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SENATE.

} REPORT
No. 133.

VETERANS' ADJUSTED COMPENSATION BILL.

JUNE 20, 1921.—Ordered to be printed.

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

REPORT.

[To accompany S. 506.]

The Committee on Finance, to whom was referred the bill (S. 506), to provide adjusted compensation for the veterans of the World War, and for other purposes, report favorably thereon with certain amendments, and as amended, recommend that the bill do pass.

Any discussion of this bill, its provisions and purposes, would be lacking in fairness and justice if it failed at the outset to correct a general misnomer of the bill itself. This proposed legislation is generally referred to as the "Soldiers' bonus bill." No name could be applied that would be more irrelevant. It is worse than erroneous. It stamps upon a just and unquestioned national moral obligation the designation "gratuity." The purpose of this bill in no sense seeks to express a national gratitude by a money gift to our soldiers. It is not so intended by its supporters and the veterans of the World War would not so accept it. It is just what its title reads, a bill to provide adjusted compensation for the veterans of the World War. It is not a bonus bill, and fairness to country and soldier alike requires that we should exclude the word "bonus" in referring to it.

In simple, plain English, the purpose of this bill is to give to the soldier who offered his life with his services a compensation that will more nearly approach that of the laborer who remained at home, secure from danger, and whose compensation increased from 200 to 300 per cent and, measured by the amount of labor actually performed, far beyond those figures.

For many years preceding the Civil War, and up until about the time of the World War, the wage of a private soldier was \$13 per month. It was estimated that the cost of maintenance of each soldier for food and clothing added to this meager pay brought his wage up to about the average paid for common labor.

During the World War we paid our soldier \$30 per month, or \$1 per day. A fair estimate of the cost to the Government for his

maintenance and clothing would be about \$2 per day. We might, therefore, say that the private soldier received a compensation for his services equivalent to about \$3 per day which was very much less than that received by the lowest class of labor at home.

EXPLANATION OF THE BILL.

The purpose of this bill being to correct the inequalities suffered by those who performed actual soldier duties and received meager soldier wage, there are excluded from its benefits all those who were given commissions while performing merely clerical service in the departments. Its benefits are also limited to those below the grade of captain in the Army or Marine Corps and lieutenant in the Navy and like grade of officers. For detailed statement of all those so excluded, see section 203 (a) of Title II.

While your committee believes that justice demands this adjustment of pay to the veterans of the World War, it does not believe that the privileges and benefits of this legislation or the war risk insurance act should be extended to persons other than such veterans.

By act of Congress at the time of the discharge of our soldiers they were given two months' extra pay, or \$60 each. Therefore, in the bill which passed the House in May, 1920, as in this bill, 60 days are deducted from the service of each soldier and sailor at home or abroad. If he had such service both at home and abroad, the 60 days are first deducted from his home service.

The bill then gives \$1 per day for each day's service in the United States and \$1.25 per day for each day's service overseas exclusive of the said 60 days. This is the cash plan provided in Title II and is called "Adjusted service pay." The cash payment, if \$500 or over, is to be made in 10 quarterly installments. If less than \$500, it is to be made in quarterly installments of \$50 each.

Title III, "Adjusted service certificates," gives the veteran the option to take insurance payable at the end of 20 years. If he chooses this insurance plan he will receive as the basis of his adjusted pay a sum 40 per cent greater than the cash plan, and this sum will bear interest at the rate of 4½ per cent per annum, compounded annually. In the event of his death prior to 20 years, his estate will receive the amount of such adjusted pay and interest, compounded annually for 20 years. The veteran can borrow against this insurance. The bill provides that the adjusted service certificate shall become effective as of the 1st day of January or July next succeeding the date of filing the application for the benefits under the adjusted service certificates title, but not before July 1, 1922. If a loan is made during the third to fifth years, inclusive, after the certificate becomes effective, he can borrow 90 per cent of his adjusted service pay, with 4½ per cent interest, compounded annually up to the date of the borrowing; if a loan is made during the sixth to twentieth years, inclusive, after the certificate becomes effective, he can borrow 80 per cent of the amount of the adjusted service pay increased by 40 per cent, with 4½ per cent interest, compounded annually. On these borrowings he will pay 4½ per cent interest, the same as he is allowed on his adjusted service certificates.

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

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

Title VI, "The land settlement aid," gives the veteran preference right to take lands on the opening of public or Indian lands to entry or the restoration to entry of public lands and on all reclamation projects now in existence or hereafter established, whether such reclamation is made by irrigation, drainage, or otherwise.

The veteran at his option may select any one of these five plans.

COST.

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

The bill as reported requires no payments under the principal provisions, Titles II and III, the cash plan and the insurance plan, until after July 1, 1922. As in all probability only a very small per cent will apply under the other features of the bill, the vocational training, farm and home aid, and land-settlement plans, the sum necessary to meet those claims prior to July, 1922, will be unimportant. The committee, recognizing the rights of the veterans to this adjusted compensation, feel sure that they in turn will recognize the condition of our national finances, and, with the same patriotism which impelled them to war, will cheerfully acquiesce in the extension of time for the beginning of the installment period.

Under the present depressed industrial and financial conditions of the country, with the Treasury facing a deficit for the fiscal years 1921 and 1922, any proposal calling for a considerable outlay should show not only a most satisfactory justification for the proposition, but should also present to the country as definitely as possible what the total cost of the proposed legislation will be and what must be appropriated each year during its continuance.

All these matters have received careful consideration by the Committee on Finance in reporting this bill for favorable action.

The general assumption that the enactment of this bill into law will immediately load upon the backs of an already excessively tax-burdened public an immense additional liability is unwarranted.

It will be seen that no payment of importance will be required until after July, 1922, giving ample opportunity to adjust the estimated Treasury deficits and, by reasonable economy, to meet the added liability incurred by this legislation without any increase in taxation.

The payments to be made after July 1, 1922, will be so divided as to add a comparatively small sum to our national expenses for each year.

Without attempting the allotment of any prospective receipts, but merely as a suggestion of one means of meeting the obligations of this measure, the committee beg to remind the Senate that there will undoubtedly be funded into long-time bonds the debts due this country for money advanced our associates in the World War. The Allies having now agreed with Germany upon the amount of reparations to be paid by Germany to them, will be in a position to use

the funds received in reparations to meet the interest on their obligations to the United States. The interest on these bonds will, in our opinion, more than care for the payments necessary each year to meet the requirements of this proposed legislation.

The total advances made by this Government during the war to our associates aggregated \$9,580,823,677, of which there has been repaid \$114,540,505.

Roughly speaking, the British, French, Italian, Belgian, and Greek debts, with interest to date, will approximate 10 billions of dollars. Whatever we may secure from Cuba, Czechoslovakia, Liberia, Rumania, Russia, and Serbia would add to this amount. Nearly one-half of the aforesaid 10 billions will be the proportionate share of Great Britain. All the balance of said amount, except about \$416,000,000, would be the debt of France and Italy.

We believe the minimum possible cost of this measure would be \$1,560,000,000. This amount is based upon the assumption that every veteran would accept the cash-payment plan.

The maximum, to be scattered over 20 years, would be, in round numbers, \$5,273,000,000. This amount is based upon the assumption that every veteran should accept the insurance plan and should not borrow against it until the end of 20 years, and the whole sum should become due in 1942.

Under what we believe will be the real operation of the legislation, the total cost will be in round numbers about \$4,396,000,000, scattered over a period of 20 years, and that the greatest amount due in any one year prior to 1943 will not exceed \$200,000,000.

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

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

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

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

As plan No. 1, the cash plan, fixes the amount which must be paid per day for each day's service, and plans numbered 3, 4, and 5, men-

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

PROPORTIONATE NUMBER APPLYING UNDER EACH PLAN.

Assuming that men will use ordinary judgment and be guided by what clearly appears to be their best interest, we will find little difficulty in determining which plan will be sought by the vast majority. If an applicant, who would be entitled to receive \$400 under the cash plan, which would be paid to him in quarterly installments of \$50 and spread over two years, finds by an examination of the certificate plan that he can have a full paid-up 20-year endowment life insurance policy for \$1,352, against which he can borrow \$393.13 at the end of two years, or \$558.32 at the end of five years, and still retain his said life insurance without the payment of a single additional cent, can there be any doubt that he would accept the latter proposition?

It must be remembered that the average age of the recipients in 1922 will be in the neighborhood of 28 years, the time of life at which they either have homes or are contemplating such, and who will, therefore, give greater weight to ultimate benefits than to immediate gratification. The question is not presented to the applicant as to whether he will accept \$400 in a single immediate cash payment, but whether he will accept \$400 in \$50 installments spread over two years or accept such insurance with the aforesaid borrowing privileges.

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

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

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

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

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

Table III, showing total cost if 80 per cent of the veterans should accept the certificate plan and 20 per cent the cash plan, together with

cost for each year, after making allowance for 33½ per cent of borrowings and payment of full amount assured on account of deaths.

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

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

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

	Home service.	Overseas service.	Total.
Number affected.....	2,244,853	2,435,000	4,679,853
Deaths, June 30, 1919, to Jan. 1, 1923.....	54,755	59,380	114,135
Number entitled to cash:			
1922.....	2,190,098	2,375,620	4,565,718
1923.....	2,180,972	2,365,718	4,546,688
1924.....	2,162,593	2,345,778	4,507,996
1925.....	2,144,136	2,325,814	.....
Average number of days entitled to pay.....	260.51	333.26	.....
Cost:			
1922.....	\$219,009,800	\$237,562,000	\$456,571,800
1923.....	351,532,630	475,124,000	826,656,630
1924.....	.....	276,937,900	276,937,900
Total cost.....	570,542,430	989,623,900	1,560,166,330

NOTE.—The above table is based upon the average cash payment, and while the total shown is approximately correct, certain payments, owing to length of service, will extend beyond the average into the year 1925. There are 136,000 veterans in this class, and the total payments included above, of about \$3,000,000, will run into 1925.

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

	Home service.	Overseas service.	Total.
Total veterans affected.....	2,244,853	2,435,000	4,679,853
Deaths, June 30, 1919, to July 1, 1922.....	54,755	59,380	114,135
Average number days payable service.....	260.51	333.26	.....
Number entitled to certificates July 1, 1922.....	2,190,098	2,375,620	4,565,718
Average face of certificates.....	\$880.62	\$1,408.02	.....
Total value of all certificates.....	1,928,425,091.00	3,344,920,472.00	\$5,273,345,563
Annual payments:			
1922.....	8,035,626.00	13,945,030.00	21,980,656.00
1923.....	16,183,077.00	28,073,103.00	44,256,180.00
1924.....	16,207,732.00	28,109,711.00	44,317,443.00
1925.....	16,248,236.00	28,188,560.00	44,436,796.00
1926.....	16,319,558.00	28,308,242.00	44,627,800.00
1927.....	16,383,836.00	28,425,108.00	44,808,944.00
1928.....	16,455,158.00	28,543,381.00	44,998,539.00
1929.....	16,566,103.00	28,730,648.00	45,296,751.00
1930.....	16,676,168.00	28,926,179.00	45,606,347.00
1931.....	16,834,660.00	29,195,296.00	46,029,956.00
1932.....	16,991,394.00	29,478,307.00	46,469,701.00
1933.....	17,195,675.00	29,827,496.00	47,023,171.00
1934.....	17,395,553.00	30,169,648.00	47,565,198.00
1935.....	17,638,577.00	30,601,907.00	48,240,484.00
1936.....	17,944,998.00	31,067,961.00	49,012,959.00
1937.....	18,250,538.00	31,653,698.00	49,904,236.00
1938.....	18,607,149.00	32,284,490.00	50,891,639.00
1939.....	19,054,453.00	33,063,125.00	52,117,578.00
1940.....	19,549,305.00	33,910,754.00	53,460,059.00
1941.....	20,133,970.00	34,925,936.00	55,059,906.00
1942.....	20,829,581.00	36,132,609.00	56,962,190.00
1943.....	1,568,923,744.00	2,721,356,287.00	4,290,280,031.00
Total payments.....	1,928,425,091.00	3,344,920,472.00	5,273,345,563.00

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

	Cash payment plan.	Certificate plan.		Total.
		Loans less repayments.	Payments on account of deaths or maturity.	
Total number of veterans living July 1, 1922.....	913, 144	3, 652, 575		4, 665, 718
Total annual cost:				
1922.....	\$91, 314, 400	.....	\$17, 584, 500	\$108, 898, 900
1923.....	165, 333, 000	.....	35, 404, 944	200, 737, 944
1924.....	53, 000, 000	\$30, 000, 000	35, 453, 954	118, 453, 954
1925.....	2, 396, 600	41, 450, 688	35, 549, 437	79, 386, 725
1926.....	.....	33, 926, 176	35, 702, 240	69, 628, 416
1927.....	.....	23, 594, 536	35, 847, 155	59, 441, 691
1928.....	.....	60, 246, 715	35, 998, 832	96, 245, 547
1929.....	.....	46, 058, 994	36, 199, 400	82, 258, 394
1930.....	.....	23, 557, 722	36, 484, 279	60, 042, 001
1931.....	.....	10, 095, 410	36, 823, 963	46, 919, 373
1932.....	.....	— 3, 257, 710	37, 176, 762	33, 918, 052
1933.....	.....	— 6, 961, 619	37, 618, 536	30, 656, 917
1934.....	.....	— 15, 800, 210	38, 052, 159	22, 251, 949
1935.....	.....	— 35, 017, 096	38, 592, 387	3, 575, 291
1936.....	.....	— 41, 901, 546	39, 210, 366	— 2, 691, 180
1937.....	.....	— 44, 228, 208	39, 923, 389	— 4, 304, 819
1938.....	.....	— 58, 938, 558	40, 713, 310	—18, 225, 248
1939.....	.....	— 49, 293, 077	41, 604, 062	— 7, 689, 015
1940.....	.....	— 40, 221, 725	42, 768, 046	2, 546, 321
1941.....	.....	— 32, 848, 698	44, 047, 925	11, 199, 227
1942.....	.....	— 26, 244, 533	45, 589, 752	19, 325, 219
1943.....	.....	— 20, 493, 424	1 3, 404, 185, 920	3, 383, 692, 496
Total.....	312, 034, 000	—106, 276, 163	4, 190, 590, 318	4, 396, 348, 155

¹ \$23,038,130 principal due after Jan. 1, 1943. This amount is deducted from the payments on maturity of certificates.

TABLE IV.—Total cost if about one-third of the veterans (say 1,534,719) take the cash-payment plan and the other two-thirds (say 3,031,000) the certificate plan; assuming that one-third of those entitled (say 1,010,333) borrow upon their certificates, with a repayment of the loans in 10 equal annual installments, covering principal and interest.

	Cash-payment plan.	Certificate plan.		Total.
		Loans less repayments.	Payments on account of deaths or maturity.	
Total number of veterans living July 1, 1922.....	1, 534, 719	3, 031, 000		4, 565, 718
Total annual cost:				
1922.....	\$153, 471, 900	.....	\$7, 000, 000	\$160, 471, 900
1923.....	306, 800, 000	.....	29, 504, 120	336, 304, 120
1924.....	58, 528, 100	\$25, 000, 000	29, 544, 961	113, 073, 061
1925.....	1, 000, 000	32, 875, 573	29, 624, 531	63, 500, 104
1926.....	.....	28, 271, 813	29, 751, 867	58, 023, 680
1927.....	.....	19, 062, 113	29, 872, 029	49, 534, 742
1928.....	.....	50, 205, 596	29, 999, 027	80, 204, 623
1929.....	.....	38, 382, 495	30, 157, 833	68, 540, 328
1930.....	.....	19, 631, 435	30, 403, 565	50, 035, 000
1931.....	.....	8, 412, 841	30, 686, 636	39, 099, 477
1932.....	.....	— 2, 714, 759	30, 979, 801	28, 265, 042
1933.....	.....	— 5, 801, 349	31, 348, 780	25, 547, 431
1934.....	.....	— 13, 160, 841	31, 710, 132	18, 549, 291
1935.....	.....	— 29, 180, 913	32, 160, 323	2, 979, 410
1936.....	.....	— 34, 917, 955	32, 676, 305	— 2, 242, 650
1937.....	.....	— 36, 856, 840	33, 209, 491	— 3, 647, 349
1938.....	.....	— 49, 115, 465	33, 927, 759	—15, 187, 706
1939.....	.....	— 41, 077, 564	34, 745, 052	— 6, 332, 512
1940.....	.....	— 33, 518, 104	35, 640, 039	2, 121, 935
1941.....	.....	— 27, 373, 915	36, 706, 604	9, 332, 689
1942.....	.....	— 21, 870, 444	37, 974, 793	16, 104, 349
1943.....	.....	— 17, 077, 853	1 2, 836, 821, 600	2, 619, 743, 747
Total.....	519, 800, 000	— 90, 230, 136	3, 484, 504, 848	3, 914, 074, 712

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

VETERANS' ADJUSTED COMPENSATION BILL.

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

	Cash payment plan.	Certificate plan.		Total.
		Loans less repayments.	Payments on account of death or maturity.	
Total number of veterans living July 1, 1923.....	2,282,800	2,282,850		4,565,718
Total annual cost:				
1922.....	\$228,286,000		\$10,990,000	\$239,276,000
1923.....	456,483,165		22,128,090	478,611,255
1924.....	91,314,000	\$20,000,000	22,158,721	133,472,721
1925.....	4,000,000	22,156,680	22,218,398	48,375,078
1926.....		21,203,860	22,313,900	43,517,760
1927.....		14,746,585	22,404,472	37,151,057
1928.....		37,654,197	22,499,270	60,153,467
1929.....		28,788,871	22,618,375	51,408,246
1930.....		14,723,576	22,802,674	37,526,250
1931.....		6,309,631	23,014,977	29,324,608
1932.....		- 2,036,069	23,234,851	21,198,782
1933.....		- 4,351,012	23,511,585	19,160,573
1934.....		- 9,875,131	23,782,599	13,907,468
1935.....		-21,885,695	24,120,242	2,234,547
1936.....		-26,188,466	24,506,479	- 1,681,987
1937.....		-27,642,030	24,952,118	- 2,690,512
1938.....		-36,836,599	25,445,819	-11,390,780
1939.....		-30,808,173	26,058,789	- 4,749,384
1940.....		-25,138,578	26,730,029	1,591,451
1941.....		-20,530,436	27,529,953	6,999,517
1942.....		-16,402,833	28,481,085	12,078,252
1943.....		-12,808,390	2,127,616,200	2,114,807,810
Total.....	780,083,165	-68,922,602	2,619,118,636	3,330,279,199

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

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

Fiscal year.	50 per cent choosing certificate plan; one-third borrowing.			20-80 per cent plan.			One-third-two-third plan.		
	Number of loans.	Amount loaned.	Repayments.	Number of loans.	Amount loaned.	Repayments.	Number of loans.	Amount loaned.	Repayments.
1924.....	95,750	\$32,156,680	.....	153,200	\$51,450,688	.....	127,667	\$42,875,573	.....
1925.....	72,000	25,268,400	\$4,064,540	115,200	40,429,440	\$6,503,264	98,000	33,691,200	\$5,419,387
1926.....	60,000	22,005,000	7,258,415	96,000	35,208,000	11,613,464	80,000	29,340,000	9,677,887
1927.....	100,000	47,694,000	10,039,803	160,000	76,310,400	16,063,685	133,333	63,592,000	13,396,404
1928.....	90,000	44,855,100	16,068,229	144,000	71,768,160	25,709,167	120,000	59,806,800	21,424,305
1929.....	70,000	36,457,400	21,733,824	112,000	58,331,840	34,774,118	93,333	49,609,967	28,978,432
1930.....	60,000	32,655,600	28,345,966	96,000	52,248,960	42,153,536	80,000	43,540,800	35,127,955
1931.....	50,000	28,437,500	30,473,599	80,000	45,600,000	48,757,710	66,667	37,916,667	40,631,425
1932.....	50,000	29,717,000	34,068,012	80,000	47,847,200	54,608,819	66,666	39,622,666	45,424,016
1933.....	45,000	27,949,050	37,824,181	72,000	44,718,480	60,518,690	60,000	37,265,400	50,432,241
1934.....	30,000	19,471,200	41,356,885	48,000	31,153,920	61,171,016	40,000	25,916,600	55,142,513
1935.....	20,000	13,565,000	39,753,466	32,000	21,704,000	65,705,546	26,667	18,086,667	53,004,621
1936.....	15,000	10,631,550	38,274,180	24,000	17,010,480	61,240,688	20,000	14,175,400	51,032,240
1937.....	.....	.....	30,836,599	.....	.....	58,938,558	.....	.....	49,115,465
1938.....	.....	.....	30,808,173	.....	.....	49,293,077	.....	.....	41,077,564
1939.....	.....	.....	25,138,578	.....	.....	30,221,725	.....	.....	33,518,101
1940.....	.....	.....	20,530,436	.....	.....	32,848,696	.....	.....	27,373,915
1941.....	.....	.....	16,402,833	.....	.....	26,244,551	.....	.....	21,870,444
1942.....	.....	.....	12,808,390	.....	.....	20,493,424	.....	.....	17,077,853
Total.....	757,750	370,863,480	.....	1,212,400	593,381,568	.....	1,010,333	494,484,640	.....

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

A condensation of the facts presented in the tables shows:

Total number in service in Army.....	4, 262, 105
Total man-days service from Apr. 5, 1917, to July 1, 1919.....	1, 427, 325, 000
Average days' service per man.....	334. 89
Total number overseas force in Army.....	2, 022, 635
Total man-days service overseas from Apr. 5, 1917, to July 1, 1919....	709, 740, 000
Average days' service per man overseas.....	350. 90
Total number exclusively in home-service force.....	2, 239, 470
Total man-days home service from Apr. 5, 1917, to July 1, 1919.....	717, 585, 000
Average days' service per man, home service, less 60 days to be deducted first from home service.....	260. 42
<hr/>	
Number of deaths in service overseas.....	80, 635
Number of deaths, home service.....	34, 617
<hr/>	
Total deaths in service.....	115, 252
<hr/>	
Number of officers above rank of captain in overseas force (estimated).....	7, 000
Number of officers above rank of captain in home service (estimated).....	7, 500
<hr/>	
Total number of officers above rank of captain.....	14, 500
<hr/>	
Total number of deaths in Army from July 1, 1919, to July 1, 1922 (estimated).....	100, 785
<hr/>	
Number in Army entitled to benefits Jan. 1, 1923.....	4, 031, 568
<hr/>	
Total number in service in Navy.....	551, 736
<hr/>	
Deaths in service:	
Enlisted men.....	2, 341
Officers above rank of lieutenant (estimated).....	1, 895
<hr/>	
Total.....	4, 236
<hr/>	
Number entitled to benefits of this bill July 1, 1919.....	547, 500
Deaths between July 1, 1919, and Jan. 1, 1923.....	13, 350
<hr/>	
Number entitled to benefits Jan. 1, 1923.....	534, 150
Overseas force (estimated).....	500, 000
Home force (estimated).....	47, 500
Average length of service (days).....	325
Less 60 days deducted (days).....	265
Total number Army and Navy entitled to benefits July 1, 1922.....	4, 565, 718

The cost table shows as follows:

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

Total cost.....	\$1, 560, 166, 330
To be appropriated for in—	
1922.....	456, 571, 800
1923.....	475, 124, 000
1924.....	276, 937, 900

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

Total amounts in 1942 would aggregate.....	\$5, 273, 345, 563
To be appropriated for in 1922.....	21, 980, 656
This sum increases yearly up to 1942, when the amount required would be.....	56, 962, 190
Leaving all the balance to be paid in a single payment due in 1943, of..	4, 290, 280, 031

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

3. On the basis that 20 per cent of the veterans should accept the cash payment plan and 80 per cent the certificate plan, and assuming that one-third of those entitled

borrow on their certificates the full amount they are entitled to borrow, and making allowance for repayments, and also for deaths, the total amount in 1942 would aggregate \$4,356,338,615.

The yearly payments, however, would be:

1922.....	\$108,898,900
1923.....	200,737,944
1924.....	118,453,954
1925.....	79,386,725
1926.....	69,628,416

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

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

The yearly payments would be as follows:

1922.....	\$160,471,900
1923.....	336,304,120
1924.....	113,073,061

From 1924 the amounts will decrease until 1935 when there would be no cost until 1939, four years, during which period the repayments would exceed the amounts necessary to meet the obligation. There would be a balance due at the maturity of the certificates in 1942 of \$2,819,743,747.

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

The yearly payments would be as follows:

1922.....	\$239,276,000
1923.....	478,611,255
1924.....	133,472,721

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

In preparing all the foregoing tables, we have had the assistance of the actuary of the Treasury Department, Mr. McCoy, and we present them with confidence as to their accuracy and reliability.

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

AMENDMENTS.

The soldiers' adjusted compensation bill, which passed the House in May, 1920, contained several features which have been entirely eliminated by the bill proposed by the Committee on Finance of the Senate. The old bill contained a scheme for taxation to meet its obligations, which had very little consideration by the House and no consideration by the Senate Committee on Finance.

Both the Committee on Ways and Means of the House and the Senate Committee on Finance are now considering a general revenue bill to meet all the obligations of the Government. It was therefore believed to be very inexpedient to propose any special method of taxation for the specific purpose of this legislation.

The bill as it passed the House last year contained an elaborate reclamation project which compelled the Government to embark upon a new scheme of reclamation under an entirely new bureau. There was no limitation as to the cost to the Government and no limitation of time in which the project must be completed. It might be 5 or 10 years before the soldier would know what he was to secure under it. He would be compelled to make his choice without any knowledge of what that choice might bring him.

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

Therefore, the taxation scheme, the appropriation for the land settlement title, and the special reclamation scheme were eliminated from the provisions of the Senate bill as it was introduced, except as to the preference right of entry given to the veteran as aforesaid.

With these eliminations, Senate bill 506 is practically the same as the bill which passed the House in 1920, except as to the date at which payments shall become operative. The old bill provided that all applications and the option to be exercised thereunder should be made as follows:

Applications for adjusted service pay, within six months after the passage of the act.

Applications for adjusted service certificates, within one year after the passage of the act.

Applications for vocational training aid or for farm or home aid, within one year after the passage of the act, except in case the individual is serving in active military or naval forces at the time of the passage of the act, obligated to serve a definite period, when the application may be made within one year after the termination of such period, and, in case such service is for an indefinite period, application may be made within two years after the passage of the act.

Applications for land settlement aid shall be made within one year after the passage of the act.

Senate bill 506 as introduced provided that such applications should be made on or before January 1, 1922.

After full consideration of the matter the Senate Finance Committee concluded that there should be no limitation of time in which the applications might be made. That there are a large number of veterans who now feel that they do not desire to ask or receive any of the benefits provided in this act. Conditions, however, may arise in the future, as they have arisen in the matter of pensions, when such veterans might desire to accept such benefits. We believe the right to make applications and receive the benefits of the act should be a continuing one, without limitation. We have, therefore, stricken out the limiting provision and have provided that application may be made at any time.

In the case of cash payments, if the application is made after July 1 of any year and 15 days before the 1st day of January of the following year, the rights thereunder will become effective on the 1st day of January ensuing. If the application is made after the fifteenth day next preceding the 1st day of January and before 15 days next preceding the 1st day of July, such payments will become effective on the 1st day of July succeeding the application.

Practically all the other amendments to the bill are made to conform the same to this indefinite right of application.

