

Calendar No. 420

68TH CONGRESS }
1st Session }

SENATE

} REPORT
No. 403

TO PROVIDE ADJUSTED COMPENSATION FOR VETERANS OF THE WORLD WAR, AND FOR OTHER PURPOSES

APRIL 10 (calendar day, APRIL 15), 1924.—Ordered to be printed

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

REPORT

[To accompany H. R. 7959]

The Committee on Finance, to whom was referred the bill (H. R. 7959) to provide adjusted compensation for veterans of the World War, and for other purposes, having had the same under consideration, reports it back to the Senate with amendments and recommends that the bill as amended do pass.

The amendments recommended are as follows:

SENATE AMENDMENTS TO H. R. 7959

[References are to pages and lines of the engrossed bill]

Page 4, line 3, after "cadet," insert "or cadet engineer."

Page 4, line 11, beginning with the word "Indian" strike out through the word "in," line 13, and insert in lieu thereof "or Indian scout—in."

Page 7, strike out line 19 and insert in lieu thereof "TRANSMITTAL OF APPLICATION."

Page 7, line 23, after "Bureau," strike out to "the" in line 24 and insert in lieu thereof "(hereinafter in this Act referred to as the director)."

Page 8, line 3, after "birth," insert "and."

Page 8, strike out lines 4 and 5.

Page 8, line 6, strike out "(5)" and insert in lieu thereof "(4)."

Page 8, line 9, after "Title," insert "IV or."

Page 8, lines 11 and 12, strike out "Secretary of War and the Secretary of the Navy" and insert in lieu thereof "director."

Page 8, line 13, strike out "jointly."

Page 8, line 15, strike out "jointly."

Page 8, strike out lines 18 through 24.

Page 8, strike out "(c)" and insert in lieu thereof "(b)."

Page 8, line 26, and page 9, line 1, strike out "Secretary of War and the Secretary of the Navy" and insert in lieu thereof "director."

Page 9, line 2, after "veterans," insert "and their dependents."

Page 9, line 12, strike out "War and Navy Departments" and insert in lieu thereof "United States Veterans' Bureau."

Page 9, line 25, after "veteran," insert "or his dependents."

Page 10, line 9, after "veteran," insert "or his dependents."

Page 10, line 15, after "veteran," insert "by the director."

Page 10, lines 18 and 19, strike out "Act) and" and insert in lieu thereof "Act)."

Page 10, line 19, strike out "him" and insert in lieu thereof "such veteran."

Page 10, strike out line 22 down through line 4, page 11.

Page 11, line 5, strike out "403" and insert in lieu thereof "402."

Page 11, lines 8 and 9, strike out "the Secretary of War and the Secretary of the Navy" and insert in lieu thereof "except as provided in Title VI, the director."

Page 11, lines 11 and 12, strike out "the Secretary of War and the Secretary of the Navy shall jointly" and insert in lieu thereof "he shall."

Page 11, line 15, strike out all after "director" down to the comma in line 17.

Page 13, line 17, after "of," insert "90-day."

Page 14, lines 1 and 2, strike out "bank and" and insert in lieu thereof "bank, which shall be deemed a waiver of demand, notice, and protest by such bank as to its own indorsement exclusively, and."

Page 14, line 7, after "bank," insert "offering the note for discount or rediscount."

Page 14, line 9, after "instance," insert "from the veteran."

Page 14, line 16, after "of," insert "90-day."

Page 14, line 16, beginning with the word "Any," strike out through line 19.

Page 14, line 20, strike out "permit a" and insert in lieu thereof "permit, or on the affirmative vote of at least five members of the Federal Reserve Board to require, a."

Page 14, line 24, strike out "sold the" and insert in lieu thereof "sold, discounted, or rediscounted the."

Page 14, line 24, strike out "sale" and insert in lieu thereof "transfer."

Page 15, line 3, strike out "after" and insert in lieu thereof "at any time after maturity of the loan but not before."

Page 16, line 25, after "bank," insert "or the Federal reserve bank."

Page 17, line 18, after "annual" insert "level net."

Page 20, after line 3, insert "ORDER OF PREFERENCE."

Page 20, line 12, after "shall," insert "(as soon as practicable after receipt of an application in accordance with the provisions of section 604, but not before the expiration of nine months after the enactment of this Act)."

Page 21, line 4, strike out "was dependent" and insert in lieu thereof "depended."

Page 21, after line 13, insert "PAYMENT IN INSTALLMENTS."

Page 21, line 14, strike out "(a)."

Page 21, at the end of line 23, insert "All payments under this title shall be made by the director."

Page 21, strike out line 24 through line 6, page 22.

Page 22, line 14, strike out all after "(b)" through "void" in line 16, and insert in lieu thereof the following:

Applications for such benefits, whether vested or contingent, shall be made by the dependents of the veteran before January 1, 1928; except that in case of the death of the veteran during the six months immediately preceding such date the application shall be made at any time within six months after the death of the veteran. Payments under this title shall be made only to dependents who have made application in accordance with the provisions of this subdivision.

Page 23, after line 3, insert the following new section:

TRANSMITTAL OF APPLICATION

SEC. 605. (a) As soon as practicable after the receipt of a valid application the Secretary of War or the Secretary of the Navy, as the case may be, shall transmit to the director the application and a certificate setting forth—

- (1) The name and address of the applicant;
 - (2) That the individual upon whom the applicant bases his claim to payment was a veteran;
 - (3) The name of such veteran and the date and place of his birth; and
 - (4) The amount of the adjusted service credit of the veteran.
- (b) Upon receipt of such certificate the director shall proceed to extend to the applicant the benefits provided in this title if the director finds that the applicant is the dependent entitled thereto.

Page 23, strike out lines 4 to 11, inclusive.

Page 23, lines 16 and 17, strike out "Secretary of War and the Secretary of the Navy" and insert in lieu thereof "director."

Page 23, lines 20 and 21, strike out "Secretary of War and the Secretary of the Navy shall jointly" and insert in lieu thereof "director shall."

Page 23, strike out lines 22 to 26, inclusive.

Page 24, line 2, strike out "608" and insert in lieu thereof "607."

Page 24, line 2, strike out "title" and insert in lieu thereof "Act."

Page 24, at the end of line 11, insert "and."

Page 25, lines 22 and 23, strike out "of the United States Veterans' Bureau."

Page 26, line 4, strike out "of the United States Veterans' Bureau."

The report of the majority of the Committee on Ways and Means of the House fully sets out the objects of the bill and is as follows:

[House Report No. 313, Sixty-eighth Congress, first session]

Bills for adjusted compensation to soldiers of the late war have been pending in Congress since the summer of 1919. More than 200 bills have been introduced, elaborate hearings have been held, months of time have been consumed directly and indirectly. Two bills have been passed by the House and one by both House and Senate. Over five years have elapsed since the war ceased, and notwithstanding all the time and work expended nothing whatever has been accomplished, for reasons that are well known to every Member of Congress.

The majority of the committee believe that the time has arrived when a bill should be presented to the House of such a nature that it will become a law. To do otherwise is not to benefit the soldier but to prevent him from obtaining any additional compensation whatever.

In the judgment of the committee in order that the bill might become a law it was necessary—

First. That it should confer substantial benefits upon the soldiers.

Second. That it should be based and planned on principles that are economically sound.

Third. That its cost should be capable of accurate and definite determination.

Fourth. That it should appear that the necessary appropriations can be made without embarrassing the Treasury.

The committee now presents this bill, confident that it meets these requirements. As to the first three matters there can be no question. How the appropriation can be met is set forth hereinafter under the title "Necessary appropriations."

THE PROVISIONS OF THE BILL

The bill provides for--

(1) The fixing of the amount of the adjusted service credit to the surviving veterans.

(2) The payment in cash of the adjusted service credit to those veterans to whom \$50 or less is due.

(3) Provision for payment of the adjusted service credit to dependents of veterans who have died before application has been made.

(4) The issuance of an endowment insurance certificate to the remainder of the surviving veterans applying therefor in amount and on the terms hereinafter set forth.

(5) The privilege of borrowing upon such certificates after two years, in the manner hereinafter explained.

(6) Security for such loans and prevention of their becoming "frozen assets" in the hands of banks by whom they are made.

(7) The creation of a sinking fund sufficient to meet the claims arising upon the certificates by reason of the death of the veteran or maturity thereof.

(8) Estimates for proper appropriations to meet the claims of dependents and those who are paid in insurance.

The basis of the adjusted service credit to the soldier is the same as in the bill which at the last session passed both Houses, namely, \$1 per day for each day of "home service," and \$1.25 per day for "oversea" service, not to exceed, however, in any case \$500 for "home service" or \$625 for "oversea service."

The veteran will receive the equivalent of a paid-up 20-year endowment policy, for the amount which his adjusted service credit plus 25 per cent would purchase at his age, of such insurance computed in accordance with accepted actuarial principles and based upon American Experience Tables of Mortality, with interest at 4 per cent per annum compounded annually. A table is attached to this report showing the average amount of each policy.

If the veteran dies before the expiration of the 20 years his beneficiary or his estate receives the full amount of the policy. At maturity the face value of his policy is payable in full, less any claim for sums borrowed which the Government may have arising in the manner hereinafter explained.

All the estimates upon which the bill is based have been made by the actuary upon the supposition that all persons entitled to benefits thereunder would apply for the maximum to which they are entitled.

BORROWING PRIVILEGES

No loan can be made to a veteran upon a certificate until after the expiration of two years from the date on which it was issued.

No loan can be made upon the certificates except by some bank incorporated under the laws of a State, Territory, or the District of

Columbia, and the rate of interest can not be higher than 2 per cent more than Federal reserve rates for the district in which the loaning bank is situated. No loan can exceed 90 per cent of the reserve value for the current year of the certificate or 60 per cent of the face value at any time. Under this provision these loans are backed by absolutely good collateral, and are made eligible for discount by the Federal reserve banks. In order to prevent their becoming "frozen assets" of any bank by reason of a veteran having defaulted in payment, it is provided that if the loan is in default, the bank holding the same may, after the expiration of six months from the time the loan was made, present the same to the Director of the Veterans' Bureau who is authorized to pay the amount of the veteran's note with interest out of the sinking fund and to hold it as part of the investment of such fund, redeemable by the veteran at any time on payment of the cost to the fund with interest at 6 per cent compounded annually. This rate of interest is prescribed in order that there might be no inducement to default on the notes.

It was thought best not to absolutely require the director of the bureau to take up these notes, as that would in effect make them an obligation of the Government. At the same time there will be every inducement for him to purchase these notes as a part of the sinking fund, for the reason that they are absolutely secure and will draw a higher rate than any other investment of equal security which he could obtain. The actuary of the bureau has assured the committee that under the provisions of the bill there will always be sufficient funds on hand to purchase any notes which may be presented to the director under the terms of the bill.

If the veteran fails to redeem his note before the maturity of the certificate, his equitable interest therein will be paid to the person entitled thereto under the bill.

If the veteran redeems his note held in the sinking fund, his certificate will be returned to him and he may thereafter use it to obtain another loan.

THE SINKING FUND

A sinking fund is created by the bill sufficient to extinguish all claims of every character which may arise upon the certificates. The amount necessary for this sinking fund is hereinafter stated. The estimates given in the tables attached to this report were computed by Mr. H. P. Brown, the actuary of the insurance division of the Veterans' Bureau. The committee also made careful investigation with reference to the amount required, basing their investigations upon offers made by standard life insurance companies to carry the insurance herein provided for, and as a result of such investigation are satisfied that if any criticism can be made upon the actuary's figures, it is that they are too high, but this is caused by the request of the committee that the maximum figures be given.

This fund is to be used (1) to pay death losses as they occur and (2) the surplus to be invested to provide for payment of the remaining certificates upon maturity.

NECESSARY APPROPRIATIONS

By consulting Table No. 3, attached to the report, it will be seen that the actuary computed and stated the amount necessary each year to maintain a sinking fund which would be sufficient to pay the amount accruing upon all certificates as they matured, either by the death of the veteran or by the completion of the 20-year period. The annual appropriation necessary begins with \$110,836,564, which is reduced in the nineteenth year to \$90,835,930. The equivalent level annual appropriation for 20 years is stated to be \$102,633,962, but it must be remembered that the figures given by actuary were the very outside amount required, and from comparison with offers made to place the same insurance by standard old-line companies are much too high. The committee believes that an annual appropriation of \$100,000,000 will be more than sufficient when placed in the sinking fund to extinguish all claims arising upon the certificates.

There remain two other classes of claims for which provision must be made by additional appropriations. Table No. 1 shows the adjusted compensation due the dependents of those who have died prior to the enactment of the bill to be \$50,318,772, but this estimate is made upon the assumption that all of these veterans had dependents. Many did not, and some of the dependents may not make application for a considerable period. That the amount will be considerably less than \$50,000,000 is reasonably certain, but no one can tell at this time how much less nor can it be determined when the applications will be made on the part of those dependents who come under this provision. In any event, the amount due the dependents, when ascertained, will be paid in 10 equal quarterly installments. The amount required in the calendar year of 1925 can not by any possibility exceed \$20,000,000, and in all probability will be one-third less. By the last section of the bill (703) a provision is made for the proper officials submitting to Congress estimates of the amount required to be appropriated each year.

The same uncertainty, although to a lesser degree, exists as to the amount required in 1925 to meet the cash payments to the veterans to whom there is due \$50 or less. If all apply in time, it will require \$14,799,470. The provision for the necessary appropriation for this item is also covered by section 703.

Using the very highest figures the appropriations would be as follows:

	Sinking fund.	Dependents.	Those paid in cash.	Total.
Calendar year of 1925.....	\$100,000,000	\$20,000,000	\$15,000,000	\$135,000,000
Calendar year of 1926.....	100,000,000	20,000,000	120,000,000
Calendar year of 1927.....	100,000,000	10,000,000	110,000,000
1928 and each year thereafter.....	100,000,000	100,000,000

The surplus for this calendar year, after allowing for the reduction of 25 per cent in the payment of taxes which is expected to be made, and the repeal of the excise taxes contained in the bill now pending in the Senate, will be sufficient to provide for the amount necessary in 1925, including any payments made to those who are entitled to

cash during this calendar year. The Secretary of War has informed the committee that owing to the labor and detail necessary to obtain the basis of credit to each veteran, it ought not to be expected that the bill would be in complete operation sooner than nine months from the date of its passage. It is possible that some of the cash payments may be made during this calendar year, but it did not seem to the committee that it would be practicable to carry into effect any of the provisions with reference to dependents or the issuance of certificates before January 1, 1925.

Careful investigation was made as to the probable expenses of the Government after 1925, and it is believed that, by reason of certain activities of the Government then ceasing and reduction in other Governmental expenditures, sufficient will be saved as compared with the present outlay to provide for the necessary appropriations.

ADVANTAGES OF THE BILL

(1) The creation of a sinking fund makes an enormous reduction in the ultimate cost to the Government.

(2) There can be no reasonable dispute over the amount required to make the payments required by the bill.

(3) Makes loans upon the certificates negotiable paper and for the first time provides a method to prevent their becoming frozen assets.

In this way it is believed that the bill meets the principal objections which have heretofore been made against such measures and the committee recommends that it become a law as speedily as possible.

TABLE NO. 1.—*Estimated cost of soldiers' adjusted compensation under proposed legislation*

1. Estimated number entitled to adjusted compensation living Jan. 1, 1919.....	4, 477, 412
2. Estimated number in the above group who have died prior to Jan. 1, 1924.....	183, 805
3. Estimated number entitled to adjusted compensation living Jan. 1, 1924.....	4, 293, 607
4. Estimated number living Jan. 1, 1924, who served 60 days or less.....	865, 741
5. Estimated number living Jan. 1, 1924, who served from 61 days to 110 days.....	389, 583
6. Estimated number living Jan. 1, 1924, who served over 110 days.....	3, 038, 283
7. Average age Jan. 1, 1924 (years).....	32
8. Average amount of adjusted compensation for those who served over 110 days (maximum service, 560 days).....	\$382
9. Adjusted compensation due those who have died prior to Jan. 1, 1924.....	\$50, 318, 772
10. Total amount payable in cash to those now living who served 110 days or less.....	\$14, 799, 470
11. Total cost of insurance provision by annual appropriations representing the actual premiums ¹	\$2, 025, 889, 696
12. Total cost of insurance provision—equivalent level annual appropriations ¹	\$2, 052, 679, 240

¹ See Table No. 3.

SOLDIERS' ADJUSTED COMPENSATION

TABLE NO. 2.—Adjusted compensation

Endowment 20 years:	American Experience Table, 4 per cent
Single premium per \$1,000.....	\$496.62
Annual premium per \$1,000.....	37.94

COST OF INSURANCE PROVISION

Maximum service (days).....	560
Average amount adjusted compensation.....	\$382

Average amount policy.....	1.25 times American Experience Table, 4 per cent	\$962.00
Average annual premium.....		36.48
Maximum annual appropriation.....		110,836,564.00
Minimum annual appropriation.....		90,835,930.00
Approximate total cost.....		2,025,889,696.00

TABLE NO. 3.—Table showing the cost of insurance provision (20 year endowment policy purchased by 1.25 times adjusted compensation) to those who served over 110 days—American Experience Table 4 per cent

Year	Age	Number living at beginning of year *	Number dying during year	Annual appropriation
1921.....	32	3,038,283	26,151	\$110,836,564
1925.....	33	3,012,132	26,260	109,882,575
1920.....	34	2,985,872	26,368	108,924,611
1927.....	35	2,959,504	26,476	107,962,700
1928.....	36	2,933,028	26,583	106,999,861
1929.....	37	2,906,370	26,691	106,024,378
1930.....	38	2,879,533	27,091	105,045,304
1931.....	39	2,852,442	27,344	104,057,084
1932.....	40	2,825,098	27,609	103,059,575
1933.....	41	2,797,420	27,907	102,050,210
1934.....	42	2,769,432	28,302	101,028,879
1935.....	43	2,741,040	28,828	99,993,139
1936.....	44	2,712,212	29,371	98,911,494
1937.....	45	2,682,811	29,940	97,770,040
1938.....	46	2,652,802	30,673	96,577,500
1939.....	47	2,622,219	31,467	95,328,549
1940.....	48	2,590,752	32,308	94,010,633
1941.....	49	2,558,344	33,190	92,628,389
1942.....	50	2,524,814	34,104	91,175,215
1943.....	51	2,490,020	35,047	89,754,930
Total.....				2,025,889,696
Equivalent level annual appropriations for 20 years.....				102,633,962

TABLE NO. 4.—Illustration of loan values adjusted service certificate

Endowment 20 years:	Amount of certificate.....	\$1,000
	Age at issue.....	years 32

Year	Value of sinking fund end of year	Loan value, 00 per cent	Year	Value of sinking fund end of year	Loan value, 00 per cent
3.....	\$97.71	\$87.93	12.....	\$495.01	\$436.50
4.....	133.33	110.99	13.....	538.88	484.09
5.....	170.58	153.52	14.....	595.39	535.84
6.....	209.57	188.61	15.....	654.66	580.10
7.....	250.30	225.32	16.....	716.02	645.22
8.....	293.06	263.75	17.....	782.33	704.09
9.....	337.76	303.98	18.....	851.14	766.02
10.....	384.58	346.12	19.....	923.59	831.23
11.....	433.62	390.25	20.....	1,000.00	900.00

MINORITY VIEWS

The bill provides, in substance, that each veteran of the great war who has served a given number of days, shall receive from the United States Government a paid-up endowment life insurance policy. It is not entirely clear to us upon what principle this legislation is based. The movement for the payment to veterans of additional compensation or a bonus, originated largely because of the fact that other countries who had participated in the war paid to their soldiers upon discharge amounts in some cases considerably in excess of the \$60 paid by our Government. The purpose of these payments was obviously to give to the men who for a long period of time had been divorced from their ordinary pursuits and normal life, a sum sufficient to tide them over the period of readjustment until they could once more resume their normal peace-time status and earning capacity. Viewed from this standpoint, the \$60 paid by the United States Government was inadequate, and efforts to increase it resulted in a number of bills being introduced in the Sixty-sixth Congress. None of these measures, or those subsequently introduced in the Sixty-seventh Congress, became law, and now, five and a half years after the signing of the armistice, it is obvious that the original principle upon which they were based has long since ceased to be applicable.

It has been urged that additional compensation should be granted in order to equalize the difference between the amount received by men in the Army and Navy and their fellow citizens employed at remunerative war-time wages in civilian capacity. While we have a great deal of sympathy for the proposition that in time of war all citizens, whether drafted for military service or performing necessary economic labors, should be paid as nearly as possible on the same basis, on the theory that in time of national danger all men's persons and time should be at the disposal of their country, we believe it to be impossible to readjust this inequality to-day without grave economic loss to all of our people, which, of course, includes the veterans themselves. Moreover, it is very apparent that the present bill is neither drawn for, nor will it accomplish, that purpose.

If it be argued that the veterans are entitled as a matter of right to some form of pecuniary recognition for having defended their country in time of national danger we believe that we are voicing the sentiment of a majority, and certainly a very strong minority of the service men themselves in stating such a principle to be unsound. We are in complete accord with our colleagues in favoring every proper measure which will be beneficial to the needy, the sick, the wounded veterans, and their families or widows, and experience has already shown how great a financial obligation their proper care will entail—an obligation which, however, we know will be gladly borne by all of our people. But we can not agree to the justice or wisdom of increasing this burden for the benefit of those who are in the prime

of their manhood, the physical pick of the Nation, by the payment of a reward which must necessarily be hopelessly inadequate for the services rendered. Indeed, the only adequate reward is one which is theirs already—the consciousness of duty gloriously performed and the knowledge of the gratitude and respect universally accorded them by their fellow countrymen.

We believe that the Government can to-day best promote the welfare of the people by relieving them to the fullest possible extent of the present crushing burden of taxation. The cost of this measure, while less than those hitherto proposed, will amount to almost \$2,100,000,000, and if adopted, must necessarily limit future tax reduction to the extent of that very considerable sum. While this, standing alone, is not conclusive, these facts add considerable weight to the arguments that can be urged in opposition to the measure.

We are gratified that, in the preparation of this bill, the majority of the Ways and Means Committee has eliminated many of the defects existing in similar measures reported to the House in the past, but the bill is open to the criticism that it fails to make provision for raising the funds necessary to meet sinking fund and other payments.

These will amount to \$135,000,000 in the calendar year 1925, and to \$130,000,000 in the calendar year 1926. In this connection, we can not fail to call attention to the fact that in the revenue bill recently adopted by the House of Representatives, taxes were reduced to a point where, in accordance with the Treasury estimate, they will not only wipe out all prospective surplus, but, in all probability, create a deficit for that calendar year. In the face of these facts, for Congress to create a new and continuing obligation amounting to \$135,000,000 in one year and \$130,000,000 the next, and to over \$100,000,000 for some years to come, without at the same time providing the revenue to meet that obligation, is, in our judgment, a very unsound practice. This is a criticism which will, of course, apply with equal force to other measures creating financial obligations that are now before the Congress.

Finally, the actuarial tables prepared by the actuary of the Veterans' Bureau showed that the payment to be made to the sinking fund for the first year should be \$110,836,564. The bill provides for a maximum appropriation for this purpose of \$100,000,000. We believe that if a sinking fund is to be created, sound practice demands that appropriations shall at all times be adequate to preserve its integrity.

ALLEN T. TREADWAY.

JOHN Q. TILSON.

HENRY W. WATSON.

OGDEN L. MILLS.

Your committee feels that it is but fair to call attention to the fact that there is a difference between the experts as to cost of the insurance plan and the several estimates are as follows:

The approximate total cost given in the House report amounts to \$2,025,880,696, the estimated total cost submitted by Howard P. Brown, actuary, \$2,202,467,420; while the estimated total cost estimated by Mr. Herbert Hess, actuary for the American Legion, is placed at \$2,382,760,000. The estimate of Mr. McCoy, actuary for the United States Treasury, amounts to \$3,631,047,691.

The Director of the Veterans' Bureau advised the committee that the maximum amount of the adjusted service certificates provided in the bill as it passed the House for overseas service is approximately \$1,600, and approximately \$1,300 for those without overseas service.

Your committee believes the insurance plan submitted will confer a great benefit to the soldiers of the World War, and therefore recommend the passage of the bill with the amendments suggested by your committee.



Calendar No. 420

68TH CONGRESS }
1st Session }

SENATE

{ REPT. 403
{ Part 2

TO PROVIDE ADJUSTED COMPENSATION FOR VETERANS OF
THE WORLD WAR, AND FOR OTHER PURPOSES

APRIL 21, 1924.—Ordered to be printed

Mr. WALSH of Massachusetts, from the Committee on Finance,
submitted the following

MINORITY VIEWS

[To accompany H. R. 7959]

The minority members of the Finance Committee who sincerely favor legislation to pay an adjusted compensation to soldiers of the World War, do not oppose any bill that would be economically sound, that would meet the general approval of the veterans, the Members of Congress favorable to the principle of adjusted compensation, and would adequately safeguard the public interest.

The minority members are strongly of the opinion that the question of paying an adjusted compensation to the veterans of the war should be settled without further delay. The continued agitation of this question is disturbing. For five years (since 1919) bills to pay adjusted compensation have been pending in the Congress. Two bills supported by a very large percentage of Democratic Members of Congress have at different times passed the House and one of these also passed the Senate, but it was vetoed by the late President Harding. The Senate Finance Committee has three times reported favorably adjusted compensation bills. The responsibility for failure to enact this legislation is solely with the majority party, notwithstanding the fact that many of its members have consistently supported the several bills before the Congress.

The sentiment of the present Congress is overwhelmingly in favor of the enactment of a reasonably fair and just adjusted compensation bill. Not for the purpose of delaying or embarrassing the passage of any measure likely to receive the general support of the veterans and fair to the Government, but in the belief that a better plan than that which has been passed by the House and reported

by the majority of the Senate Finance Committee can be presented, the minority offers for the consideration of the Senate a substitute measure. If this substitute fails to command the support of the majority of those favoring adjusted compensation legislation, the minority members of the Finance Committee will support the committee bill.

In the judgment of the minority members the substitute bill proposed is superior to the bill reported by the majority for the following reasons:

(1) It is more conformative with the principle of adjusted compensation.

(2) It will be more acceptable to the veterans because it gives each veteran the right to avail himself of one of two plans according to his individual need.

(3) Its cost to the Government will be very much less.

(4) It will require a less annual appropriation than the bill reported by the majority.

(5) The majority of the veterans favor a cash payment.

PURPOSE OF THE BILL

The purpose of an adjusted compensation bill is not to give the soldier an increase in compensation because of his dangerous and hazardous service—no one could be adequately paid for this. It is to give the soldiers who offered their lives with their service in the late war a compensation that will more nearly approach that which was paid the lowest-paid common laborer who remained at home, secure from the dangers of war, and whose compensation was increased from 100 to 300 per cent. It is to meet in part the economic loss that absence from home and opportunities for participating in the financial gains made by those at home caused those in the service.

During the World War we paid our soldiers \$30 per month, or \$1 per day. At the time the Government was paying its soldiers in camps \$1 per day and overseas \$1.10 per day it paid its employees working in its navy yards, living at home in comfortable circumstances, convenience, and safety, from \$6 to \$12 per day; in its arsenals, from \$6 to \$10 per day; on its 10-per-cent-plus contracts, from \$5 to \$12 per day. To its over 500,000 civil service employees, receiving \$2,500 per year or less, it has paid each a bonus of \$240 per year for the last five years in addition to their regular salary, or a total sum of \$1,200 each. This is what the Government itself did in the payment of wages and bonus to its employees who remained at home. We do not believe it was fair for the Government to pay the men at home \$10 per day for working on its ships and to pay the men fighting on the ships only \$1.10 per day. We do not believe employees in its arsenals should have received \$10 per day and the men on the battle field be limited to \$1.10 per day.

The high wages at home were not only paid by the Government, but in the business world as well. Bricklayers, masons, plumbers, carpenters, and other tradesmen and mechanics received from \$8 to \$14 per day for eight hours' work. Common labor in all its various forms, including labor on the farm, was paid from \$4 to \$6 per day.

It is true the soldier received his clothes and board in addition to his wage, but that advantage was in part neutralized by the unusual requirements compelling him to deduct so much for insurance. The business world pays for the insurance of its employees. The Government required the soldiers to pay for the insurance to protect themselves and their families against dangers into which we sent them. From the \$30 per month they received was also deducted the \$15 which the soldier was required to assign to his dependents, in addition to the cost of his insurance, leaving him a balance of from \$7 to \$9 per month with which to pay his sundry expenses.

When he received the \$60 payment on his return home to begin life anew he was without sufficient money at the then existing prices to purchase the necessary civilian clothes. He was without his chosen employment to earn even a competency. Stripped of everything he had material and prospective, he was required to make new arrangements and incur new obligations to enter again the industrial and civic world from whence he had been so arbitrarily taken.

In the light of the economic prosperity of the country during the war, we believe justice requires that an adjustment of the soldiers' compensation be made which would not have been necessary or justified had the economic conditions at home been bad.

Under the bill as reported by the Finance Committee, the veteran has no choice of benefits. If his adjusted service credit is in excess of \$50, the veteran will receive the equivalent of a paid up 20-year endowment policy for the amount which his adjusted service credit plus 25 per cent would purchase at his age, of such insurance computed in accordance with accepted actuarial principles with interest at 4 per cent per annum, compounded annually.

If the veterans' adjusted service certificate is \$50 or less, he will receive a cash payment only.

The substitute bill offered by the minority recognizes that the majority bill is arbitrary and in part contrary to the theory of adjusting compensation, and it seeks to correct it by offering to the veterans a choice of two plans, as follows:

(1) Cash in the total amount of his adjusted service pay, whether it is more or less than \$50; or

(2) Insurance, the terms of which are identical with that of the majority bill.

The maximum benefits under the substitute bill are \$625 in cash, if the veteran served overseas, and \$500 in cash if he did not serve overseas; or if he chooses the insurance plan the benefits are the same under both bills.

VETERANS' COMPENSATION BONDS

The minority substitute provides (in secs. 704, 705, and 706) new fiscal means for carrying out the purposes of the bill in its proposed optional form. Section 1 of the second Liberty bond act, as amended, authorizes the Secretary of the Treasury to borrow, on the credit of the United States, an amount not in excess of \$20,000,000,000, and to issue bonds therefor at a rate of interest not to exceed 4½ per cent per annum.

This section is amended by increasing by \$1,500,000,000 the amount authorized to be borrowed, and providing that bonds to be known as "Veterans' compensation bonds" may be issued in such additional

amount to meet such obligations and may bear interest at a rate not in excess of 4½ per cent per annum in lieu of interest at the 4¼ per cent per annum rate.

COST OF PLAN

Estimates made by the Government actuary are as follows:

If all veterans choose the cash plan the cost to the United States would be approximately \$1,493,768,695.

If all veterans choose the insurance plan the United States would have to expend approximately \$3,631,047,691.

If 50 per cent of the veterans choose the cash plan and the remaining 50 per cent choose the insurance plan, which is the best estimate of what is likely to happen, the cost would be as follows:

Cost for veterans choosing the cash plan.....	\$746, 884, 347. 50
Cost for veterans choosing insurance plan.....	1, 815, 523, 845. 50
	2, 562, 408, 193. 00
Total.....	

The cost under the bill reported by the Finance Committee (the insurance plan alone) would be \$3,631,047,691. Therefore a saving of about \$1,048,639,498 would be effected by the adoption of the option plan proposed by the minority and in all probability it will not be necessary to issue bonds for more than \$700,000,000. The best proposition for both the Government and the veterans is, in the opinion of the minority, the cash-option plan.

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