH of Massachusetts. What percentage of the total was that?

Mr. RANDALL. Of the total number of Spanish War veterans?

Senator WALSH of Massachusetts. Yes.

Mr. RANDALL. There were about 400,000 Spanish War veterans, and that would be about 4 per cent. About 4 per cent had already been allowed a pension for service-connected disabilities. The average disability at the end of this 5-year period was a little more than one-fourth.

Senator CONNALLY. You started at 10 per cent.

Mr. RANDALL. We started at 10 per cent. If we had not had a 10 per cent classification, I suppose the average would have been higher than that, because we would have done what is almost inevitable. If a man has one-tenth disability, or a little more, and there is no one-tenth rating, we are going to give him something, so the only thing to give him is 25 per cent. My opinion is that the 10 per cent rating is a valuable factor, for the reason that you can give a man a one-tenth rating, and the corresponding rate, and he is satisfied for the time being, and he will not come in for the 25 per cent rating until later. If you do not have a 10 per cent rating, you are confronted with the necessity of either giving him a 25 per cent rating, or giving him nothing; and I think that is a consideration of value.

Senator THOMAS of Idaho. In the event of not having the 10 per cent rating, would the chances be that more veterans would get the 25 per cent rating?

Mr. RANDALL. A larger percentage would get the 25 per cent rating than would be the case if you had a 10 per cent rating. Offhand, I would say that perhaps 50 per cent of those who might, under a strict interpretation of the 25 per cent proposition, fail to establish their right to it, nevertheless, would get it, because these doctors are sympathetic.

I have listened with considerable interest to what has been said——

Senator BARKLEY. Which doctors do you mean?

Mr. RANDALL. The examining surgeons.

Senator BARKLEY. You mean under the bureau?

Mr. RANDALL. Yes; the men out in the field who know these men and who are their neighbors. They are the family physicians in many cases. It is my feeling that they rate them not so much in terms or degrees of disability, but in terms of dollars. If they can give a man \$20 a month they will say, "Now, that is pretty good to start him on. He ought to be satisfied with that. We will give him \$20." There is no way of determining when a man is one-tenth disabled or one-fourth disabled.

Senator SHORTRIDGE. I do not see how you could determine that mathematically a man is 10 per cent deficient.

Mr. RANDALL. I have asked our doctors about it, and they say they can not tell.

Senator THOMAS of Idaho. You feel, then, that the veteran would get the benefit of the doubt.

Mr. RANDALL. Yes. I have been interested in the testimony here to-day with respect to the rating of, say, 37½ per cent being made practically, 50 per cent. Our examining surgeons do not indicate a percentage. That is, they confine themselves to the terminology of the law, or the regulations, of the office, and they say one-fourth, one-tenth, one-half, three-fourths, or total. They do not say 37 per cent. They do not have any fractional percentages at all. They size a man up. They look him over, and if he is anemic, even though he may not have an organic disease, they say, "Well, that fellow couldn't work." That is another thing that makes it difficult for us to compare our figures with General Hines's figures, for the reason that this law specifies that the disability is permanent, as defined by the director.

We do not raise the question as to permanency. If a man has it to-day, he goes on the roll and stays on the roll until, by a subsequent application, he opens up the case and we then discover, perhaps, that he has to some extent recovered from his former disability, or we may reduce him; but that is a very remote possibility. We do not often do it.

Senator WALSH of Massachusetts. That would tend to make the number of veterans who would come under the provisions of this pension much less, proportionately, than under your law.

Mr. RANDALL. Yes; I would say so, if the matter of permanency is taken into consideration, as, of course, it will have to be if the law is carried out strictly. This, as defined by the director—

Senator WALSH of Massachusetts. The word "permanency" is not in the Spanish American War law.

Mr. RANDALL. No. The term in the Spanish-American War act is "a disability which so incapacitates them for the performance of manual labor as to render them unable to earn a support."

Senator CONNALLY. That, in itself, is more or less permanent. If a man was sick a couple of weeks you would not give him a pension, but you figure that if he can not earn a support it means that he is permanently disabled.

Mr. RANDALL. The examining surgeon would have to take that into consideration.

Senator CONNALLY. So far as you can see, at the time he is unable to make a livelihood.

Mr. RANDALL. Yes; we never raise the question again.

The question of the degree of disability must be resolved by the director. As indicated by General Hines, it would be based upon the degree of decreased ability to earn a livelihood at his present occupation. Of course, we do not ever take that into consideration. A man might be a banker getting \$50,000 a year salary, and if he was one-half disabled for the performance of manual labor, we would give him a corresponding rating.

Senator ROBSION. I wonder if I would be permitted to ask a question. I was for 10 years on the Pension Committee.

Senator WATSON. Certainly.

Senator ROBSION. Is there any really economical way of administering the pension law, or disability law, without service connection, unless you base it on his ability to perform manual labor? In other words, if you consider occupations, do you not enter into a hundred fields that have to be investigated?

Mr. RANDALL. It would seem so to me. Of course, I am not capable of answering that question.

Senator BARKLEY. How would you determine the degree of incapacity of a man who was not actually engaged in manual labor? He might be able to carry on in some profession without any pension. He might be disabled to the extent of 50 per cent, to perform actual manual labor; but if he is incapacitated to perform the duties of the work in which he is engaged, would you deny him a pension on the ground that he is not actually engaged in manual labor?

Mr. RANDALL. No.

Senator BARKLEY. Or would you just take into consideration the assumption that if he were engaged in manual labor he would be disabled a certain percentage?

Mr. RANDALL. We do not take into consideration at all the question of what he is now doing.

Senator SHORTRIDGE. What is manual labor? Take a building. There is the architect. There is the artisan; and there is the artist. Are they all engaged in manual labor?

Senator ROBSION. The question is the physical condition of the man. That enters into the whole question.

Mr. RANDALL. Yes. Of course, strictly speaking, manual labor is labor with the hands.

Senator SHORTRIDGE. Guided by the brain.

Mr. RANDALL. Yes.

Senator ROBSION. I would like to ask this man another question that is very interesting. You are going to have, perhaps, half a million, or a million men, applying for pensions. Under the present law and the administration of the Veterans Bureau, you are going to have them, as we have had them in our State for years, traveling clear across the State to be examined. I investigated that a year or two ago, and I really think there is a possibility of a saving of \$20,000,000 a year by having these men examined in their counties, as you do the Spanish-American war veterans. I wanted to ask this witness about that.

Mr. RANDALL. The average cost per examination now is a little over \$5. Up to a couple of years ago we had boards of examining surgeons, made up of three physicians who received each a fee of \$3 for each examination. The law was changed so that instead of a board of three, we now have single surgeons making these examinations alone. Their fee is \$5 plus their traveling expenses—that is, the physician's traveling expenses, when it is necessary for him to visit the home of the applicant. A man may not be able to travel to the office of the doctor, so the doctor goes there. A recent check up shows that the average cost is about \$5.05 per examination.

Senator SHORTRIDGE. The cost to the Government?

Mr. RANDALL. To the Government; yes. We have 5,000 of these examining surgeons scattered throughout the United States, and they are carefully selected. No doubt the members of the committee know how it is done.

Senator CONNALLY. Would there be any reason why the Veterans' Bureau could not utilize that same doctor and pay him the same fee?

Mr. RANDALL. I should think the director, under this bill, would have ample authority to utilize the present examining surgeons of the Bureau of Pensions.

Senator CONNALLY. It would save a great deal of money.

Mr. RANDALL. Section 5 says: "The director, subject to the general direction of the President, shall administer, execute, and enforce the provisions of this act." The law which created the Commissioner of Pensions states that he is under the direction of the President of the United States; so that could be worked out.

Senator CONNALLY. The Executive, if necessary, could authorize him to employ all your doctors, could he not?

Mr. RANDALL. I should think so. We would have to increase the number of our doctors, no doubt.

Senator ROBSION. For merely a service disability pension, based merely upon the physical condition, would there be any good reason to have a man travel 100 or 200 miles, pay railroad fare, Pullman

fare, and hotel bills, to be examined in connection with an application for a pension?

Senator SHORTRIDGE. Is that necessary?

Senator ROBSION. That is the way it is done under the Veterans' Bureau.

Senator SHORTRIDGE. That would seem to be very wasteful.

Senator ROBSION. I had a man in my district who had been examined 13 times, and that expense was something over \$1,200 in a single year.

Senator SHORTRIDGE. It would seem to me that if there were a competent physician locally, he might be appointed.

Senator ROBSION. But the Veterans' Bureau does not have such a system. The Pension Bureau does have such a system of examination.

Senator LA FOLLETTE. I would like to get to these estimates, Doctor, if you please.

Mr. RANDALL. On the basis that I outlined, and the experience that we had in the first five years, assuming that there were 4,000,000 men in the World War who might be pensionable, based on the experience of having 25 per cent of the Spanish War men coming in in the first five years, we estimated that the first year 10 per cent of 1,000,000, which is 25 per cent of 4,000,000, would come in, and that at the end of five years would have 1,000,000 men on the roll. Of course, they would not all get on the first year. So, basing the estimate on the experience we had with the War with Spain group, I believe that 10 per cent would come in the first year.

That would mean that there would be 100,000 come in and be allowed, at a cost of \$18,000,000. That, of course, was on the basis of the original bill, which fixed a rate of \$15 for one-fourth disability, and the experience of the bureau was that that was the average disability—one-fourth at the end of five years.

So, notwithstanding the fact that the World War men were about 10 years younger than the war with Spain men, yet, for the sake of safeguarding the interest of the Government, and not figuring this bill to cost so much less than it really might cost, we leaned over backwards in trying to be safe.

Senator ROBSION. Is not that based on the Swick bill, where you begin with 10 per cent and \$10, and go up to \$50?

Mr. RANDALL. That is based on the Swick bill, because that is the only thing we ever had before us. Between this morning's session and this afternoon I tried to make a guess as to what might be the cost based upon the \$25 rate, instead of \$15. Using the same percentage of allowances for each of the five years, I find that the cost the first year would be about \$30,000,000. I am assuming that 25 per cent are one-fourth disabled.

Senator WALSH of Massachusetts. \$25.

Mr. RANDALL. Yes. If you are going to eliminate the 10 per cent, I do not know how many of those are going to lose out altogether, or how many are going to come in and get the \$25.

Senator CONNALLY. One hundred thousand at \$25 would be \$25,000,000.

Mr. RANDALL. At \$25 a month, that would be \$30,000,000 a year. That is \$30,000,000 in one year. The cumulative cost in one year would be \$105,000,000.

Senator WALSH of Massachusetts. What is the first figure you gave on the \$60 total?

Mr. RANDALL. I do not have the \$60 total here.

Senator ROBISON. If you run it from \$10 to \$50, it is \$18,000,000. If you run it to \$60, maximum, it would be \$30,000,000.

Mr. RANDALL. The whole thing hinges on what is the average degree of disability. If the average degree of disability is one-fourth, then we must find out what the rate is to be for the one-fourth. In the present Spanish War bill the one-fourth disability is \$25, so that would be \$300 a year. One hundred thousand of them would be \$30,000,000.

I can not conceive that the degree of disability would be higher than that. The average present degree of disability in connection with the veterans of the war with Spain is a little over one-half. \$32.28 is the average rate of pension now paid for the war with Spain. That indicates a degree of disability averaging a little over one-half. It is inconceivable that the World War men would show an average degree of disability as high as that of the veterans of the war with Spain.

Senator BARKLEY. The testimony of General Hines this morning was that 46 per cent of those now on the rolls in the Veterans' Bureau are drawing compensation based on a disability between 10 and 25 per cent. In other words, practically half those now on the rolls are under 25 per cent.

Mr. RANDALL. That is the point.

Senator BARKLEY. So that if that is true, you can not have an average of much more than that.

Mr. RANDALL. I would think it very liberal to estimate on the basis of one-fourth disability. That is 25 per cent, and the rate for that is \$25, so that would give you \$30,000,000 the first year. The second year it would increase to \$105,000,000, which is the cumulate cost of it.

Senator ROBISON. Is that on the \$60 total?

Mr. RANDALL. That is on the \$60 total. That is on the basis of the new rates for the war with Spain.

Senator WALSH of Massachusetts. The second year would be how much?

Mr. RANDALL. This is cumulative—adding the \$30,000,000 in with it. The second year would be \$105,000,000; the next year \$180,000,000; the fourth year \$240,000,000; and the fifth year \$300,000,000, with a total for the first five years of \$855,000,000, or an average of \$171,000,000 per year.

Senator ROBISON. That is with 1,000,000 men on the rolls.

Mr. RANDALL. With 1,000,000 men on the rolls.

Senator CONNALLY. One million men would represent a yearly cost of \$171,000,000 on the average?

Mr. RANDALL. With 1,000,000 men on the rolls.

Senator WALSH of Massachusetts. You have not taken into consideration a very important factor in making your estimate, namely, that about 15 per cent of the disabled men of the World War are already on the rolls with service-connection cases. You have proceeded only upon the theory of experience with the Spanish War veterans, where a certain percentage are obtaining a pension because of service connection.

Mr. RANDALL. We deducted the two hundred and sixty thousand and odd that were on the roll. That is the method by which we reached the 4,000,000 net World War men who would be eligible under this bill. We have eliminated those who had less than 90 days, and those who had service connection compensation, and those who had died.

Senator ROBSION. I would like to have the figures based upon the scale from \$10 to \$50.

Senator CONNALLY. If we put the \$10 rate in, your figures would not be changed at all.

Mr. RANDALL. I can give you that, Senator Robsion. The first year it would be \$18,000,000; the second year \$63,000,000; the third year, \$108,000,000; the fourth year, \$144,000,000; and the fifth year, \$180,000,000; a total of \$513,000,000.

Senator CONNALLY. With 1,000,000 men on the roll.

Mr. RANDALL. With a million men on the roll; an average of \$102,600,000 per year. That is on the basis of \$10 to \$50.

Senator CONNALLY. Have you the figures on the basis of \$10 to \$60?

Mr. RANDALL. Yes; I have those.

Senator CONNALLY. I would like to have those.

Mr. RANDALL. I gave you that on the assumption that they were 25 per cent disabled. I have figures on the assumption that they might be one-half disabled.

Senator CONNALLY. Suppose we put in this bill an amendment starting them at 10 per cent, with \$10, and ending with \$60, practically like the Spanish War figures. Can you give us those estimates on that basis?

Mr. RANDALL. That is what I have given you. That is what I have to tried to base that on. In other words, assuming that the average disability of the World War men would be one-fourth, and that the number coming in would be as I have indicated through these years, totaling 1,000,000 at the end of five years.

Senator CONNALLY. With 1,000,000 men on the roll at the end of five years, with the \$60 basis, it would cost only \$171,000,000.

Mr. RANDALL. That is the idea.

Senator CONNALLY. That is for 1,000,000 men.

Mr. ROBSION. You are talking about a rate ranging from \$10 to \$60.

Senator CONNALLY. Yes.

Mr. ROBSION. You figured on the present Spanish War rate, from \$20 to \$60, which would raise the minimum rate, and further reduce the cost under your provision.

Mr. RANDALL. There is no provision for that.

Senator CONNALLY. I know; but we are going to offer an amendment to this bill.

Mr. RANDALL. That would reduce it somewhat. It is very difficult to say how much, because, as I say, it all depends upon the degree of disability that is established.

Senator CONNALLY. The point I made was that if we inserted the \$10 rating that would reduce the 25 per cent average a little, because, as you said a little while ago, a great many men would get \$10 and be satisfied with it. If there were no \$10 rating, they would get \$25.

Mr. RANDALL. I think that is one of the important factors. Under the general law for Regular Establishment claimants this is the practice of the bureau. A young man comes in with ear trouble, perhaps. He is 25 or 30 years of age. They do not give him as much as that ear trouble might really be worth, because they say "He is going to out-grow it." We have no way to check up on him. If he gets on the roll he stays forever, unless he makes another application and gets another examination and shows that he has been cured, or the degree of disability has been reduced. So, they go on the assumption that if he is not satisfied he will come back.

Senator CONNALLY. Give him \$10 and perhaps he will be satisfied.

Mr. RANDALL. That is the point. That is good administration.

Senator LA FOLLETTE. In your judgment, then, this bill would cost less with a provision for a 10 per cent rating than it would with the 25 per cent minimum.

Mr. RANDALL. Absolutely. Here is the situation right now with respect to the war with Spain. Out of 185,000 now on the roll, 37,000 of them are on for one-tenth disability.

Senator CONNALLY. That is, \$20?

Mr. RANDALL. What would have happened to those 37,000 if there had not been any one-tenth disability? There are only 37,000 that have one-fourth disability. Then we jump to 44,000 that have one-half disability. So, you see, there is the wisdom of that fractional rating to start with.

Senator WALSH of Massachusetts. Do you agree that the existence of this pension law will result in a saving to the Government in the number of cases, and the amount of money that will have to be paid in the future on service-connection cases? In other words, where there is a doubt and there is a disposition to connect the case with the service, they say "We will make it a pension of \$60. You had better take that."

Mr. RANDALL. If they can establish it without very much trouble. The only trouble is that you are going to have a lot of folks that would not have a service-connection claim.

Senator WALSH of Massachusetts. The service-connection load is bound to increase.

Mr. RANDALL. Yes.

Senator WALSH of Massachusetts. This pension provision will have a tendency to keep that down.

Mr. RANDALL. It will have a tendency to forestall liberalization of the service-connected compensation, and satisfy everybody.

Mr. ROBSION. It has been shown by experience with reference to your general law rates, which have not been changed since 1870; because the service law comes along and takes care of those fellows, and they do not come into Congress and ask for liberalization of the general law rate. It has been practically unchanged since 1870.

Senator WALSH of Massachusetts. The proportion of veterans of the Spanish War who have sought the general law rate has been diminished.

Mr. ROBSION. There are practically none of them.

Mr. RANDALL. I think it is vital, in understanding the effect of this bill, to remember that the war with Spain men, whose average age now is about 56 or 57, have been able to establish only a little more than one-half disability, on the average. Thirty-two dollars

and twenty-eight cents is their present rate under the act of May 1, 1926. That gives them a possible \$50 rate, ranging from \$20 to \$50, with \$72 for men requiring aid and attendance. There are only 2,000 of those out of 185,000. Still, at this late date, they have established only one-half disability, and the Bureau of Pensions is not niggardly or mean in trying to establish the disability. That is the situation to-day.

Of course, you are dealing with World War men, whose average age is 10 years less. Certainly their degree of disability is nowhere near one-half, and one-fourth, in my judgment, is a very liberal estimate.

Senator WATSON. Are there any further questions?

Senator CONNALLY. I want to congratulate the witness on the clarity of his exposition.

Senator WATSON. He has been at it 40 years.

Senator LA FOLLETTE. Mr. Chairman, I would like to suggest that it would be a good idea to have this hearing mimeographed and copies furnished to each member of the committee in the morning.

Senator WATSON. We are going to have it printed by to-morrow morning.

(Whereupon, at 5 o'clock p. m., the committee adjourned to meet to-morrow, Saturday, June 28, 1930, at 10 o'clock a. m.)